



2022 HALF-YEAR 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

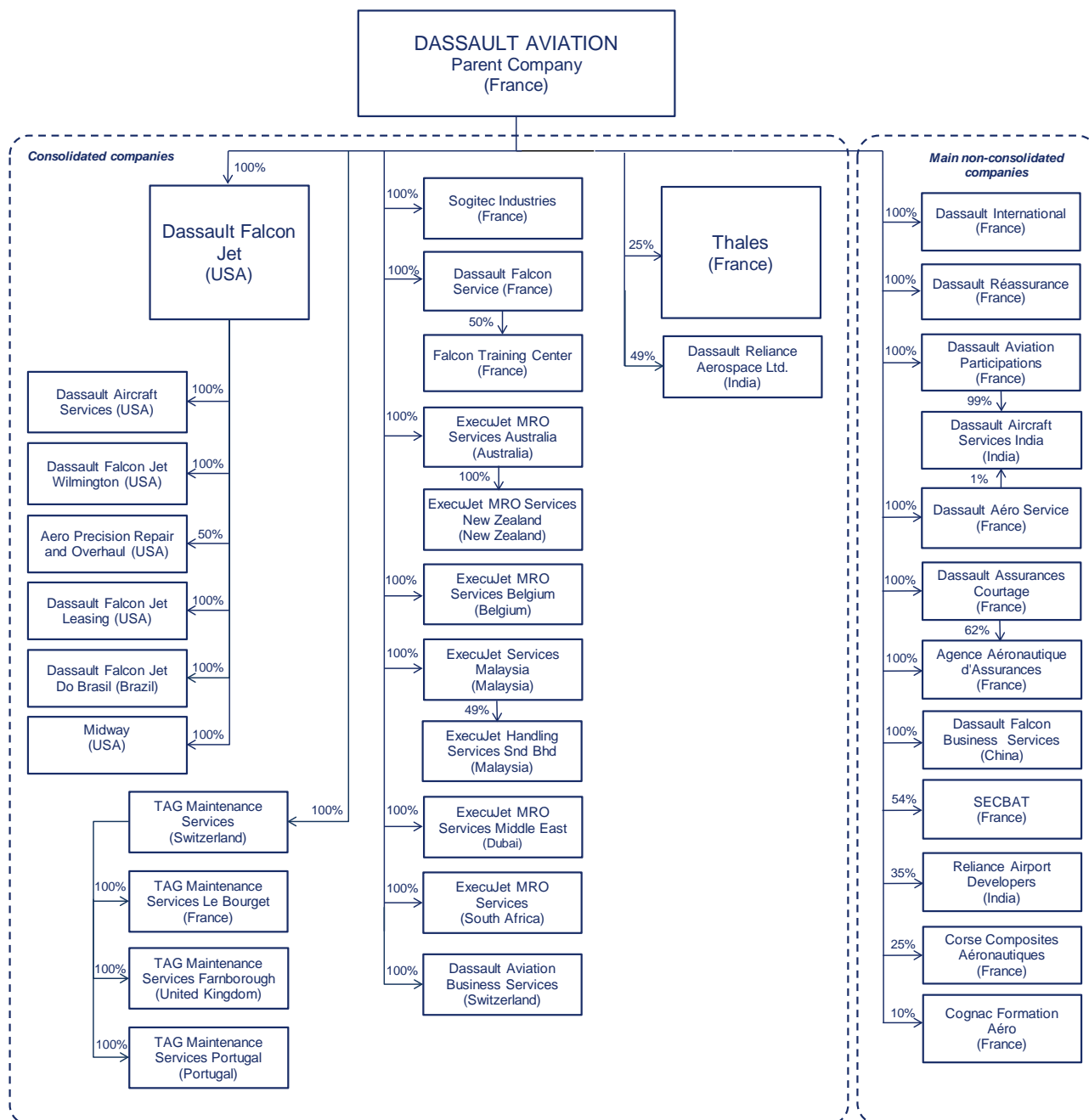
I hereby certify that, to my knowledge, the interim condensed financial statements in this report have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income or loss of the Dassault Aviation Group, and that the half-yearly activity report presents a fair representation of the important events of the first six months of the financial year and their effect on the half-yearly financial statements, the main transactions between related parties and a description of the main risks and uncertainties for the remaining six months of the financial year.

Paris, July 20, 2022

Eric TRAPPIER
Chairman and Chief Executive Officer

Group structure as of June 30, 2022

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



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





DASSAULT AVIATION GROUP 2022 HALF-YEAR BUSINESS REPORT





1. KEY FIGURES FOR THE 1ST HALF 2022

	H1 2022	H1 2021
Order intake <i>(new aircraft in units)</i>	€16,290 M 80 Rafale UAE 6 Rafale Greece 41 Falcon	€3,913 M 6 Rafale Greece 12 Rafale France 25 Falcon
Adjusted net sales^(*)	€3,098 M 7 Rafale Export 14 Falcon	€3,107 M 13 Rafale Export 6 Falcon
	as of June 30, 2022	as of December 31, 2021
Backlog <i>(new aircraft in units)</i>	€34,085 M 165 Rafale <i>of which</i> 125 Rafale Export 40 Rafale France 82 Falcon	€20,762 M 86 Rafale <i>of which</i> 46 Rafale Export 40 Rafale France 55 Falcon
	H1 2022	H1 2021
Adjusted operating income^(*)	€200 M	€175 M
<i>Adjusted operating margin</i>	<i>6.5% of net sales</i>	<i>5.6% of net sales</i>
Research & Development	€278 M <i>9.0% of net sales</i>	€250 M <i>8.0% of net sales</i>
Adjusted net income^(*)	€318 M	€265 M
<i>Adjusted net margin</i>	<i>10.3% of net sales</i>	<i>8.5% of net sales</i>
	as of June 30, 2022	as of December 31, 2021
Available cash	€6,276 M	€4,879 M

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

Main aggregates under IFRS in EUR million (see table of reconciliation below)

^(*) Consolidated net sales	3,107	3,106
^(*) Consolidated operating income	218	177
^(*) Consolidated net income	272	212



2. GROUP ACTIVITIES

2.1 Context

The major event of the first half of 2022 was the war in Ukraine launched by Russia on February 24. Everything points to it being a long conflict that will have a lasting impact on the Company, its partners, its sub-contractors and its customers.

The sanctions 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). A dedicated crisis unit has been set up. Our locations in Russia, our Moscow office and DFS service center subsidiary have stopped all commercial activities. The sanctions have had a particular impact on the service station business in Europe, especially TMS.

The Company remains also constrained by the effects of the Covid 19 pandemic: although the main health measures were able to be lifted in March 2022, vigilance is still needed.

The impact of these two major crises has led to uncertainty over the supply of energy, electronic components and materials. This has stoked an increase in inflation due to actual or potential shortages and weakened the supply chain, now an even acute risk given the increase in our production rate.

In recent weeks, France has held both presidential and legislative elections. The French President has talked about the country entering a war economy. The latter will be further explored by the French Armed Forces Ministry.

2.2 Programs development

Defense programs

Rafale

On the export side, the 1st half of 2022 saw:

- T₀ of the United Arab Emirates contract for 80 Rafale. This historic contract is the culmination of a relationship of trust between the United Arab Emirates and Dassault Aviation that dates back more than 45 years. It guarantees years of work for the Company,
- the signing and entry into force of the contract with Greece for 6 additional new Rafale,
- the signing of a contract with Indonesia for 42 Rafale (6+36), awaiting T₀. 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 7 Rafale Export,
- the continuation of prospecting and export negotiations with other countries.

In France:

- the continuation of development works on the F4 standard for France,
- the launch of production works for Batch 5 of the Rafale France. The first Batch 5 deliveries are due from 2027 under the Military Planning Law for an order expected (in 2023?) for 42 aircraft: 30 originally planned, plus 12 to replace the aircraft sold to Croatia.

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.

Launched in February 2020, work on phase 1A of the FCAS demonstrators—including the New Generation Fighter—was completed in the first quarter of 2022 and is currently being delivered. This is also the case with the Joint Concept Study (JCS).

The next phase of the work, phase 1B, was not awarded in the absence of an agreement with Airbus Defence and Space.

Dassault Aviation is prime contractor for pillar 1. The prime contractor/main partner relationship is still to be clarified. Dassault Aviation is seeking a clear statement of acceptance of its role as prime contractor by Airbus Defence and Space for the NGF (in symmetry with Eurodrone).

Eurodrone

Regarding the Eurodrone, a medium-altitude, long-endurance drone, the contract for 20 systems and five year support was signed on February 24th, 2022 between the OCCAR (Organization for Joint Armament Cooperation) and Airbus Defence and Space (the prime contractor).

The contracts between Airbus Defence and Space, which is the program's "strong prime contractor", and its main partners, Leonardo and Dassault Aviation, were signed on the same day. Dassault Aviation is a subcontractor of Airbus Defence and Space on this program, specifically responsible for flight control systems and mission communications (with Thales).

Mission aircraft

The 1st half of 2022 saw:

Falcon mission aircraft

- the order for 4 Falcon 2000LXS for the Republic of South Korea,
- the continuation of works on the development of the maritime surveillance and intervention aircraft (AVSIMAR) program, following the order for 7 Falcon 2000LXS "Albatros" awarded in 2020 (with another 5 aircraft under option; a request for a 13th was received in March 2022),
- the continuation of the strategic intelligence program based on a Falcon 8X "Archange" platform (2 aircraft in backlog, with a 3rd under option).

Maritime Patrol Aircraft (PATMAR)

- the delivery of the 5th upgraded ATL2 to the French Defense Procurement Agency (DGA), out of the 7 aircraft to be built by Dassault Aviation,
- an architectural design offer based on a Falcon 10X platform, currently being prepared at the request of the DGA.

Falcon programs

The market was buoyant during the 1st half 2022, particularly in the United States and Europe.

We delivered 14 Falcon and booked 41 new aircraft orders (net of cancelled Russian aircraft) vs. 6 deliveries and 25 orders in the 1st half of 2021.

The highlights of the 1st half of 2022 included:

Falcon 6X

As expected, the Falcon 6X program completed all the technical stages for its mid-2023 entry into service.

- 3 development aircraft totaling more than 900 hours at the end of June. During the tests, the aircraft demonstrated excellent flight behavior and performance, in line with expectations.
- cold weather and high-altitude terrain tests have been completed,
- aircraft #4 was unveiled with its cabin fitted out at the EBACE airshow. First series aircraft are currently in the completion phase in Little Rock, Arkansas, USA,



- a four-week “World Tour” is taking place this summer with 50 stops and 150 flight hours,
- 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

Entry into service is scheduled for late 2025: this schedule is tight because of difficulties related to Covid and its consequences on supply chain and collaborative works.

- this brand new aircraft is characterized by its long range (7,500 nm, e.g. New York - Shanghai, Los Angeles - Sydney, or Paris - Santiago de Chile) and the size of its cabin, the most spacious on the market (awarded in May 2022 for its design : Red Dot Award) while maintaining the operational capabilities of the Falcon family,
- it is fitted with two Rolls Royce Pearl 10X engines, 100% SAF (sustainable aviation fuel) compatible. It has a maximum speed of Mach 0.925 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,
- the wind tunnel test run has been completed and the first primary parts are in production. The Pearl10X engine has more than 1,000 hours of testing time.

The aircraft has been very well received by the market and the first orders have already been placed.

The Company is pushing ahead with the continuous improvement of the aircraft in service, notably with the new Falcon 8X cabin, unveiled at EBACE in Geneva.

Sustainability

- the Falcon family is compatible with fuels containing up to 50% sustainable aviation fuel (SAF), which has a growing production and distribution network,
- Dassault Aviation has adopted a sustainable approach over the entire life cycle of the aircraft (design, choice of materials, production, recycling, etc.),
- the Company actively participates in French, European and international environmental research programs for “greener” aviation.

2.3 Customer support

Military customer support

The highlights in the 1st half of 2022 were:

- the DGA’s certification of the mid-life upgrade of the Mirage 2000D, particularly regarding the improvement of Air/Air and Air/Ground capabilities and the addition of decision support tools,
- 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. The Big Data 3DExperience platform (Dassault Aviation/Dassault Systèmes) is now available for users from the forces, who thus have the tools they need for analysis, diagnostics and forecasting,
- performance of the integrated support contract for the ATL2 (OCEAN). The availability targets have been met since September 2021 and the new modernized ATL2 are gradually entering into service,
- the implementation of the integrated support contract for the Mirage 2000 (BALZAC). Our teams are now installed at the Luxeuil and Nancy air bases,

- continued support for the use of Egyptian, Qatari, Indian and Greek Rafale,
- the training of Hellenic Air Force pilots and mechanics at our Conversion Training Center in Mérignac,
- continued support for all Mirage 3, Mirage F1, Mirage 2000 and Alphajet fleets for export.

Falcon customer support

With regard to Falcon support, in the 1st half of 2022:

- “in-person” seminars resumed worldwide: we were able to discuss technical and operational subjects with our customers, with an excellent level of participation,
- support for our customers continued with the Falcon Response offering, with 2 dedicated Falcon 900,
- we are offering new FalconCare maintenance contracts, extended to preowned Falcon to meet the expectations of current Falcon service customers (FalconCare Elite and Select).

Deployment of a SAP-based solution for global Falcon spare parts management: globalization of an organization based on this solution is ongoing and faces difficulties.

In early 2022, the Group continued to expand its network of excellence by:

- developing the MRO network through competence building at our recently integrated Falcon service centers,
- carrying out the first Falcon C-checks at ExecuJet in the Middle East, Australia and Malaysia, and at TMS in the United Kingdom.

Sanctions against Russia particularly impacted the service station business in Europe, especially Tag Maintenance Services.

3. 1ST HALF 2022 ADJUSTED CONSOLIDATED RESULTS

(see reconciliation table in appendix)

3.1 Order intake

Order intake for the 1st half of 2022 was **EUR 16,290 million**, vs. EUR 3,913 million in the 1st half of 2021. **Export** order intake stood at **97%**.

Order intake was as follows, in **EUR million**:

	H1 2022	%	H1 2021	%
Defense	14,318	88%	2,500	64%
<i>Defense Export</i>	13,897		1,907	
<i>Defense France</i>	421		593	
Falcon	1,972	12%	1,413	36%
Total order intake	16,290		3,913	
<i>% Export</i>	97%		82%	

The order intake is entirely composed of firm orders.

Defense programs

During the 1st half of 2022, **86 Rafale Export** were booked.

Defense Export order intake totaled **EUR 13,897 million** in the 1st half of 2022, vs. EUR 1,907 million in the 1st half of 2021. Order intake for the 1st half of 2022 notably includes 80 Rafale for the UAE (contract signed in 2021, receipt of the first down payment in the 1st half of 2022), as well as the additional order for 6 new Rafale for Greece.

Defense France order intake stood at **EUR 421 million** in the 1st half of 2022, compared with EUR 593 million in the 1st half of 2021, when the order intake included 12 Rafale.

Falcon programs

During the 1st half of 2022, **41 Falcon orders** (net of cancelled Russian aircraft) were received, compared with 25 in the 1st half of 2021. This explains the increase in **Falcon order intake** to **EUR 1,972 million** in the 1st half of 2022, vs. EUR 1,413 million in the 1st half of 2021.



3.2 Adjusted net sales

Adjusted net sales for the 1st half of 2022 totaled **EUR 3,098 million**, compared with EUR 3,107 million for the 1st half of 2021. **Export** net sales stood at **77%** in the 1st half of 2022.

Consolidated sales were as follows, in **EUR million**:

	H1 2022	%	H1 2021	%
Defense	2,137	69%	2,405	77%
<i>Defense Export</i>	1,452		2,061	
<i>Defense France</i>	685		344	
Falcon	961	31%	702	23%
Total adjusted net sales	3,098		3,107	
<i>% Export</i>	77%		87%	

Defense programs

7 Rafale Export were delivered during the 1st half of 2022, compared with 13 Rafale Export for the 1st half of 2021.

This led to a fall in **Defense Export** net sales, which totaled **EUR 1,452 million** in the 1st half of 2022, vs. EUR 2,061 million in the 1st half of 2021.

Net sales for **Defense France** stood at **EUR 685 million** in the 1st half of 2022, compared with EUR 344 million in the 1st half of 2021. The increase is largely due to the delivery of the standard for the mid-life upgrade of the Mirage 2000.

Falcon programs

14 Falcon were delivered in the 1st half of 2022, compared with 6 in the 1st half of 2021.

Falcon net sales for the 1st half of 2022 amounted to **EUR 961 million**, vs. EUR 702 million for the 1st half of 2021. The increase is primarily due to the number of Falcon delivered (14 vs. 6).

The “book-to-bill ratio” (order intake/net sales) is 5.3 for the first half of 2022.

3.3 Backlog

The consolidated backlog as of June 30, 2022 (determined in accordance with IFRS 15) was **EUR 34,085 million**, vs. EUR 20,762 million as of December 31, 2021. The sharp increase is due to the high level of order intake in the 1st half of 2022. The backlog trend is as follows:

	06/30/2022		12/31/2021	
Defense	29,814	87%	17,633	85%
<i>Defense Export</i>	22,319		9,874	
<i>Defense France</i>	7,495		7,759	
Falcon	4,271	13%	3,129	15%
Total backlog	34,085		20,762	
% Export	75%		58%	

- the **Defense Export backlog** stood at **EUR 22,319 million** as of June 30, 2022, vs. EUR 9,874 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,
- the **Defense France backlog** stood at **EUR 7,495 million** as of June 30, 2022, vs. EUR 7,759 million as of December 31, 2021. This figure includes 40 Rafale, the support contracts for the Rafale (Ravel), Mirage 2000 (Balzac) and ATL2 (Ocean), and the Rafale F4 standard,
- the **Falcon backlog** stood at **EUR 4,271 million** as of June 30, 2022, vs. EUR 3,129 million as of December 31, 2021. It includes 82 Falcon, compared with 55 as of December 31, 2021.

3.4 Adjusted results

Adjusted operating income

Adjusted operating income for the 1st half of 2022 came to **EUR 200 million**, compared with EUR 175 million in the 1st half of 2021.

R&D expenses in the 1st half of 2022 totaled EUR 278 million, equivalent to 9.0% of net sales, compared with EUR 250 million and 8.0% of net sales in the 1st half of 2021. These figures reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

Operating margin was **6.5%**, as against 5.6% in the 1st half of 2021, up despite the increase in R&D expenses.

The hedging rate for the 1st half of 2022 was **\$1.19/€**, as in the 1st half of 2021.

Adjusted net financial income/expense

Adjusted financial income for the 1st half of 2022 was **EUR -13 million**, vs. EUR -11 million for the same period in the previous year. This financial loss was due to accounting principle of the long-term military contracts' financing component.

Adjusted net income

Adjusted net income for the 1st half of 2022 was **EUR 318 million**, compared with EUR 265 million in the 1st half of 2021. The contribution of Thales to the Group's net income was EUR 180 million, compared with EUR 146 million during the 1st half of 2021.

Adjusted net margin thus stood at **10.3%** for the 1st half of 2022, vs. 8.5% for the 1st half of 2021.

Adjusted net income per share for 1st half 2022 was EUR 3.82 versus EUR 3.19* for 1st half 2021.

**2021 proforma following the stock split.*

4. 1ST HALF 2022 CONSOLIDATED RESULTS UNDER IFRS

4.1 Consolidated operating income (IFRS)

Consolidated operating income for the 1st half of 2022 came to **EUR 218 million**, compared with EUR 177 million in the 1st half of 2021.

R&D expenses amounted to EUR 278 million in the 1st half of 2022 and accounted for 9.0% of consolidated net sales, vs. EUR 250 million and 8.0% of consolidated net sales in the 1st half of 2021.

Consolidated operating margin was **7.0%**, compared with 5.7% in the 1st half of 2021, up despite the increase in R&D expenses.

4.2 Consolidated net financial income/expense (IFRS)

Consolidated net financial expense for the 1st half of 2022 came to **EUR -37 million**, vs. EUR -31 million in the 1st half of 2021. This negative financial result is due to the recognition of the financing component under long-term military contracts and the fall in market value of hedging instruments which do not qualify for hedge accounting under IFRS. The market value of these instruments, purchased because of the efficient economic hedge they offer the Group, were adversely impacted by movements in the US dollar rate in the 1st half (\$1.0387/€ at June 30, 2022, versus \$1.1326/€ at December 31, 2021).

4.3 Consolidated net income/expense (IFRS)

Consolidated net income for the 1st half of 2022 was **EUR 272 million**, compared with EUR 212 million in the 1st half of 2021. The contribution of Thales to the Group's net income was EUR 139 million, compared with EUR 105 million during the 1st half of 2021.

Consolidated net margin thus stood at **8.7%** for the 1st half of 2022, vs. 6.8% for the 1st half of 2021.

Consolidated net income per share for the 1st half of 2022 was EUR 3.36, vs. EUR 2.55* for the 1st half of 2021.

** 2021 proforma following the stock split.*

5. FINANCIAL STRUCTURE

5.1 Available cash

The Group uses a specific indicator called “Available cash”, which reflects the amount of total liquidities available to the Group, net of financial debts. It includes the following balance sheet items: cash and cash equivalents, current financial assets (at market value) and financial debt, excluding lease liabilities. The calculation of this indicator is detailed in the consolidated financial statements (Note 7 of the interim condensed consolidated financial statements).

The Group’s available cash stands at **EUR 6,276 million** as of June 30, 2022, vs. EUR 4,879 million as of December 31, 2021. This increase is mainly due to the receipt of the first down payment under the contract for 80 Rafale for the UAE and the dynamism of the Falcon business. It is partially offset by the increase in inventories and work-in-progress. Investments and dividends paid during the period are offset by the operating cashflow generated during the 1st half of 2022.

5.2 Balance sheet (IFRS)

Total equity stood at **EUR 5,737 million** as of June 30, 2022, vs. EUR 5,300 million as of December 31, 2021.

Borrowings and financial debt amounted to EUR 227 million as of June 30, 2022, compared with EUR 226 million as of December 31, 2021. Borrowings and financial debt are composed of locked-in employee profit-sharing funds for EUR 103 million and lease liabilities recognized for EUR 124 million.

Inventories and work-in-progress increased by EUR 500 million to stand at EUR 3,980 million as of June 30, 2022. The increase is attributed to the Falcon business, particularly with the increased production rate on the Falcon 6X and future Defense deliveries.

Advance payments received on orders net of advance payments paid to suppliers, were up EUR 1,703 million to stand at EUR 5,890 million. This is mainly due to the receipt of the first down payment under the contract for 80 Rafale for the UAE and the dynamism of the Falcon business.

The derivative financial instruments market value stood at EUR -189 million as of June 30, 2022, vs. EUR -81 million as of December 31, 2021. The decrease is mainly due to the change in the US dollar exchange rate between June 30, 2022 and December 31, 2021 (\$1.0387/€ vs. \$1.1326/€).

6. 2022 GUIDANCE

The Group’s 2022 guidance remains unchanged:

- delivery of 13 Rafale and 35 Falcon,
- decrease in net sales.

7. RISK FACTORS AND MANAGEMENT

The health crisis and the war in Ukraine have had a major impact on the supply chain. Over the past three years, across all industrial sectors, global supply chains have been weakened first by the health crisis, and then by the war between Russia and Ukraine.

The Aerospace industry is likewise affected and is currently in crisis, with shortages and severe supply pressures in the market, particularly for electronic components and raw materials (titanium, aluminum, etc.). We need to safeguard existing sources or urgently find reliable alternatives. We are endeavoring to build up inventories to secure production for the coming years. We have placed orders, but we will need to monitor physical deliveries over the next few weeks. This is a major risk given the increase in our production rate.

We are also finding that some suppliers are extremely vulnerable.

To add to this complex supply chain situation, we are experiencing difficulties in recruiting.

The other risks and uncertainties described in the 2021 Annual Report still apply.

8. SHAREHOLDER INFORMATION

The Company's share capital totaled EUR 66,789,624 as of June 30, 2022. It is divided into 83,487,030 equities, each with a par value of EUR 0.8. The equities are listed on the regulated "Euronext Paris" market – Compartment A – International Securities Identification Numbers (ISIN Code): FR0014004L86. They are eligible for deferred settlement. Following the increase in its free float, Dassault Aviation joined in 2016 the following stock market indices: Sociétés des Bourses Françaises 120 (SBF 120) and the Morgan Stanley Capital International World (MSCI World).

As of June 30, 2022, the shareholding of Dassault Aviation is as follows:

Shareholders	Number of shares	%	Exercisable voting rights ⁽²⁾	%
GIMD	51,960,760	62.3%	103,921,520	76.8%
Airbus SE	8,275,290	9.9%	8,275,290	6.1%
Float	22,970,550	27.5%	23,081,176	17.1%
Treasury shares ⁽¹⁾	280,430	0.3%	0	0.0%
TOTAL	83,487,030	100.0%	135,277,986	100.0%

⁽¹⁾ Treasury 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.

9. RELATED-PARTY TRANSACTIONS

The related parties in 1st half 2022 are identical to those identified as of December 31, 2021 and the transactions during the period are of the same type.

10. CONCLUSION

First half 2022 saw a record-breaking order intake amounting EUR 16.3 billion (86 Rafale and 41 Falcon) amid supply chain difficulties and a tight and competitive job market, result of the war in Ukraine launched by Russia on February 24 and the persistence of the Covid 19 epidemic.

In the military sector, the year began with the sale to Greece of 6 additional new Rafale. The first down payment under the contract for 80 Rafale for the United Arab Emirates was received in April 2022, with this order entering the backlog as a result. The Rafale order intake for the first half is therefore 86 units. The Rafale backlog is 165 units.

Indonesia signed a contract for 42 Rafale (6+36). The contract will enter into force upon receipt of the first down payment and therefore it is not included in the backlog as of June 30, 2022.

During the six-month period, we delivered 7 Rafale Export and provided support to the French and export fleets. We also continued the development work on the F4 Standard and the negotiations and business development for the Rafale.

For the FCAS, of which Dassault Aviation is lead contractor for the New Generation Fighter demonstrator, work on phase 1A was completed in the 1st half of 2022.

The next phase of the work, phase 1B, was not awarded to the parties in the absence of an agreement with Airbus Defence and Space. Dassault Aviation is prime contractor for pillar 1. The prime contractor/main partner relationship is still to be clarified. Dassault Aviation is seeking a clear statement of acceptance of its role as prime contractor by Airbus Defence and Space for the NGF (in symmetry with Eurodrone).

Work has begun on the Eurodrone contract. Dassault Aviation is responsible in particular for flight control systems and mission communications, as a subcontractor of Airbus Defence and Space.

Regarding the Falcon mission aircraft, development work is continuing on the Archange and Albatros programs. Our business development efforts resulted in order intake for 4 Falcon 2000LXS for the South Korean Air Force.

In the civil sector, the Falcon market was buoyant during the 1st half of 2022.

We delivered 14 Falcon and booked 41 new Falcon orders in the 1st half of 2022, vs. 6 deliveries and 25 orders in the 1st half of 2021.

Development efforts on the Falcon 6X and 10X are continuing:

- as expected, the Falcon 6X program completed all the technical stages for its entry into service mid-2023.
- the first primary parts have been manufactured for the Falcon 10X. A full-scale mock-up of this aircraft was unveiled at EBACE. Its entry into service is scheduled for late 2025. the calendar is tight because of difficulties related to Covid, with its impact on the supply chain and collaborative work.

Our 2022 guidance remains unchanged: delivery of 13 Rafale and 35 Falcon; fall in net sales compared with last year.

The Board of Directors would like to thank all personnel for their commitment, efficiency and expertise in ensuring the commercial success and implementation of our programs.

APPENDIX

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 sector. The internal reporting made to the Chairman and Chief Executive Officer, and to the Chief Operating Officer, as used for the strategy and decision-making, includes no performance analysis, under the terms of IFRS 8, at a lower level to this domain.

DEFINITION OF ALTERNATIVE PERFORMANCE INDICATORS

To reflect the Group’s actual economic performance, and for monitoring and comparability reasons, the Group presented an adjusted income statement of:

- foreign exchange gains/losses resulting from the exercise of hedging instruments which do not qualify for hedge accounting under IFRS standards. This income, presented as net financial income in the consolidated financial statements, is reclassified as net sales and thus as operating income in the adjusted income statement;
- the value 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 net 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 (essentially available-for-sale marketable securities at their market value);
- financial debt, excluding lease liabilities.

The calculation of this indicator is detailed in the condensed consolidated financial statements (see Note 7).

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 half-yearly report.

IMPACT OF ADJUSTMENTS

The impact of the adjustments of income statement aggregates for the 1st half 2022 is set out below:

<i>(in EUR thousands)</i>	Consolidated income statement H1 2022	Foreign exchange derivatives		PPA	Adjustments applied by Thales	Adjusted income statement H1 2022
		Foreign exchange gain/loss	Change in fair value			
Net sales	3,106,839	-6,930	-1,499			3,098,410
Operating income	217,563	-6,930	-12,296	1,563		199,900
Net financial income/expense	-37,437	6,930	17,891			-12,616
Share in net income of equity associates	141,910			1,566	39,739	183,215
Income tax	-50,525		-1,445	-318		-52,288
Net income	271,511		4,150	2,811	39,739	318,211
<i>Group share of net income</i>	<i>272,511</i>		<i>4,150</i>	<i>2,811</i>	<i>39,739</i>	<i>318,211</i>
Group share of net income per equity <i>(in euros)</i>	3.26					3.82

The impact of the adjustments of income statement aggregates for the 1st half 2021 is set out below:

<i>(in EUR thousands)</i>	Consolidated income statement H1 2021	Foreign exchange derivatives		PPA	Adjustments applied by Thales	Adjusted income statement H1 2021
		Foreign exchange gain/loss	Change in fair value			
Net sales	3,106,206	- 368	883			3,106,721
Operating income	177,224	- 368	- 3,865	1,688		174,679
Net financial income/expense	- 31,154	368	19,442			- 11,344
Share in net income of equity associates	108,527			1,501	39,152	149,180
Income tax	- 42,798		- 4,255	- 342		- 47,395
Net income	211,799	0	11,322	2,847	39,152	265,120
<i>Group share of net income</i>	<i>211,799</i>	<i>0</i>	<i>11,322</i>	<i>2,847</i>	<i>39,152</i>	<i>265,120</i>
Group share of net income per share <i>(in euros)</i> ⁽¹⁾	2.55					3.19

⁽¹⁾ proforma following the stock split.





**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
AS OF JUNE 30, 2022**

ASSETS

(in EUR thousands)	Notes	06.30.2022	12.31.2021
Goodwill	3	65,957	65,957
Intangible assets		60,871	62,377
Property, plant and equipment		1,165,011	1,139,299
Equity associates	4	2,373,511	2,095,582
Other non-current financial assets	5	198,785	191,081
Deferred tax assets	15	395,559	389,443
Non-current assets		4,259,694	3,943,739
Inventories and work-in-progress	6	3,980,217	3,480,409
Contract assets	11	12,279	6,489
Trade and other receivables		2,016,737	2,416,299
Advances and progress payments to suppliers	11	2,473,514	1,390,293
Derivative financial instruments	18	0	802
Other current financial assets	7	1,012,595	955,281
Cash and cash equivalents	7	5,366,006	4,022,551
Current assets		14,861,348	12,272,124
Total assets		19,121,042	16,215,863

EQUITY AND LIABILITIES

(in EUR thousands)	Notes	06.30.2022	12.31.2021
Capital	8	66,790	66,790
Consolidated reserves and retained earnings		5,583,072	5,240,191
Currency translation adjustments		114,944	23,894
Treasury shares	8	-27,482	-30,393
Total attributable to the owners of the parent company		5,737,324	5,300,482
Non-controlling interests		0	0
Equity		5,737,324	5,300,482
Long-term borrowings and financial debt	9	188,812	185,502
Deferred tax liabilities	15	3,478	4,482
Non-current liabilities		192,290	189,984
Contract liabilities	11	9,717,285	7,289,333
Trade and other payables		1,130,247	1,201,204
Tax and social security liabilities		432,697	326,328
Short-term borrowings and financial debt	9	38,313	40,852
Provisions for contingencies and charges	10	1,684,298	1,786,231
Derivative financial instruments	18	188,588	81,449
Current liabilities		13,191,428	10,725,397
Total equity and liabilities		19,121,042	16,215,863

INCOME STATEMENT

(in EUR thousands)	Notes	H1 2022	H1 2021	2021
Net sales	12	3,106,839	3,106,206	7,246,197
Other revenue		50,558	34,179	105,779
Change in work-in-progress		218,041	141,416	98,869
Purchases consumed		-2,173,088	-2,297,697	-4,967,165
Personnel expenses		-746,074	-689,521	-1,276,437
Taxes		-40,707	-35,410	-60,805
Depreciation and amortization		-83,286	-72,571	-151,835
Net allocations/reversals to provisions		-116,013	-13,825	-454,640
Other operating income and expenses		1,293	4,447	5,106
Operating income		217,563	177,224	545,069
Cost of net financial debt		-4,336	-932	-3,889
Other financial income and expense		-33,101	-30,222	-64,623
Net financial income/expense	14	-37,437	-31,154	-68,512
Share in net income of equity associates	4	141,910	108,527	271,611
Income tax	15	-50,525	-42,798	-142,776
Net income		271,511	211,799	605,392
<i>Attributable to the owners of the parent company</i>		<i>271,511</i>	<i>211,799</i>	<i>605,392</i>
<i>Attributable to non-controlling interests</i>		<i>0</i>	<i>0</i>	<i>0</i>
Earnings per share (in EUR) (1)	16	3.26	2.55	7.28
Diluted earnings per share (in EUR) (1)	16	3.26	2.55	7.28

(1) the par value of Dassault Aviation shares was divided by 10 on September 29, 2021. In order to ensure the comparability of the information, the data reported for H1 2021 take into account the 10-for-1 stock split.



STATEMENT OF RECOGNIZED INCOME AND EXPENSE

H1 2022

(in EUR thousands)	Notes	Fully consolidated companies	Equity associates	H1 2022
Net income		129,601	141,910	271,511
Derivative financial instruments (1)	4, 18	-90,050	-27,020	-117,070
Deferred taxes	4, 15	23,260	6,641	29,901
Currency translation adjustments		73,169	17,881	91,050
Items to be subsequently recycled to P&L		6,379	-2,498	3,881
Other non-current financial assets	5	-10,721	-5,087	-15,808
Actuarial adjustments on pension benefit obligations	4, 10	168,713	296,491	465,204
Deferred taxes	4, 15	-38,720	-18,620	-57,340
Items that will not be recycled to P&L		119,272	272,784	392,056
Income and expense recognized through equity		125,651	270,286	395,937
Recognized income and expense		255,252	412,196	667,448
<i>Owners of the parent company</i>		<i>255,252</i>	<i>412,196</i>	<i>667,448</i>
<i>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.

H1 2021

(in EUR thousands)	Notes	Fully consolidated companies	Equity associates	H1 2021
Net income		103,272	108,527	211,799
Derivative financial instruments (1)	4, 18	-58,386	-8,268	-66,654
Deferred taxes	4, 15	15,248	4,345	19,593
Currency translation adjustments		21,757	5,054	26,811
Items to be subsequently recycled to P&L		-21,381	1,131	-20,250
Other non-current financial assets	5	11,182	1,684	12,866
Actuarial adjustments on pension benefit obligations	4, 10	102,088	100,425	202,513
Deferred taxes	4, 15	-28,633	-2,897	-31,530
Items that will not be recycled to P&L		84,637	99,212	183,849
Income and expense recognized through equity		63,256	100,343	163,599
Recognized income and expense		166,528	208,870	375,398
<i>Owners of the parent company</i>		<i>166,528</i>	<i>208,870</i>	<i>375,398</i>
<i>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.



2021

(in EUR thousands)	Notes	Fully consolidated companies	Equity associates	2021
Net income		333,781	271,611	605,392
Derivative financial instruments (1)	4, 18	-131,784	-38,094	-169,878
Deferred taxes	4, 15	34,189	9,451	43,640
Currency translation adjustments		59,777	18,451	78,228
Items to be subsequently recycled to P&L		-37,818	-10,192	-48,010
Other non-current financial assets	5	25,508	10,738	36,246
Actuarial adjustments on pension benefit obligations	4, 10	108,863	181,885	290,748
Deferred taxes	4, 15	-31,837	-2,502	-34,339
Items that will not be recycled to P&L		102,534	190,121	292,655
Income and expense recognized through equity		64,716	179,929	244,645
Recognized income and expense		398,497	451,540	850,037
<i>Owners of the parent company</i>		<i>398,497</i>	<i>451,540</i>	<i>850,037</i>
<i>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

2021 and H1 2022

(in EUR thousands)	Capital	Consolidated reserves and retained earnings		Currency translation adjustments	Treasury shares	Total attributable to the 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 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 payment (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>		271,511				271,511		271,511
<i>Income and expense recognized through equity</i>		392,056	-87,169	91,050		395,937		395,937
Recognized income and expense		663,567	-87,169	91,050		667,448		667,448
Dividends paid		-207,184				-207,184		-207,184
Share-based payment (1)		2,317				2,317		2,317
Movements on treasury shares (1)		-2,911			2,911	0		0
Other changes (2)		-25,739				-25,739		-25,739
As of 06.30.2022	66,790	5,747,249	-164,177	114,944	-27,482	5,737,324	0	5,737,324

(1) see Note 8.

(2) for Thales, this mainly represents the impact of changes in consolidation scope, change in treasury shares, employee share issues and share-based payments. In 2021, other changes also included the impact of including Dassault Reliance Aerospace Ltd entry in the scope of consolidation.

H1 2021

(in EUR thousands)	Capital	Consolidated reserves and retained earnings		Currency translation adjustments	Treasury shares	Total attributable to the 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>		211,799				211,799		211,799
<i>Income and expense recognized through equity</i>		183,849	-47,061	26,811		163,599		163,599
Recognized income and expense		395,648	-47,061	26,811		375,398		375,398
Dividends paid		-102,308				-102,308		-102,308
Share-based payment (1)		1,789				1,789		1,789
Movements on treasury shares (1)		-2,360			2,360	0		0
Other changes (2)		-2,209				-2,209		-2,209
As of 06.30.2021	66,790	4,821,578	2,169	-27,523	-30,393	4,832,621	0	4,832,621

(1) see Note 8.

(2) for Thales, this mainly represents the impact of changes in consolidation scope, change in treasury shares, employee share issues and share-based payments. In H1 2021, other changes also included the impact of including Dassault Reliance Aerospace Ltd in the scope of consolidation.



CASH FLOW STATEMENT

(in EUR thousands)	Notes	H1 2022	H1 2021	2021
I – Net cash flows from operating activities				
Net income		271,511	211,799	605,392
Elimination of net income of equity associates, net of dividends received	4	-33,382	-32,935	-164,021
Elimination of gains and losses from disposals of non-current assets		1,684	46	2,906
Change in the fair value of derivative financial instruments	18	17,891	19,442	29,604
Change in fair value of other current and non-current financial assets	5, 7	4,141	1,531	3,080
Tax expense (including deferred taxes)	15	50,525	42,798	142,776
Allocations to and reversals of depreciation, amortization and provisions (excluding those related to working capital requirement)		134,407	64,188	615,251
Other items		2,317	1,789	2,388
Net cash from operating activities before working capital changes and taxes		449,094	308,658	1,237,376
Income taxes paid	15	-68,772	-22,031	-191,846
Change in inventories and work-in-progress (net)	6	-464,298	-276,261	-67,224
Change in contract assets	11	-5,289	-12,699	3,840
Change in trade and other receivables (net)		411,430	92,996	-1,014,383
Change in advances and progress payments to suppliers	11	-1,083,104	-38,797	358,632
Change in contract liabilities	11	2,401,195	71,787	1,050,452
Change in trade and other payables		-71,065	31,899	273,075
Change in tax and social security liabilities		104,065	42,344	12,905
Increase (-) or decrease (+) in working capital requirement		1,292,934	-88,731	617,297
Total I		1,673,256	197,896	1,662,827
II - Net cash flows from investing activities				
Change, as acquisition cost, of other current financial assets (1)	7	-63,606	37,538	-90,031
Purchases of intangible assets and property, plant and equipment		-78,696	-82,152	-172,781
Increase in other non-current financial assets	5	-17,056	-1,327	-1,660
Disposals of or reductions in non-current assets		1,349	53,328	54,409
Net cash from acquisitions and disposals of subsidiaries (2)		0	0	-3,573
Total II		-158,009	7,387	-213,636
III - Net cash flows from financing activities				
Increase in financial debt	9	21,203	43,715	43,647
Repayment of financial debt	9	-34,901	-78,338	-100,881
Dividends paid during the year		-207,184	-102,308	-102,308
Total III		-220,882	-136,931	-159,542
IV - Impact of exchange rate fluctuations		49,090	13,702	36,619
Change in net cash and cash equivalents (I+II+III+IV)		1,343,455	82,054	1,326,268
Opening net cash and cash equivalents	7	4,022,551	2,696,283	2,696,283
Closing net cash and cash equivalents	7	5,366,006	2,778,337	4,022,551

(1) the change, as acquisition cost, of other current financial assets, classified as net cash flows from financing activities in the financial statements to June 30, 2021, is now classified as net cash flows from investing activities.

(2) in 2021, the amount corresponds to the capital increase of Dassault Reliance Aerospace Ltd, which the Group accounts for using the equity method.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 - Accounting principles

1.1. General principles

On July 20, 2022, the Board of Directors closed and authorized the publication of Dassault Aviation's condensed consolidated financial statements as of June 30, 2022.

Dassault Aviation Group prepares its condensed interim consolidated financial statements in accordance with IAS 34 "Interim Financial Reporting." The consolidated financial statements are in accordance with the IFRS standards, amendments, and interpretations, as adopted by the European Union and applicable at the closing date.

The half-yearly financial accounts are prepared in accordance with the accounting rules and methods used to prepare the 2021 consolidated financial statements.

Impact of the conflict between Ukraine and Russia

The Russia-Ukraine conflict has had an impact on the Group's business. The sanctions 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). A dedicated crisis unit has been set up. Our operations in Russia, our Moscow office and the DFS service center subsidiary have stopped all commercial activities. The sanctions have had a particular impact on the service station business in Europe, especially TMS.

The impact of this major crisis has led to uncertainty over the supply of energy, electronic components and materials. This has stoked an increase in inflation due to actual or potential shortages and weakened the supply chain, now an even accurate risk given the increase in our production rate.

As of June 30, the effects of the Russia-Ukraine conflict had no material impact on the Group's financial statements.

Specificities of interim consolidated financial statements

Seasonality

In previous fiscal years, a recurring seasonality phenomenon has been observed. As a result, the interim results as of June 30, 2022 are not necessarily representative of what might be expected for fiscal year 2022.

Provisions for retirement severance payments

Pension costs for the half-year are calculated on the basis of the actuarial valuations performed at the end of the previous fiscal year. If necessary, these valuations are adjusted to take into account curtailments, settlements or other major non-recurring events during the period. Furthermore, amounts recognized in equity and liabilities in respect of defined benefit plans are adjusted, if necessary, in order to reflect material changes impacting the yield of investment-grade corporate bonds issued in the geographic area concerned (the benchmark used to determine the discount rate) and the actual return on plan assets.

Goodwill

Goodwill is tested for impairment at each year-end and whenever there is evidence of impairment.

Income taxes

For the half-year closing, the Group's tax expense is calculated by applying the estimated annual average tax rate for the year to the accounting result for the period.

1.2. Segment reporting

IFRS 8, "Operating Segments," requires the presentation of information according to internal management criteria. The entire activity of the Dassault Aviation Group relates to the aerospace sector. The internal reporting made to the Chairman and Chief Executive Officer, and to the Chief Operating Officer, as used for strategy and decision-making, includes no performance analysis, under IFRS 8 terms, at a level lower than this sector.

Note 2 - Scope of consolidation

2.1. Scope as of June 30, 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)
		06.30.2022	12.31.2021	
Dassault Aviation (3)	France	Parent company	Parent company	
Dassault Aviation Business Services	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
TAG Maintenance Services	Switzerland	100	100	FC
- TAG Maintenance Services Le Bourget	France	100	100	FC
- TAG Maintenance Services Farnborough	United Kingdom	100	100	FC
- TAG Maintenance Services Portugal	Portugal	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, 24.79% of the interest rights and 29.84% of the voting rights as of June 30, 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.



2.2. Changes in scope

There were no changes in scope in the first half of 2022. As a reminder, in 2021, Dassault Reliance Aerospace Ltd joined the scope of consolidation of the Dassault Aviation Group.

Note 3 - Goodwill

Goodwill at June 30, 2022 amounted to EUR 65,957 thousand, unchanged from December 31, 2021.

For the half-year closing, cash-generating units (CGUs) were tested for impairment where there was evidence of an impairment loss.

On the basis of those tests, the Group did not recognize any impairment losses as of June 30, 2022.

In accordance with IFRS, goodwill relating to Thales, which is accounted for by the equity method, is included in "Equity associates" (see Note 4).

Note 4 - Equity associates

4.1. Group share in net assets and net income of equity associates

As of June 30, 2022, Dassault Aviation held 24.79% 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		
	06.30.2022	12.31.2021	H1 2022	H1 2021	2021
Thales (1)	2,342,669	2,064,714	138,646	105,221	265,604
Other	30,842	30,868	3,264	3,306	6,007
Total	2,373,511	2,095,582	141,910	108,527	271,611

(1) The Group share in Thales net assets and net income is detailed in Note 4.3.

4.2. Change in equity associates

(in EUR thousands)	H1 2022	2021
As of January 1	2,095,582	1,753,928
Share in net income of equity associates	141,910	271,611
Elimination of dividends paid (1)	-108,528	-107,590
Income and expense recognized directly through equity		
- Securities at fair value	-5,087	10,738
- Derivative financial instruments (2)	-27,020	-38,094
- Actuarial adjustments on pension benefit obligations	296,491	181,885
- Deferred taxes	-11,979	6,949
- Currency translation adjustments	17,881	18,451
Share of equity associates in other income and expense recognized directly through equity	270,286	179,929
Other movements (3)	-25,739	-2,296
At end of period	2,373,511	2,095,582

(1) in H1 2022, the Group received EUR 102,962 thousand in dividends from Thales for 2021. In 2021, Thales 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) for Thales, this mainly represents the impact of changes in consolidation scope, change in treasury shares, employee share issues and share-based payments. In 2021, other changes also included the impact of including Dassault Reliance Aerospace Ltd in the scope of consolidation.

4.3. Reconciliation between the items published by Thales and equity-accounted items

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)	H1 2022	2021
Share of Thales equity, attributable to owners of the parent company	7,588,800	6,480,100
Homogenization restatements and PPA	-2,581,247	-2,574,885
Thales restated equity, attributable to owners of the parent company	5,007,553	3,905,215
Group share	1,241,372	963,417
Goodwill	1,101,297	1,101,297
Share in net assets of Thales	2,342,669	2,064,714

The breakdown between the net income, attributable to owners of the parent company, published by Thales and the Group share is as below:

(in EUR thousands)	H1 2022	H1 2021	2021
Thales net income (100%)	565,600	432,600	1,088,800
Group share in Thales net income	140,212	106,722	268,607
Post-tax amortization of the purchase price allocation (1)	-1,566	-1,501	-3,003
Dassault Aviation share in net income of equity associates	138,646	105,221	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.

4.4. Impairment

Based on the Thales share price as of June 30, 2022 (EUR 117.05 per share), Dassault Aviation's stake in Thales is valued at EUR 6.149 million. In the absence of any objective indication of impairment, the Thales investment was not subject to an impairment test as of June 30, 2022.

Note 5 - Other non-current financial assets

(in EUR thousands)	12.31.2021	Increase	Decrease	Change in fair value	Other	06.30.2022
Non-listed securities (1)	124,180	138	0	1,446	-21	125,743
Embraer shares (1)	26,242	0	0	-12,167	0	14,075
Other financial assets	40,659	16,918	-768	2,151	7	58,967
<i>Receivables from equity investments</i>	21,853	981	-73	0	0	22,761
<i>Advance lease payments</i>	16,352	953	-595	0	7	16,717
<i>Other</i>	2,454	14,984	-100	2,151	0	19,489
Other non-current financial assets	191,081	17,056	-768	-8,570	-14	198,785

(1) non-consolidated, non-listed investments and Embraer shares are measured at fair value, with a corresponding entry in other recognized income and expense under equity, which cannot be recycled in profit or loss. The risk analysis relating to all other non-current financial assets of the Group is described in Note 18.



Note 6 - Inventories and work-in-progress

(in EUR thousands)	06.30.2022			12.31.2021
	Gross	Impairment	Net	Net
Raw materials	307,144	-87,274	219,870	180,219
Work-in-progress	2,631,948	-19,360	2,612,588	2,374,841
Semi-finished and finished goods	1,493,583	-345,824	1,147,759	925,349
Inventories and work-in-progress	4,432,675	-452,458	3,980,217	3,480,409

The increase in inventories and work-in-progress is due to the Falcon business, notably with the increase in production rate on the Falcon 6X, and to future Defense deliveries.

Note 7 - Cash

7.1. Net cash

(in EUR thousands)	06.30.2022	12.31.2021
Cash equivalents (1)	3,868,202	2,784,943
Cash at bank and in hand	1,497,804	1,237,608
Cash and cash equivalents	5,366,006	4,022,551
Bank overdrafts	0	0
Net cash in the cash flow statement	5,366,006	4,022,551

(1) mainly time deposits and cash equivalent marketable securities. The corresponding risk analysis is described in Note 18.

7.2. Available cash

The Group uses an alternative performance indicator, referred to as "Available cash", which reflects the total liquidities available to the Group, net of any financial debt, except for lease liabilities. It is calculated as follows:

(in EUR thousands)	06.30.2022	12.31.2021
Other current financial assets (market value) (1)	1,012,595	955,281
Cash and cash equivalents (market value)	5,366,006	4,022,551
Sub-total	6,378,601	4,977,832
Borrowings and financial debt, excluding lease liabilities (2)	-102,671	-98,374
Available cash	6,275,930	4,879,458

(1) other current financial assets, which include in particular Group cash plan assets in the form of listed marketable securities, are measured at fair value through profit or loss. Given their liquidity, the latter could be disposed of in the short-term.

(2) see breakdown of financial debt in Note 9.

A comprehensive analysis of the performance of listed marketable securities, classified in other current financial assets and in cash equivalents, is carried out at each closing date. The investment portfolio does not show, line-by-line, any objective indication of significant impairment as of June 30, 2022 (as was the case on December 31, 2021). The corresponding risk analysis is described in Note 18.

Note 8 - Equity

8.1. Share capital

The share capital amounted to EUR 66,790 thousand and consisted of 83,487,030 common shares of EUR 0.80 each as of June 30, 2022, just as for December 31, 2021. The distribution of share capital as of June 30, 2022 is as follows:

	Shares	% Capital	% Voting rights
GIMD (1)	51,960,760	62.3%	76.8%
Float	22,970,550	27.5%	17.1%
Airbus SE	8,275,290	9.9%	6.1%
Dassault Aviation (treasury shares)	280,430	0.3%	-
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.

8.2. Treasury shares

Movements on treasury shares are detailed below:

(in number of shares)	H1 2022	H1 2021	2021
Treasury shares as of January 1	310,130	334,210	334,210
Share-based payment	-29,700	-24,080	-24,080
Treasury shares at the closing date	280,430	310,130	310,130
<i>Amount recognized in less from equity (in EUR thousands)</i>	<i>-27,482</i>	<i>-30,393</i>	<i>-30,393</i>

The par value of Dassault Aviation shares was divided by 10 on September 29, 2021. In order to ensure the comparability of the information, the data reported for treasury shares take into account the 10-for-1 stock split.

The impact of treasury shares on the Group's consolidated financial statements is detailed in the statement of changes in equity.

The 280,430 treasury shares held as of June 30, 2022 were allocated to potential performance share awards and to a potential liquidity contract to guarantee market activity.



Note 9 - Borrowings and financial debt

(in EUR thousands)	Bank borrowings	Lease liabilities	Other borrowings and financial debt (1)	Borrowings and financial debt
As of December 31, 2021	0	127,980	98,374	226,354
Increase	0	10,435	21,203	31,638
Decrease	0	-18,495	-16,906	-35,401
Other	0	4,534	0	4,534
As of June 30, 2022	0	124,454	102,671	227,125

(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.

Note 10 - Provisions for contingencies and charges

(in EUR thousands)	12.31.2021	Allocations	Reversals	Other	06.30.2022
Warranty (1)	920,634	97,303	-46,820	2,827	973,944
Other risks related to contracts (1)	618,095	51,287	-43,618	5,803	631,567
Retirement severance payments (2)	229,122	18,371	-16,153	-164,170	67,170
<i>French companies</i>	<i>149,560</i>	<i>16,912</i>	<i>-15,901</i>	<i>-117,191</i>	<i>33,380</i>
<i>US companies</i>	<i>79,562</i>	<i>1,459</i>	<i>-252</i>	<i>-46,979</i>	<i>33,790</i>
Other operational risks	18,380	418	-7,715	534	11,617
Provisions for contingencies and charges	1,786,231	167,379	-114,306	-155,006	1,684,298

(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) the actuarial adjustments contributed to the decrease in provisions for retirement severance payments in the amount of EUR -168,713 thousand. The breakdown is as follows:

<i>French companies</i>	-117,191
<i>US companies</i>	-51,522
<i>Total actuarial adjustments</i>	<u>-168,713</u>

The discount rate used to calculate the provision for retirement severance payments for French companies (determined by reference to the yield for high-quality corporate long-term bonds rated AA) was 3.20% as of June 30, 2022, compared with 1.00% as of December 31, 2021. The rate used to calculate the provision for retirement severance payments for U.S. companies was 4.45% on June 30, 2022, compared with 3.10% as of December 31, 2021.

A 0.50 point decrease in the discount rate would increase the total commitment by EUR 57,455 thousand, while a 0.50 point increase would reduce it by EUR 51,470 thousand.

Note 11 - Contract assets and liabilities

(in EUR thousands)	06.30.2022	12.31.2021
Unbilled receivables	24,392	72,566
Deferred income	0	-8,290
Advances and progress payments received from customers	-12,113	-57,787
Contract assets	12,279	6,489
Unbilled receivables	395,340	292,176
Deferred income	-1,761,602	-2,062,261
Advances and progress payments received from customers	-8,351,023	-5,519,248
Contract liabilities	-9,717,285	-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, including the first progress payment received from the United Arab Emirates under the contract for 80 Rafale and the dynamism 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)	06.30.2022	12.31.2021
Advances and progress payments received	-8,363,136	-5,577,035
Advances and progress payments paid	2,473,514	1,390,293
Advances and progress payments received net of advances and progress payments paid	-5,889,622	-4,186,742

Note 12 - Net sales

Net sales by region breakdown are as follows:

(in EUR thousands)	H1 2022	H1 2021	2021
France (1)	699,038	391,498	794,465
Export (2)	2,407,801	2,714,708	6,451,732
Net sales	3,106,839	3,106,206	7,246,197

(1) mainly the French government, with whom the Group generated more than 10% of its net sales in H1 2022 and H1 2021.

(2) more than 10% of the Group's net sales were generated with Qatar and India in H1 2022, H1 2021 and 2021 overall. The net sales from the Rafale Export contracts are recorded on a gross basis (including the co-contractors' parts).

Net sales by activity are as follows:

(in EUR thousands)	H1 2022	H1 2021	2021
Falcon	969,995	701,135	1,965,248
Defense	2,136,844	2,405,071	5,280,949
<i>Defense France</i>	<i>684,579</i>	<i>344,376</i>	<i>731,940</i>
<i>Defense Export</i>	<i>1,452,265</i>	<i>2,060,695</i>	<i>4,549,009</i>
Net sales	3,106,839	3,106,206	7,246,197

Note 13 - Research and development costs

Non-capitalized research and development costs are recognized as an expense for the period in which they are incurred and represent:

(in EUR thousands)	H1 2022	H1 2021	2021
Research and development costs	-278,417	-250,064	-551,366

The Group's research and development strategy and initiatives are described in the directors' report.

Note 14 - Net financial income/expense

(in EUR thousands)	H1 2022	H1 2021	2021
Income from cash and cash equivalents	2,003	2,072	3,134
Change in fair value of other current and non-current financial assets	-4,141	-1,531	-3,080
Cost of gross financial debt	-2,198	-1,473	-3,943
Cost of net financial debt	-4,336	-932	-3,889
Dividends and other investment income	0	0	0
Interest income and gains/losses on disposal of other financial assets	2,333	1,477	3,742
Foreign exchange gain/loss (1)	-24,821	-19,810	-42,609
Other (2)	-10,613	-11,889	-25,756
Other financial income and expense	-33,101	-30,222	-64,623
Net financial income/expense	-37,437	-31,154	-68,512

(1) 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.

(2) the line item "Other" includes the financing component of long-term Defense contracts. The latter, classified as the cost of net financial debt in the financial statements to June 30, 2021, is now classified as other financial income and expenses.

Note 15 - Taxes

15.1. Income tax

(in EUR thousands)	H1 2022	H1 2021	2021
Corporate tax	-68,772	-22,031	-191,846
Deferred tax	18,247	-20,767	49,070
Income tax	-50,525	-42,798	-142,776

15.2. Reconciliation of theoretical and recognized tax expense

(in EUR thousands)	H1 2022	H1 2021	2021
Net income	271,511	211,799	605,392
<i>Less income tax</i>	<i>50,525</i>	<i>42,798</i>	<i>142,776</i>
<i>Less share in net income of equity associates</i>	<i>-141,910</i>	<i>-108,527</i>	<i>-271,611</i>
Income before tax	180,126	146,070	476,557
Theoretical tax expenses calculated at the current rate (1)	-46,527	-41,498	-135,390
Effect of tax credits (2)	4,289	4,601	11,009
Effect of differences in tax rates (3)	-1,785	-2,295	-18,937
Other	-6,502	-3,606	542
Income tax recognized	-50,525	-42,798	-142,776

(1) a rate of 25.83% applies for H1 2022. The rate applied for H1 and FY 2021 was 28.41%.

(2) includes the impact of the Research Tax Credit, recorded as other revenue in the amount of EUR 15,449 thousand in H1 2022, compared with EUR 15,150 thousand in H1 2021 and EUR 33,651 thousand for 2021.

(3) in 2021, includes the impact of the decrease in the corporate tax rate in France.

15.3. Deferred tax sources

(in EUR thousands)	Consolidated balance sheet	
	06.30.2022	12.31.2021
Provisions (profit-sharing, pensions, etc.)	276,764	293,415
Other current and non-current financial assets and cash equivalents	-3,714	-3,376
Derivative financial instruments	47,483	19,988
Other temporary differences	71,548	74,934
Net deferred taxes	392,081	384,961
<i>Deferred tax assets</i>	<i>395,559</i>	<i>389,443</i>
<i>Deferred tax liabilities</i>	<i>-3,478</i>	<i>-4,482</i>

Note 16 - Earnings per share

Earnings per share	H1 2022	H1 2021	2021
Net income attributable to the owners of the parent company (in EUR thousands) (1)	271,511	211,799	605,392
Average number of shares outstanding (2)	83,196,427	83,168,650	83,172,810
Diluted average number of shares outstanding (2)	83,213,677	83,182,150	83,186,310
Earnings per share (in EUR)	3.26	2.55	7.28
Diluted earnings per share (in EUR)	3.26	2.55	7.28

(1) net income is fully attributable to income from continuing operations (no discontinued operations).

(2) the par value of Dassault Aviation shares was divided by 10 on September 29, 2021. To ensure the comparability of the information, the number of shares outstanding was restated to reflect the new par value of the shares.

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 17 - Financial instruments

The valuation method used in 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 the 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.

17.1. Financial instruments (assets)

(in EUR thousands)	Balance sheet value as of 06.30.2022			
	Cost or amortized cost (1)	Fair value		Total
		Impact on net income	Impact on equity	
Non-current assets				
Other non-current financial assets	40,865	18,102	139,818	198,785
Current assets				
Trade and other receivables	2,016,737			2,016,737
Derivative financial instruments		0	0	0
Other current financial assets		1,012,595		1,012,595
Cash equivalents (2)		3,868,202		3,868,202
Total financial instruments (assets)	2,057,602	4,898,899	139,818	7,096,319
Level 1 (2)		4,898,899	14,075	
Level 2		0	0	
Level 3		0	125,743	

(1) the carrying amount of the financial instruments (assets) recognized at cost or at amortized cost corresponds to a reasonable approximation of the fair value.

(2) including time deposits as of June 30, 2022: EUR 1,838,707 thousand.

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		955,281		955,281
Cash equivalents (2)		2,784,943		2,784,943
Total financial instruments (assets)	2,455,973	3,741,209	151,224	6,348,406
Level 1 (2)		3,741,209	26,242	
Level 2		0	802	
Level 3		0	124,180	

(1) the carrying amount of the financial instruments (assets) recognized at cost or at amortized cost corresponds to a reasonable approximation of the fair value.

(2) including time deposits as of December 31, 2021: EUR 1,336,396 thousand.

17.2. Financial instruments (liabilities)

(in EUR thousands)	Balance sheet value as of 06.30.2022			
	Cost or amortized cost (1)	Fair value		Total
		Impact on net income	Impact on equity	
Non-current liabilities				
Bank borrowings	0			0
Lease liabilities	101,009			101,009
Other financial liabilities (2)	87,803			87,803
Current liabilities				
Bank borrowings	0			0
Lease liabilities	23,445			23,445
Other financial liabilities (2)	14,868			14,868
Trade and other payables	1,130,247			1,130,247
Derivative financial instruments		25,168	163,420	188,588
Total financial instruments (liabilities)	1,357,372	25,168	163,420	1,545,960
Level 1		0	0	
Level 2		25,168	163,420	
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) mainly 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) mainly locked-in employee profit-sharing funds.



Note 18 - Financial risk management

18.1. Cash and liquidity risks

18.1.1. Financial debts

The Group has no significant risk in relation to its financial debt. The features are described in Note 9.

18.1.2. 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 money market investments with no significant risk of impairment.

(in EUR thousands)	Market value	As %
Cash at bank and in hand, money market investments and time deposits	5,471,133	86%
Investments in bonds (1)	170,860	3%
Unspecified investments (1)	736,608	11%
Total	6,378,601	100%

(1) the bond investments subscribed by the Group are mainly investments with a short-term management horizon. Unspecified investments, as defined by the AMF classification, are mainly invested in short-term and money mutual funds.

A full analysis of the performance of listed marketable securities is conducted at each period end closing. The investment portfolio does not show, line-by-line, any objective indication of significant impairment as of June 30, 2022 (as was the case on December 31, 2021).

Cash resources and its portfolio of marketable securities 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.

Fair value classification:

(in EUR thousands)	06.30.2022		
	Impact on net income	Impact on equity	Total
Cash at bank and in hand, money market investments and time deposits	5,471,133	0	5,471,133
Investments in bonds	170,860	0	170,860
Unspecified investments	736,608	0	736,608
Total	6,378,601	0	6,378,601

18.2. Credit and counterparty risks

18.2.1. Credit risk on bank counterparties

The Group allocates its plan assets 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.

18.2.2. Customer default risk

The Group limits counterparty risk by completing most of its sales in cash and ensuring that the loans are secured by export insurance guarantees (Bpifrance Assurance Export) or collateral. 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.

Manufacturing risk is also covered by Bpifrance Assurance Export for major military export contracts.

18.3. Other market risks

18.3.1. Market risks

The Group hedges its foreign exchange risk and interest rate risk by means of derivative financial instruments, the carrying amount of which is presented below:

(in EUR thousands)	06.30.2022		12.31.2021	
	Assets	Liabilities	Assets	Liabilities
Foreign exchange derivatives	0	188,588	802	81,449
Net derivative financial instruments		188,588		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 06.30.2022	Market value as of 12.31.2021
Instruments which qualify for hedge accounting	-163,420	-73,370
Instruments which do not qualify for hedge accounting	-25,168	-7,277
Exchange rate derivatives	-188,588	-80,647

The counterparty risk on foreign exchange derivatives (CVA/DVA) is based on the current exposure method and on the historical default probabilities per rating class communicated by the rating agencies. As of June 30, 2022, this counterparty risk is insignificant.

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	-69,412	-119,176	-188,588

18.3.2. Impacts of derivatives on the Group's financial statements

The impact on net income and equity of the changes in fair value of hedging instruments for the period is as follows:

(in EUR thousands)	12.31.2021	Impact on equity (1)	Impact on net financial income (2)	06.30.2022
Exchange rate derivatives	-80,647	-90,050	-17,891	-188,588

(1) recognized directly through equity, share of fully consolidated companies.

(2) change in fair value of foreign exchange hedging instruments that do not qualify for hedge accounting under IFRS 9 "Financial Instruments."

The change in fair value of foreign exchange derivatives is mainly due to the change in the closing rate between December 31, 2021 (USD/EUR 1.1326) and June 30, 2022 (USD/EUR 1.0387).

18.3.3. Sensitivity test for foreign exchange derivatives

A sensitivity analysis was performed 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)	06.30.2022	
Net balance sheet position	-188,588	
Closing US dollar/euro exchange rate	\$ 1.0387/€	
Closing US dollar/euro exchange rate +/- 10 cents	\$ 0.9387/€	\$ 1.1387/€
Change in net balance sheet position (1)	-221,532	177,651
Impact on net income	-33,040	+22,266
Impact on equity	-188,492	+155,385

(1) data calculated based on existing market conditions on the period end. They are not representative of the actual gain/loss to be recognized when hedging is carried out.

18.3.4. Risks related to Embraer shares

On June 30, 2022, Embraer shares were valued at EUR 14,075 thousand (see Note 5). The Group is exposed to a currency risk on its stake in Embraer, which is listed in reals 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 19 - Contingent assets and liabilities

There are no contingent assets or liabilities as of June 30, 2022.

Note 20 - Related-party transactions

The related parties as of June 30, 2022 are identical to those identified as of December 31, 2021 and the transactions during the period are of the same type.

Note 21 - Subsequent events

No other events likely to have a material impact on the financial statements occurred between June 30, 2022 and the date the financial statements were approved by the Board of Directors.

**Statutory auditors' review report
on the half-yearly financial information**

For the period from January 1, 2022 to June 30, 2022

To the Shareholders

In compliance with the assignment entrusted to us by your Shareholders' Meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Dassault Aviation, for the period from January 1, 2022 to June 30, 2022;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34- standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, July 20, 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

Mazars

Edouard Demarcq

Mathieu Mougard

This is a free translation into English of the statutory auditors' review report half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

