2023 ANNUAL FINANCIAL REPORT

Contents

Declaration of the person responsible for the report

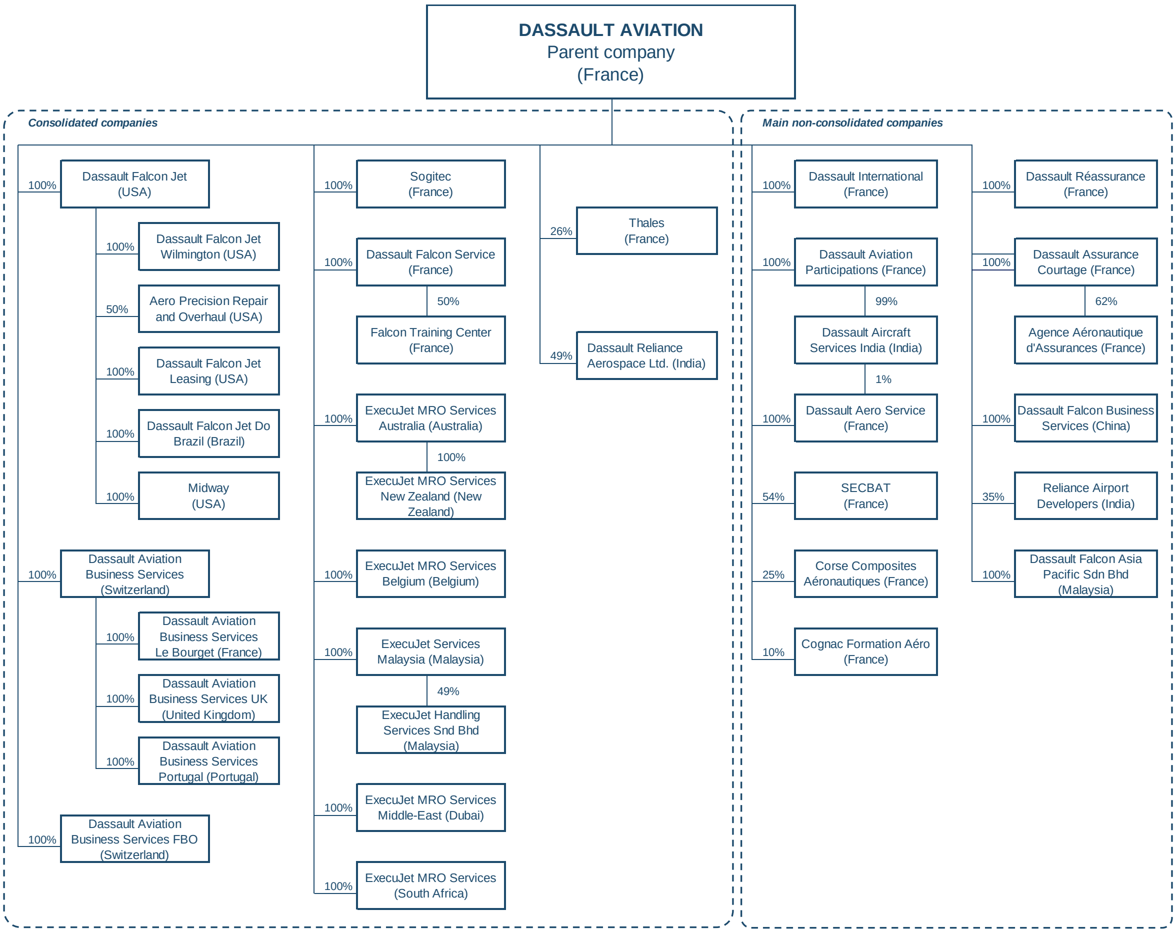
I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and income or loss of the company and all the other entities included in the scope 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 5, 2024

Éric TRAPPIER
Chairman and Chief Executive Officer

Group structure as of December 31, 2023

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 “Group Structure” 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, 2023

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
Loïk Segalen

Executive Committee as of December 31, 2023

Chairman of the Committee
Éric Trappier, Chairman and Chief Executive Officer

Loïk Segalen, Chief Operating Officer

Jean-Marie Albertini, Senior Vice-President, Sales
Laurent Bendavid, Senior Executive Vice-President, IT and Chief Digital 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, Executive Vice-President, Military and Space Programs
Florent Gateau, Senior Executive Vice-President, Total Quality
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

* Following the retirement of Nicolas Mojaïsky, Pascale Lohat took over as Senior Executive Vice-President, Engineering, from January 1, 2024.

Governement Commissioner

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

Auditors

Mazars S.A., represented by Mr. Erwan Candau, 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, 2023, 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.

Business model

Ressources

Human

13,533
Employees, including 78.6% in France

13.3 years
Average seniority

Expertise

A design office recognized for its expertise

A century of experience

Industrial

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

FT Climate Leader
Ranked as one of the Financial Times' 300 Europe's Climate Leaders 2023

Financial

€7,294 million
Available cash

Dassault Aviation / Shaping the future

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.

Achievements in 2023

Human

1,947
New hires

Best employer
First among 500 companies (Aerospace, Rail and Shipbuilding category) in the Capital magazine ranking

Expertise

FCAS/NGF
Design study for a demonstrator

Business aircraft
Falcon 6X and Falcon 10X under development
Falcon 6X enters service

F4 standard
Ongoing work on new Rafale standard

Special Falcons
Albatros and Archange programs under development

€539 million
Funded R&D

€483 million
Self-funded R&D

Industrial

211
Rafales in the order book

1,000
Combat aircraft supported

84
Falcons in the order book

2,100
Falcons supported

Corporate

Regional development
Technical and aeronautical engineering training in India

Active involvement with local authorities, competitiveness clusters and regional professional organizations (France & USA)

Environmental

↘ 13.5 %
Energy consumption compared to 2019

413
Flights made by the company's Falcons using Sustainable Aviation Fuel

Financial

€886 million
Adjusted net income

€38.5 billion
Backlog, including 71% in export markets

Financial and non-financial performance 2023

Federal and local

€539 million
Corporate income tax, taxes and social security contributions due for 2023 of wich 83% in France

Employees

€170 million
Value sharing

€77,875
Average gross annual compensation, including profit-sharing and incentive payments (Group's French companies)

Shareholders

€266 million
Dividends [1]

Industry

At the hub of a strategic French ecosystem
Core shareholder in Thales

Society

Inclusion, humanitarian and cultural activities
Hanvol, Elles bougent, FOSA, ADOSM, AEN, EETAAE, Syndicat Mixte d'Aménagement de la Plaine de Pierrelaye-Bessancourt, ASF, Rêves de Gosse, Course du Cœur, Fondation Foch, Ordre de la Libération, Flamme sous l'Arc de Triomphe, Fondation des Ailes de France, AAE, Académie des Technologies, Musée de la Marine, Association pour le Grand Prix de l'Ecole Navale, Cultivate Women in Business, Women in Aviation, Habitat for Humanity, Arkansas Food Bank, American Red Cross, Muscular Dystrophy Association.

Sustainable development

Contribution to 8 United Nations Sustainable Development Goals (SDG)

[1] Proposed at the Annual General Meeting of Shareholders on May 16, 2024.

The Board of Directors held on March 5th, 2024, under the chairmanship of Éric Trappier, approved the 2023 accounts.

"The Group's backlog continues to increase, driven by the commercial success of the Rafale. It stands at EUR 38.5 billion as of December 31, 2023 (295 aircraft - 141 Rafale Export, 70 Rafale France and 84 Falcon). Post-closing of the 2023 financial statements, the backlog increased with the entry into force in January 2024 of the third batch of 18 Rafale of the Indonesian contract. A total of 495 Rafale have thus been ordered since the beginning of the program.

Certification of the Falcon 6X by EASA and FAA (type certificate) has been approved on August 22nd, 2023, the entry into service of the aircraft including the application of post certification upgrades happened on November 30th 2023. The first delivery took place in February 2024.

13 Rafale and 26 Falcon were delivered, versus a guidance of 15 and 35, due to supply chain issues and the delayed entry into service of Falcon 6X.

Group's Revenues for this year stood at EUR 4.8 billion, leading to an adjusted EBIT of EUR 349 million and a record breaking adjusted net result of EUR 886 million, representing 18.5% of net sales.

In 2023, the international context deteriorated, marked by the ongoing war in Ukraine and the conflict in the Middle East. France adopted an ambitious Military Procurement Law (Loi de Programmation Militaire - LPM), which allocates a budget of EUR 413 billion for the 2024-2030 period (representing an increase of 40% compared to the previous LPM). For Dassault Aviation, the LPM provides for the ongoing deliveries of the Rafale program fourth batch, the coming into force of the 42 aircraft of the fifth batch (20 of which are to be delivered from 2027 to 2030), the completion by 2027 of the Rafale Standard F4, the negotiation and beginning of Rafale Standard F5 which should come along with the development of a combat drone.

Supply chain issues that arose during the Covid crisis continue to have a severe impact on sub-contractors in the aviation industry, which are not always able to deliver the required quality or meet deadlines. Certain supplier weaknesses, coupled with capacity shortages, mainly in aerostructure, resulted for the Group in delays in production start-ups. While these risks will continue to weigh on the Group's business in 2024, Dassault Aviation has implemented a centralized steering plan to introduce corrective measures, provide the necessary support to certain sub-contractors and develop "Make in India."

The Paris Le Bourget Air Show was held in June 2023. This trade show allowed Dassault Aviation to once again showcase the efforts it has undertaken to decarbonize its processes and products, and those that it will continue to pursue in the years to come. The Group is committed to its decarbonization: the Falcon aircraft are certified to fly with Sustainable Aviation Fuel (SAF) blends with kerosene up to 50%. Today's available alternative fuels (SAF) offer a carbon emission reduction's rate in the range of 80% to 90% compared to conventional kerosene. All Dassault Aviation flights, including those in the United States, are using 30% SAF blends which are the only ones available on the market today. 413 flights have been operated in 2023 by Dassault Aviation with 30% SAF blends (vs. 179 in 2022). Aircraft models currently under production will be compatible with 100% SAF blends by 2030 (Falcon 10X natively).

In the military sector, 2023 saw:

- the order by France for 42 Rafale placed in December 2023 under the country's new Military Procurement Law which was adopted in July 2023,
- the addition to the backlog of the second batch of 18 Rafale under the Indonesian contract (followed on January 8, 2024 by the entry into force of a third batch of 18 aircraft),
- the delivery of 11 Rafale to France,
- the delivery of 2 new Rafale to Greece, as well as 6 pre-owned Rafale,
- the continuation of development work on the Rafale F4 standard and the FCAS, for which Dassault Aviation is leader for the NGF demonstrator,
- the continuation of work on the Eurodrone contract. Dassault Aviation is responsible in particular for flight controls and mission communications as a sub-contractor,
- in the field of military support, the Group has met the availability commitments of its operational maintenance contracts (Ravel for the Rafale, Ocean for the ATL2 and Balzac for the Mirage 2000),

and participated in "High Intensity" warfare exercises with the French forces. At the end of December, a new verticalized maintenance contract was notified: "Alphacare" for the Alpha Jet. Moreover, support for fleets in service for Export customers continued as close as possible to operations.

In the civil aviation segment, 23 Falcon were ordered and 26 Falcon were delivered in 2023, compared with a guidance of 35.

The year also saw:

- the continuation of development efforts on the Falcon 6X and 10X:
  - The Falcon 6X was certified on August 22, 2023 and entered into service on November 30, 2023. Prospection has been stepped up, notably thanks to a demonstration aircraft. The flights operated allowed the first customers to confirm the cabin's very high level of comfort. The ramp up of production also continued, in a challenging supply chain context,
  - the first Falcon 10X (development aircraft) is currently being built. The program schedule has been adjusted and the first deliveries are scheduled for 2027.
- the expansion of the network of service centers, notably with the opening of the service center in Dubai (to replace the previous center).

Social and environmental responsibility was reflected in 2023 through:

- the Company's commitment to the environment and to the decarbonization of its Falcon aircraft, in particular with:
  - significant results for the Parent Company's energy saving plan which was launched at the end of 2022: -10.4% of energy consumption per hour worked,
  - the ramp-up of the "SAF plan" which set an ambitious target for the use of SAF for its internal flights (413 flights operated with "30% SAF" blends in 2023 compared with 179 in 2022),
  - the entry into service of the flight plan optimization tool FalconWays.
- a major recruitment drive and an attractive employment model in which – true to the ideals of Serge and Marcel Dassault – value sharing is a core part of its DNA with notably:
  - almost 2,000 new hires, including 200 apprentices, in a tight labor market,
  - based on the 2023 profits, profit-sharing and incentives reached EUR 170 million (for employees of the Group's French companies , including the corresponding employer's tax) compared with the minimum legal profit-sharing of EUR 8 million.

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"

1. DASSAULT AVIATION GROUP

1.1. Results

1.1.1. Key figures

	2023	2022
Order intake	**EUR 8,253 million** 60 Rafale *of which 42 France and 18 Export* 23 Falcon	EUR 20,954 million 92 Rafale *of which 92 Export* 64 Falcon
Adjusted net sales (*)	**EUR 4,801 million** 13 Rafale *of which 11 France and 2 Export* 26 Falcon	EUR 6,929 million 14 Rafale *of which 13 Export and 1 France* 32 Falcon
Backlog *as of December 31*	**EUR 38,508 million** 211 Rafale *of which 141 Export and 70 France* 84 Falcon	EUR 35,008 million 164 Rafale *of which 125 Export and 39 France* 87 Falcon
Adjusted operating income(*) *Adjusted operating margin*	**EUR 349 million** 7.3% of net sales	EUR 572 million 8.3% of net sales
Self-funded Research and Development	**EUR 483 million** 10.1% of net sales	EUR 572 million 8.3% of net sales
Adjusted net income (*) Adjusted net margin Earnings per share	**EUR 886 million** 18.5% of net sales EUR 10.95 per share	EUR 830 million 12.0% of net sales EUR 9.99 per share
Available cash *as of December 31*	**EUR 7,294 million**	EUR 9,529 million
Dividends	**EUR 266 million** EUR 3.37 per share	EUR 249 million EUR 3.00 per share
Employee profit-sharing and incentives including 20% employer's corresponding tax Headcount as of December 31	**EUR 170 million** 13,533	EUR 210 million 12,768

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 4,805 million	EUR 6,950 million
(*) Consolidated operating income	EUR 349 million	EUR 591 million
(*) Consolidated net income	EUR 693 million	EUR 716 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 2023 of adjustments to income statement aggregates is presented below:

(in thousands of euros)	2023 consolidated income statement	Foreign exchange derivatives		PPA	Adjustments applied by Thales	2023 adjusted income statement
		Foreign exchange gain/loss	Change in fair value			
Net sales	4,804,891	-4,225	0			4,800,666
Operating income	349,477	-4,225	0	3,908		349,160
Net financial income/expense	211,645	4,225	- 5,793			210,077
Share in net income of equity associates	266,540			3,228	190,694	460,462
Income tax	-134,264		1,496	-636		-133,404
Net income	693,398	0	- 4,297	6,500	190,694	886,295
Group share of net income	693,398	0	- 4,297	6,500	190,694	886,295
Group share of net income per share (in euros)	8.57					10.95

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

(in EUR thousands)	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	0	378	5,618	108,023	830,244
Group share of net income	716,225	0	378	5,618	108,023	830,244
Group share of net income per share (in euros)	8.62					9.99

1.1.4. Order intake

2023 order intake was **EUR 8,253 million** versus EUR 20,954 million in 2022. **Export** order intake represented **64%**.

Changes were as follows, in millions of euros:

	2023	2022	2021
Defense	**6,524**	17,510	9,165
Defense Export	*3,583*	*15,657*	*6,173*
Defense France	*2,941*	*1,853*	*2,992*
Falcon	**1,729**	3,444	2,915
Total order intake	**8,253**	20,954	12,080
% Export	**64%**	90%	74%

The order intake is composed entirely of firm orders.

Defense programs

In 2023, **Defense order intake** totaled **EUR 6,524 million**, compared with EUR 17,510 million in 2022.

The **Defense Export** share amounted **EUR 3,583 million** in 2023, versus EUR 15,657 million in 2022. In 2022, 92 Rafale were ordered (80 by the United Arab Emirates, 6 by Greece and 6 by Indonesia) compared to 18 Rafale ordered by Indonesia in 2023.

The **Defense France** share amounted to **EUR 2,941 million** in 2023, compared with EUR 1,853 million in 2022. This increase is mainly due to the order for Batch 5 of 42 Rafale (in 2022, the order relating to Phase 1B of the FCAS demonstrator was recorded).

Falcon programs

In 2023, **23 Falcon orders** were recorded, compared with 64 in 2022. Order intake totaled **EUR 1,729 million** versus EUR 3,444 million in 2022. This decrease is mainly due to the decline in the number of Falcon ordered (23 vs. 64 in 2022).

1.1.5. Adjusted net sales

Net sales for 2023 were **EUR 4,801 million** versus EUR 6,929 million in 2022. **Export** represented **68%.**

Changes were as follows, in millions of euros:

	2023	2022	2021
Defense	**2,980**	4,825	5,281
Defense Export	*1,512*	*3,616*	*4,549*
Defense France	*1,468*	*1,209*	*732*
Falcon	**1,821**	2,104	1,952
Total adjusted net sales	**4,801**	6,929	7,233
% Export	**68%**	82%	89%

Defense programs

In 2023, **13 Rafale (11 France and 2 Export)** were delivered, compared with the guidance of 15. 14 Rafale (13 Export and 1 France) were delivered in 2022.

Defense net sales in 2023 were **EUR 2,980 million** versus EUR 4,825 million in 2022.
The **Defense Export share** was **EUR 1,512 million** versus EUR 3,616 million in 2022. This decrease is largely due to the delivery of 2 Export Rafale, whereas 13 Export Rafale were delivered in 2022.

The **Defense France** share was **EUR 1,468 million** versus EUR 1,209 million in 2022. Defense France 2023 net sales notably included the delivery of 11 Rafale versus 1 Rafale in 2022.

Falcon programs

26 Falcon were delivered in 2023, compared with the guidance of 35, versus 32 deliveries in 2022.

Falcon net sales for 2023 were **EUR 1,821 million** versus EUR 2,104 million in 2022.
The decrease is primarily due to the number of Falcon aircraft delivered (26 vs. 32).

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The book-to-bill ratio of the Group (order intake/net sales) is 1.72 for 2023.

1.1.6. Backlog

The consolidated backlog as of December 31, 2023 (determined in accordance with IFRS 15) was **EUR 38,508 million**, versus EUR 35,008 million as of December 31, 2022. Change in the backlog is as follows, in millions of euros:

As of December 31	**2023**	2022	2021
Defense	**33,862**	30,318	17,633
Defense Export	*23,986*	*21,915*	*9,874*
Defense France	*9,876*	*8,403*	*7,759*
Falcon	**4,646**	4,690	3,129
Total backlog	**38,508**	35,008	20,762
% Export	**71%**	72%	58%

The backlog as of December 31, 2023 consists of the following:

- **Defense Export**: **EUR 23,986 million** versus EUR 21,915 million as of December 31, 2022. This figure notably includes 141 new Rafale in 2023, compared with 125 new Rafale and 6 pre-owned Rafale in the Defense Export backlog as of December 31, 2022,
- **Defense France**: **EUR 9,876 million** versus EUR 8,403 million as of December 31, 2022. This figure mainly comprises 70 Rafale (vs. 39 at the end of December 2022), the support contracts for the Rafale (Ravel), Mirage 2000 (Balzac), ATL2 (Ocean) and the Alpha Jet (Alphacare), the Rafale F4 standard and the order for phase 1B of the FCAS demonstrator.
- **Falcon** (including the Albatros and Archange mission aircraft): **EUR 4,646 million** versus EUR 4,690 million as of December 31, 2022. It includes notably 84 Falcon, compared with 87 as of December 31, 2022.

Additional information on the backlog can be found in Note 24 to the consolidated financial statements.

1.1.7. Adjusted results

<u>**Adjusted operating income**</u>

Adjusted operating income for 2023 was **EUR 349 million**, compared with EUR 572 million in 2022.

Research and development costs totaled EUR 483 million in 2023 and accounted for 10.1% of net sales, compared with EUR 572 million and 8.3% of net sales in 2022. These amounts reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

The **adjusted operating margin** stood at **7.3%** compared to 8.3% in 2022, representing a 1.0 point decrease, notably due to the 1.8 point increase in the weight of research and development expenditure.

The foreign exchange hedging rate was USD 1.20/EUR in 2023, vs. USD 1.19/EUR in 2022.

Adjusted financial income

2023 adjusted financial income was EUR 210 million compared to EUR 11 million in 2022. This strong increase was due to financial income generated by the Group's cash position in a context of favorable interest rates.

Adjusted net income

Adjusted net income for 2023 was EUR **886 million** vs. EUR 830 million in 2022, increasing by 6.7 %. Thales' contribution to the Group's net income was EUR 453 million, versus EUR 386 million in 2022.

As a result, **adjusted net margin** was **18.5%** in 2023, versus 12.0% in 2022. This increase is mainly due to the higher net financial income and contribution from Thales.

Adjusted net income per share in 2023 was **EUR 10.95** vs. EUR 9.99 in 2022.

1.1.8. Consolidated key figures under IFRS

Consolidated operating income (IFRS)

Consolidated operating income for 2023 was **EUR 349 million** vs. EUR 591 million in 2022.

R&D costs totaled EUR 483 million in 2023 and accounted for 10.1% of consolidated net sales (EUR 4,805 million), compared to EUR 572 million and 8.2% of consolidated net sales in 2022. These amounts reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

The **consolidated operating margin** was **7.3%** compared to 8.5% in 2022.

Consolidated financial income (IFRS)

Consolidated net financial income for 2023 was **EUR 212 million** vs. EUR -12 million in 2022. This strong increase was due to financial income generated by the Group's cash position in a context of favorable interest rates.

Consolidated net income (IFRS)

Consolidated net income for 2023 was **EUR 693 million,** compared with EUR 716 million in 2022. Thales' contribution to the Group's net income was EUR 259 million, versus EUR 275 million in 2022.

As a result, **consolidated net margin** was **14.4%** in 2023, as against 10.3% in 2022.

Consolidated net income per share for 2023 was **EUR 8.57** compared with EUR 8.62 in 2022.

1.1.9. Value Sharing

The Board of Directors decided to propose to the Annual General Meeting a dividend distribution, in 2024, of EUR 3.37 per share, **EUR 266 million in aggregate**, representing a payout of 30%. The Board of Directors of March 5th, 2024, has decided to cancel 1,850,554 shares. The dividend per share is calculated based on the number of shares as of December 31, 2023, netted of the number of those shares canceled.

For 2023, the Group will pay **EUR 170 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 8 million payment (including the employer's corresponding tax).

Dividends per share over the five last years are provided 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 then 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, 2023, consolidated financial statements).

The Group's available cash stands at **EUR 7,294 million**, versus EUR 9,529 million as of December 31, 2022. The decrease in available cash in 2023 was mainly due to the increase in work-in-progress (execution of military contracts, ramp-up of the Falcon 6X), share buybacks and acquisition of the additional stake in Thales.

1.2.2. Consolidated balance sheet

Total equity stood at EUR 5,742 million as of December 31, 2023 compared with EUR 6,006 million as of December 31, 2022. This amount has been impacted by the share buyback.

Borrowings and financial debt stood at EUR 262 million as of December 31, 2023, compared with EUR 234 million as of December 31, 2022. Borrowings and financial debt include locked-in employees' profit-sharing funds, for EUR 78 million, and lease liabilities, for EUR 184 million.

Inventories and work-in-progress rose to EUR 5,258 million as of December 31, 2023, compared with EUR 3,922 million as of December 31, 2022. This increase was due to the execution of military contracts and the ramp-up of the Falcon 6X.

Advances and progress payments received on orders, net of advances and progress payments paid decreased by EUR 137 million as of December 31, 2023. The decrease relating to the retrocession of Rafale Export downpayments received at the end of 2022 to our co-contractors was almost entirely offset by advances received, notably for the Rafale contracts in Indonesia and Egypt.

Derivative financial instruments had a market value of EUR 29 million as of December 31, 2023, compared with EUR -88 million as of December 31, 2022, reflecting an improvement in the hedging portfolio rate.

1.3. Group structure

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

The holding percentages are stated in the 2023 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:

- 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 operations.

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, 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 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 that assembles and produces military and civil aerostructure 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** (FDAI) (France), a service provider in the domain of military aircraft mechanics training (50/50 owned 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 2023 related parties are identical to those identified in 2022. 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 2023 are specified under Note 26 to the consolidated financial statements.

1.5. Group activities

The highlights for 2023 were:

- Commercial success of the Rafale
- Entry into service of the Falcon 6X
- Supply chain issues causing difficulties with deliveries
- Historic backlog: EUR 38.5 billion
- Record breaking adjusted net income: EUR 886 million

1.5.1. Program development

Defense programs

Rafale

In France, the highlights for 2023 were:

- the order for 42 Rafale by the French Defense Procurement Agency, corresponding to batch 5 of the Rafale production, taking the total ordered by France since the beginning of the program to 234. Deliveries are planned for between 2027 and 2032,
- the delivery of 11 Rafale to France;
- continued implementation of the development contract for the F4 standard, and notification of additional capacity for the F4-3 standard,

In Export, the highlight for 2023 was the commercial success of the Rafale, including:

- the entry into force of an order of 18 aircraft for Indonesia on August 10, 2023, i.e. 24 Rafale for Indonesia in backlog as of December 31, 2023. Moreover, post-closing of the 2023 financial statements, an additional 18 Rafale entered into force on January 8, 2024 (they are therefore not included in the 2023 order intake, nor in the backlog as of December 31, 2023), taking the total ordered by Indonesia to 42 Rafale,
- the choice of the Rafale Marine by the Indian government, which announced in July 2023 that it had selected the aircraft to equip the Indian Navy with 26 Rafale,
- continuing prospection.

Moreover, the Group continued to fulfill its export contract, with notably:

- the delivery to Greece of 2 new Rafale and 6 pre-owned Rafale,
- support for the delivery by France to Croatia of the first 4 pre-owned Rafale.

Mirage 2000

The highlight for 2023 was the acceptance by the United Arab Emirates of the SAD95 standard for the M2000-9.

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.

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 and preparation of the operating system).

Detailed specification for the development of the demonstrator, corresponding to Phase 1B of the contract awarded at the end of 2022, began in March 2023. A physical workspace was created in Saint-Cloud to welcome industrial teams from the three partner countries.

For the New Generation Fighter, the decision to move to phase 2 should be taken in line with a contracting in 2026 for a 1st flight of the demonstrator in 2029.

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 specifically in charge of flight control and mission communication systems. Work is continuing.

Multi-mission aircraft

For the multi-mission aircraft, the following key events took place in 2023.

- Albatros: continued development of the “AVSIMAR” (maritime surveillance and response aircraft) on a Falcon 2000LXS platform (for the record: 7 aircraft ordered, with an option for a further 5),
- Archange: continued development of the strategic intelligence aircraft based on a Falcon 8X platform (for the record: 2 aircraft ordered, with an option for 1 more),
- ATL2: the 7th modernized aircraft has been delivered to the French Defense Procurement Agency (the last aircraft modernized by Dassault Aviation),
- Future maritime patrol aircraft (PATMAR): launch of the architectural design based on the Falcon 10X (in competition with Airbus).

In Export, the highlight for 2023 was the delivery of 2 of the 4 “green” Falcon 2000 ordered by South Korea in 2022.

Falcon programs

In 2023, 23 orders were recorded and 26 Falcon delivered, compared with a guidance of 35, versus 64 orders and 32 deliveries in 2022.

After being certified on August 22, 2023, the Falcon 6X including the application of post-certification improvements approved by the EASA entered into service on November 30, 2023.

An inflationary context, fears of a recession and banking crises weighed on demand for business jets.

Business aviation traffic in the high-end segment remained stable in 2023 compared with 2022. The market for pre-owned aircraft was strong, although pre-owned aircraft inventories for sale increased to the same level as 2020.

We are continuing to enhance the Falcon range with the entry into service in November 2023 of the Falcon 6X and the continued development of the Falcon 10X. The Group is also improving its aircraft in service with the new EASy IV avionics proposed for the Falcon 7X/8X (13 upgrades made in 2023) 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 was certified on August 22, 2023 and the aircraft entered into service on November 30, 2023. The first customer delivery was on February 2024. Moreover:

- The industrial ramp-up comes at a time of supply chain difficulties,
- Customer feedback confirm a very high level of passenger comfort (acoustics, lighting, stability in flight and during descent),
- Performances at low speeds (take-off and landing distances) are better than expected,
- The 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

Development continues and we have now entered the industrialization and production phase.

- The definition of the detailed technical specifications has been completed and production of the first development aircraft is underway.
- 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, while maintaining the operational capabilities of the Falcon family. It will offer unequaled cabin modularity in its category,
- It is fitted with two Rolls Royce Pearl 10X 100% SAF (Sustainable Aviation Fuel)-compatible engines, will have a top speed of 0.925 Mach and will be able to land and take off on short runways, such as 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 program timeline has been adjusted,
- The first deliveries are scheduled for 2027.

Business aviation and European Taxonomy for Transport

Business aviation has committed to achieving carbon neutrality by 2050; the segment currently generates 2% of global aviation CO_2 emissions, i.e. 0.04% of global CO_2 emissions. As a reminder, 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 thermal power plants.

Business aviation is excluded from “green” taxonomy, unlike commercial aviation. This exclusion is regrettable at a time when business aviation is a pioneer in decarbonization, notably thanks to its use of SAF (Sustainable Aviation Fuel) and the optimization of missions. Supply chain SMEs and intermediate-sized enterprises will be the first to suffer as this exclusion means that their access to financing will be more limited while they are already facing several difficulties.

Considering this exclusion being unjustified and not in accordance with European Union law, Dassault Aviation lodged on February 14th, 2024 an action for annulment with the General Court of the

European Union, calling for the annulment of this provision and for the European commission to define criteria for the inclusion of business aviation in the taxonomy.

At the same time, the United States has launched an investment plan of more than USD 390 billion for clean energy and notably for SAF. Europe has a different approach, putting less funding on the table and imposing standards. The European approach continues to favor taxation and exclusion over incentives.

<u>Four cornerstones to decarbonize business aviation</u>

Dassault Aviation is active in the four main areas which will facilitate the decarbonization of the business aviation sector:

- SAF: all Falcon models are certified to fly with SAF/kerosene blends of up to 50%. Current alternative fuels (SAF) reduce carbon emissions by between 80 and 90% compared to kerosene. All Dassault Aviation flights, including in the United States, operate using 30% SAF mixes, the only ones currently available on the market. In 2023, Dassault Aviation operated 413 flights using 30% SAF mixes (vs. 179 in 2022). Aircraft in production will be 100% SAF compatible in 2030 (natively for the Falcon 10X).
- Research and Technology:
  - the developments of the new programs (Falcon 6X, Falcon 10X) and those added to the existing Falcon family aim to improve the aerodynamics of these aircraft, optimize mass and increase engine performance,
  - Dassault Aviation takes part in research programs in France (CORAC) and internationally (Clean Aviation) in order to reduce fuel consumption by optimizing the aircraft design,
- Optimization of air operations:
  - existing Falcon tools and properties (flexibility, avionics and flight controls, FalconEye, etc.) are major assets for the future of air traffic management,
  - Dassault Aviation has developed an innovative flight plan optimization tool, called "FalconWays" to reduce fuel consumption and CO_2 emissions and received the Aviation Week Laureate Award in November 2023,
- CO_2 emission storage: the Group provides philanthropic support for forest renewal and biodiversity conservation. Dassault Aviation is a "Major Patron" of Maubuisson forest (Val d'Oise, Ile-de-France region) where a planting campaign was launched in 2023.

Moreover, Groupe ADP and Dassault Aviation signed a five-year agreement to strengthen their decarbonization actions at Paris-Le Bourget airport (distribution and use of SAF, use of electric equipment for ground operations, use of geothermal power for airport buildings and hangars).

<u>Make in India</u>

In 2023, the Group continued to step up activities transferred to India via Dassault Reliance Aerospace Limited (DRAL) which, among others, produces sections T12 and T4 of the Falcon 2000.

The Group is also continuing to develop the Indian supply chain (primary parts, tools, pylons, tanks, etc.), by expanding its base of local partners and appointing new major sub-contractors. Major contracts were signed at the beginning of 2024:

- DYNAMATIC for the T5 tank of the Falcon 6X and for the supply of primary parts,
- AEROLLOY, a subsidiary of the PTC Group, for the development of a titanium foundry division.

Moreover, Dassault Aviation is investing in the development of the Indian supply chain's human capital. In this regard, the "Dassault Skill Academy" (a vocational training program for aeronautical fitters and a prestigious higher education pathway) offers the "Aeronautics Vocational Baccalaureate" training program in the State of Mahārāshtra with a secondary program in the State of Uttar Pradesh. The engineering center in Pune is fully operational.

1.5.2. Military support and Falcon support

Military support

The dedication and organization of our teams throughout 2023 enabled us to meet the fleet availability commitments required by military customers in France and for Export.

For France and vertically integrated operational maintenance contracts for Rafale (RAVEL), ATL2 (OCEAN) and Mirage 2000 (Balzac), highlights included:

- responses to the various government requests in relation to the war in Ukraine,
- active participation with expected availability for High Intensity warfare exercises carried out by French forces involving the Rafale, Mirage 2000 and ATL2,
- delivery of the first airframe inspection drones for the Rafale,
- notification at the end of 2023 of additional means to equip the Rafale squadron at the Orange air base (France), including in particular the new version of the Mermoz test bench for electronic equipment testing,
- the opening of one-stop logistic centers at the Luxeuil and Nancy Mirage 2000 air bases and the gradual reopening of electronic workshops in Nancy,
- the presentation of the first "EMAR certificates" to French technicians and managers from the French Air and Space Force following their training at the Conversion Training Center in Mérignac (France), and monitoring of training resources made available within the French Air and Space Force (CFR-NG).

Moreover, for the French Alpha Jet, negotiation of the Alpha Jet vertically integrated support contract resulted at the end of 2023 in the award of the Alpha Care contract for a period of five years.

For support for the use of fleets in service for Export customers, the main highlights included:

- for Egypt, passing the milestone of 10,000 flying hours for the Rafale, logged by the Egyptian Air Force on February 28 in Berigat, and support work carried out for the execution of the contract for the additional Rafale,
- for Qatar, renewal of our support contract for 2023 and preparation for 2024,
- for India, renewal of the contracts of our Technical Assistant teams at the Ambala and Hasimara air bases,
- for Greece, steadily increasing aviation activity following the delivery of aircraft throughout the year with a fleet of 6 new and 12 pre-owned Rafale at the end of 2023,
- for Croatia, the deliveries of parts and customer support systems, the customer's first aircraft have been made available in Mérignac, the arrival of Croatian pilots and technicians during the second half of 2023 and the beginning of Rafale training at our Conversion Training Center,
- for the United Arab Emirates, we launched our support products and services and held regular meetings with our customer to prepare installations in the country,
- for Indonesia, launch of support products and services corresponding to the notification of batch 1 and 2 of the contract.

Falcon support

In terms of Falcon support, 2023 saw:

- the growth of the Group's network of maintenance centers, now made up of more than 60 sites across the world: including the opening in 2023 of a new ExecuJet maintenance center in Dubai (to replace the old center),

- the preparation for the entry into service of the Falcon 6X: adaptation of the global network of maintenance centers, supply of spare parts and tools, theory training for mechanics and crew with CAE and practical training at Dassault Aviation in Mérignac,
- stabilization of the WorldWideSpares solution,
- two 6C-checks (36 years) on the Falcon 900B from the ET 60 under the maintenance contract for the French government's Falcon fleet, notified in September 2022 for seven years; the Group was congratulated by the government on its first year of operations at the Villacoublay air base,
- renewal of the Hellenic Air Force's Falcon 7X support contract.

1.5.3. Research and development

In 2023, most of our research and development was focused on the development of the Falcon 10X, the finalization of the development and certification of the Falcon 6X, as well as the development of the Rafale, particularly its future standards, and the NGF demonstrator.

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.

Since 2008, Dassault Aviation has been a member of CORAC (COnseil 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 and are preparing the national road map for 2024-2029.

Dassault Aviation is also involved in the last years of the European "Clean Sky 2" project and now the "Clean Aviation" program. 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.

Within these European and national frameworks, teams are actively working on developing technologies to improve environmental performance. In addition, Dassault Aviation is committed to working with regional ecosystems.

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),
- maturing electric de-icing technologies,
- 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 by the middle of the decade,
- optimized flight planning and management to reduce fuel consumption, and therefore CO_2 (an initial flight app has been launched under the commercial name FalconWays) and optimized 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,
- extension of the capacity of the synthetic vision system to increase the operational capacity of the Falcon in severe weather conditions,
- optimization of the cabin air system to maximize passenger comfort and reduce health risks.

- Research into alternative solutions following the publication by Europe of its hazardous substances list (REACH)

In addition, the Group continues to make significant efforts to increase the efficiency, from the design stage, of its 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 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,
- 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.

The Group has stepped up scientific and industrial collaboration on methods and tools for the development, validation, verification and qualification of reliable artificial intelligence (AI) functions, with the aim of improving system efficiency and productivity via adapted and secure AI processes that use sensitive information. In particular, the Group is exploring its contribution to improving the efficiency of future flight operations to take full advantage of the collaborative combat concept. The teams are working on proofs of concept with academics and innovative companies in the field.

To strike a balance between short-cycle innovations and technological developments over the long term, work is focused on architectures that can effectively integrate changes and disruptions, while meeting the highest safety requirements.

With the 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. Particular attention is paid 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.

1.5.4. "Leading Our Future"

"Leading Our Future" is focused on preparing the Group's future in an increasingly unpredictable and competitive environment. The main objective is improving competitiveness and flexibility.

To do so, four areas for action have been introduced since 2017:

- Human capital, organization, methods,
- Production facilities and innovation,
- Digital solutions to drive operational performance,
- Program coordination.

In 2023, efforts were focused on:

- Employee recruitment, training and guidance
- The consolidation of our digital platforms:
  - Widespread use of the 3DExpérience™ platform for program coordination, extension of the design office, completion, technical collaboration with our suppliers and aggregation of technical data (for the industrial definition and operation of our aircraft),
  - Single database for planning and managing purchasing, production and support flows through SAP,
  - Big data: data processing to provide better support to our military and civil customers,
  - Sovereign Cloud with the 3DExperience™ Cloud solution as part of our aircraft maintenance programs and the European FCAS program,
  - Data Act: protection of our intellectual property and securing cyber risks with the European Commission.
- Modernisation of industrial infrastructure
  - Istres: delivery of the building designed to house the Falcon 10X simulator,
  - Mérignac: adaptation of building G for special projects and of building K to house the Falcon 10X,
  - Martignas: delivery of the building for assembly of the Falcon 10X wingbox,
  - Cergy: delivery of the building postponed to 2024.

In 2024, we will continue to work on the following catalysts for action:

- Human capital, organization, methods, training and guidance,
- Digital solutions to drive operational performance,
- Programs and innovation,
- Make in India.

1.5.5. 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.

The management of Corporate Social Responsibility (CSR), and supervision of the Company’s operations are also part of the total quality department’s role.

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.

The Group’s organization has also allowed it to hold design, production and maintenance airworthiness certifications for its civil and military aircraft. These certifications, which were issued by the main airworthiness authorities, are a recognition of Dassault Aviation’s ability to design, produce and maintain civil and military aircraft in compliance with the strictest airworthiness requirements.

Weaknesses at some of our suppliers will continue to remain a focus in 2024. For this reason, we will continue our major efforts to monitor and support them. With particular attention paid to maintaining skills and mastering manufacturing processes.

The main themes for the Total Quality policy in 2024 remain:

- Maintaining Falcon and military customer satisfaction at the top of industry rankings to guarantee sustainable long-term sales,
- Drawing on human capital to reinforce our expertise and our commitment to serving industrial performance,
- Continuing to use data to be efficient in our quality assurance and continuous improvement plans,
- Developing quality assurance at our suppliers to reinforce our “right first time” approach.

The main themes of the CSR policy in 2024 are:

- Decarbonization, with the use of alternative fuel (SAF),
- Application of our environmental sobriety plan to all our industrial and tertiary sites,
- The new talent recruitment and support plan (same level of recruitment than in 2023).

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 the 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

2.1.1. Market risks

On the civil market, the slowdown seen at the end of 2022 was confirmed in 2023, exacerbated by increased energy and credit costs, as well as by an international context marked by a combination of uncertainties.

In addition, some entities in the maintenance network in Europe were faced with the loss of Russian customers since 2022 and a stagnating fleet in this region. In the United States, the Group continued to develop its current operations against an extremely competitive backdrop.

Competitors continue to benefit from favorable economic factors and flexibility due to their location in the dollar zone.

To address this, Dassault Aviation is pursuing its efforts to innovate and expand its Falcon range, as well as streamline production and reduce costs.

Furthermore, mindful of its customers' carbon footprint, the Group is fully engaged with the industry's commitments to the environmental transition, following the Paris Agreement on carbon neutrality by 2050. Dassault Aviation's strategy includes the use of sustainable alternative fuels, for which production and the distribution network are expanding. In the short term, it continues studies to optimize aircraft already in operation and to seek innovation solutions for its projects. For the medium term, Dassault Aviation takes into account the tightening of French and European environmental regulations relating to climate change (the measures taken 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 and the launch of demonstrators remains essential for future programs.

2.1.2. Risks related to the global economic and geopolitical environment

The nature of the Group's business exposes it to risks related to the uncertainties and volatility of the global economy, as well as political instability.

The international context was once again shaped by war in Ukraine and more recently by the conflict in the Middle-East, as well as the accompanying geopolitical instability. Should this conflict spread to the Gulf, it could have significant consequences for political equilibrium in the Middle East, as well as for global growth and energy prices.

Against this backdrop, supplies in the aviation sector remain under significant pressure.

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

2.2.1. Risks of dependence on the Supply Chain

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

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

In 2023, the structural and financial consequences of the various crises were acutely felt by suppliers faced with the recovery of the sector and capacity saturation, leading to severe pressure on supplies. As this situation has an impact on the development and production of its aircraft, the Group strives to limit these negative impacts by monitoring its suppliers' production more closely.

Deliveries in 2023 were adversely affected by supply chain disruptions. Supplier defaults, coupled with capacity shortages, mainly in aerostructure, resulted in delays in production start-ups.

Added to this were efforts to decarbonize and the increasing risk of cyber attacks. These factors notably weaken the supply chain.

There are different kinds of supplier risks:

- 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.).

Faced with these risks, the Group has set up a "Watch Tower" for its suppliers to improve monitoring and Supplier Risk Committees to assess appropriate preventative and corrective measures, to meet the needs of the production chains.

The risk to our supplies and production management is still present in 2024. We have adapted our organization and implemented a centralized steering plan to introduce corrective measures, provide the necessary support to certain sub-contractors and develop "Make in India."

2.2.2. Risks related to program management

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

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

R&D investments, technical and technological choices, and program innovations must satisfy 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, Dassault Aviation needs to have flexible and responsive production lines, including within its supply chain, to ensure that the potential is in line with production commitments and be able to cater to customer demand.

2.2.3. 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.

The 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 it from the main threats.

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

Effective IT protection also requires all sub-contractors in the supply chain to have robust systems as well as the implementation of an appropriate standard. In addition, 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.

2.2.4. Security risks

The international context has led to an increase in the alert level both in France and abroad. At the end of 2023, the Company increased its level of vigilance with regard the threat of destabilization from various sources following the resurgence of tensions in the Middle East. This level of vigilance will remain the same in 2024 as, in the current geostrategic context, damage to the Group's reputation, industrial operations and the use of its 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 the 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.

2.2.5. 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 technical skills is a risk as they are the Group's main asset and guarantee the quality expected by its customers.

The competitive environment requires the adaptation and continuous improvement of the organizational structure.

Dassault Aviation significantly increased the number of recruitments in 2022 to ramp-up production and renew its skill sets. To promote talent integration, retention and development, the Group introduced several support and training measures aimed at its employees.

In terms of occupational health and safety (see. NFPD), the Group's activities can give rise 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.

2.2.6. 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 the Company’s 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 2023, 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, the Company 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 the Group to mitigate the transition risk associated with climate change.

The measures taken are described in Section 4.7.

2.2.7. 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. The Nagpur plant delivers fuselage sections for the Falcon 2000 and Rafale parts.

The growth of the business also depends on the local supply chain being extended 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 CSR governance, as well as tools consistent with the risks identified. It has also established various operating procedures and issued guidance on best practice. These provisions underline Dassault Aviation’s commitment to environmental, social, societal and governance issues.

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) and the Duty of Care,
- In terms of the application of the anti-corruption mechanism (Loi Sapin 2, FCPA, etc.),
- in terms of customs, economic, ethics, tax and financial regulations.

These 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, as well as a dedicated department - the Ethics and Compliance Department.

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 the Company'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, the Company 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.

The Company 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 Company's portfolio of 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

2.4.1. 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 23.2 "Management of credit and counterparty risks" to the consolidated financial statements.

2.4.2. 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 exchange 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 23.3 "Management of market risks."

For the sale of Dassault Aviation's military aircraft, movements in the dollar exchange rate can affect its competitiveness, as comparisons with competitors are made in this currency.

2.5. Insurance

The Legal Affairs and Insurance Department implements the risk transfer policy of Dassault Aviation 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.

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

3.2.1. 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.

3.2.2. 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.

3.2.3. 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.

3.2.4. 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 depending on the market.

The Parent Company and its subsidiaries DFJ and DFS are EN 9100-, ISO 9001- and ISO 14001-certified. Audits conducted in 2023 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

3.4.1. 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.

3.4.2. 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, 2023, as adopted by the European Union, which must be applied for fiscal periods beginning on or after January 1, 2023, 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.

3.4.3. Financial and accounting information process

In 2023, 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. 2023 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. 2024 action plan

For 2024, the Total Quality Management Department and the Internal Audit 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.

RESPONSIBLE CONSUMPTION AND PRODUCTION

Optimizing resource and energy consumption, controlling emissions and managing waste are fundamental elements of our CSR policy.

REDUCED INEQUALITIES

The Dassault Aviation Group strives to promote diversity, equality of opportunities and treatment and prevent discriminations through the implementation of company agreements.

DECENT WORK AND ECONOMIC GROWTH

Close links developed with regional and international industrial fabrics contribute to the sustainable economic growth of the global aviation industry.
The Dassault Aviation Group is also committed to improve its employees' skills, consistent with its operational needs and the individual desires of its employees.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

As part of its "Leading Our Future" transformation plan, Dassault Aviation is modernizing its industrial tool through the use of better performing and more environmentally friendly technologies.

4.2. CSR organization

A Group CSR manager, appointed by Dassault Aviation's CEO, is responsible for defining a CSR policy based on the main issues and risks identified and for overseeing its application.

This manager and his or her team within the Total Quality Management 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 2023 based on new requirements of the Corporate Sustainability Reporting Directive (CSRD). This updated version will be used to draft the next version of the CSR policy and its implementation through new action plans.

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

Challenges	Risk factors (risk exposure)	Policies	2023 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: 75.8%	5 Gender equality 10 Reduced inequalities
Health, safety and working conditions	Section 2.2 Risks related to personnel (moderate)	Section 4.6	Frequency rate of work-related accidents: 7.14 (target: 7.50) Severity rate of work-related accidents: 0.29 (target: 0.33)	3 Good health and well-being 8 Decent work and economic growth
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: -21.5% (target in 2024: -8.0%) - Electricity: -8.0% (target in 2024: -8.0%) Greenhouse gas emissions (scope 1 excluding kerosene and scope 2): -20.8% (target in 2024: -8.0%)	9 Industry, innovation and infrastructure 13 Climate action
Traceability and obsolescence of hazardous substances	Section 2.3.2 Compliance (low)	Section 4.7.2	Number of substituted hazardous products: 494	3 Good health and well-being 12 Responsible consumption and production
supply chain: 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 a negative opinion: 0.8%	8 Decent work and economic growth 12 Responsible consumption and production
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: 755 (2393 since 2018)	16 Peace, justice and strong institutions

4.5. Offering an attractive and motivating employment model

Contribution to SDGs

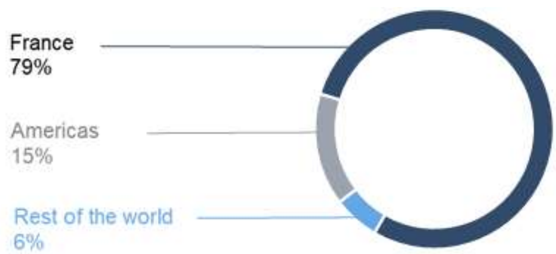
The development of the Dassault Aviation Group is based on the quality and commitment of its people. They are its main source of wealth. This principle is enshrined in the Code of Ethics.

Changes in registered headcount	**Headcount as at 12/31/2023**	Headcount as at 12/31/2022
Dassault Aviation Parent Company	**9,778**	9,201
Dassault Falcon Jet	**2,052**	1,878
Dassault Falcon Service	**571**	556
Sogitec	**288**	272
DABS FBO/DABS	**373**	434
ExecuJet	**471**	427
Total	**13,533**	12,768

Changes in active headcounts	**Headcount as at 12/31/2023**	Headcount as at 12/31/2022
Dassault Aviation Parent Company	**9,347**	8,825
Dassault Falcon Jet	**2,046**	1,862
Dassault Falcon Service	**508**	500
Sogitec	**279**	262
DABS FBO/DABS	**359**	416
ExecuJet	**461**	419
Total	**13,000**	12,284

More than 96% 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 talents who will join us after completing their studies or retraining.

The Group thus works in cooperation with the academic and research community.

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 2023, the Group's companies took on 489 interns (35 VIE participants) and 344 work-study students, thus demonstrating the willingness to support the training of young people in our businesses and facilitate their entry into professional life. More than 45% of French subsidiary apprentices were hired at the end of their apprenticeships.
- 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.

Due to the major recruitment demand for manufacturing staff for the Dassault Aviation Parent Company, around ten training programs have been set up with external bodies to "build skills" and support people undergoing retraining with professional certification in metallurgy at the end of the course (CQPM - Certificat de Qualification Paritaire de la Métallurgie). A school of mechanics was created in April 2023 at Dassault Aviation's Argonay site. This specific and made-to-measure training course was designed by our teams and is taught by in-house trainers and partner organizations: AFPI-Etudoc and IMAA.

Measures undertaken in India

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). The high school teachers were trained by French teachers and are now qualified to take over. Building on this success, the project was then rolled out in two new professional high schools in the state of Maharashtra. Since then, all graduates have been recruited by various aviation companies in Maharashtra and Telangana.

In 2023, the Indian government signed a partnership agreement with our subsidiary in India for the creation of the "Dassault Aviation Center of Excellence for Aeronautical Vocational Training" within the National Skill Training Institute in Kanpur (state of Uttar Pradesh). This center of excellence will help prepare future Indian teachers for the widespread roll-out of this training.

With regard to higher education, a network of excellence bringing together Nagpur's VNIT (Visvesvaraya National Institute of Technology - the city's largest engineering school), CESI (the Nanterre school of engineering in France) and Dassault Aviation, was founded in 2023 through the signing of partnerships. These partnerships will allow both schools to set up academic and research exchanges and also bring Indian students selected by Dassault Reliance Aviation Limited (DRAL) to France to complete the final year of their studies. An academic semester at CESI followed by an internship at Dassault Aviation prepares students for recruitment at DRAL, giving them a taste of the products, tools, processes and the Dassault culture in general.

Paris Le Bourget Air Show

During the International Paris Le Bourget Air Show, the Group's companies took part in the fifth edition of the "Careers Plane." Almost 50 Group employees presented their professions - fitters, layout fitters, system architects, structural mechanics and maintenance engineers - to inspire young people to enter the trade.

During the Paris Le Bourget Air Show, the Group also took part in the Paris Air Lab, an exhibition dedicated to innovation, where our specialists presented the "FalconWays" project, a flight optimization tool which allows pilots to select the most efficient route to reduce CO_2 emissions.

During the "L'Aéro Recrute" recruitment event, organized by GIFAS, more than 80 Group employees welcomed a great number of visitors, providing them with information and advice to guide them in their career choices.

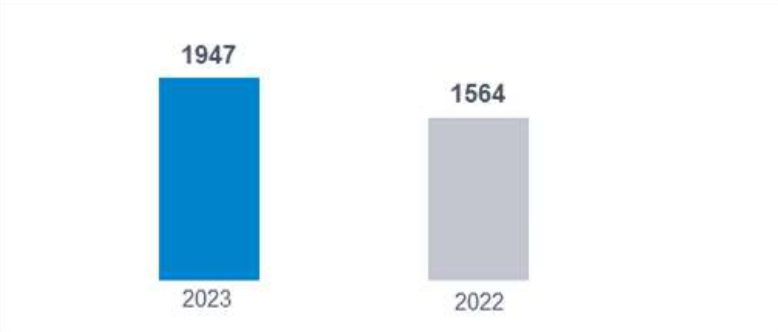
Communication initiatives

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.

In 2023, the Parent Company once again featured in the TOP 5 of the Universum France ranking of the 130 best places to work, across all sectors, according to engineering students. It was also ranked number one in the "Aerospace, rail, naval" sector of the Statista rankings for the economics magazine CAPITAL (out of 39 companies ranked in the sector).

Despite the pressures on the job market in 2023, the Group continued recruiting by seeking the best possible match between costs, headcount and skills requirements.

As a result of this policy, 1,947 employees were recruited in 2023.



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.

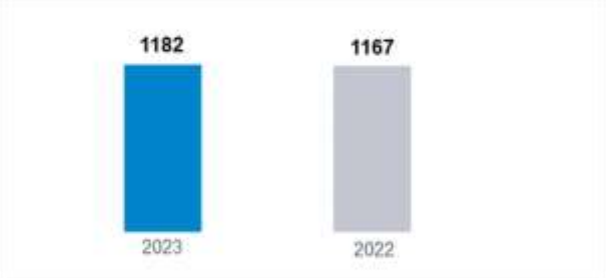
Dassault Aviation has significantly improved its employee onboarding process with the launch of two new schemes:

- "Les Journées Envol" (Take-off Days) allow new hires to discover Dassault Aviation's history and business alongside Directors and pilots,
- The Dassault Defense Academy presents the geopolitical context, France's defense policy, the structure of the national army corps and the role of the military in Dassault Aviation's DNA.

DFJ invites all new employees and interns to take part in the "Welcome to Dassault Falcon Jet Passport" program. This scheme provides access to a LinkedIn Learning platform where employees can access more than 16,000 courses taught by industry experts covering sales, innovation and technology subjects.

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% of the workforce.

4.5.2. Development and transfer of skills

Individual development of each employee is an essential condition of collective success. With 75,8% of employees trained in 2023, the Group has demonstrated its commitment to maintaining and developing its employees' skills.

Vocational training

Group companies continue to develop 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 293,275 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 337 employees have benefited from this scheme since it was set up.

Skills Conservatory and support for digital tools

As part of its skills conservatory, Dassault Aviation launched a pipe fitter training course in 2023 that had been tested at the end of 2022. This course rounds out the range of training courses for professions such as process planners and assemblers. Moreover, the functional business lines also have targeted courses covering business-specific issues, such as the Purchasing Passport and the Supply Chain Academy. The latter focuses on synergies between all vocations that work in the supply chain.

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 hold training courses for the Group's French subsidiaries. In 2023, 492 managers or future managers of the Group's French companies were trained.

More specifically, Dassault Aviation launched a support plan for its managers to help them communicate and inform their teams about the impact of the new collective bargaining agreement for the metallurgy industry that has been in force in France since January 1, 2024. A total of 1,128 managers were thus trained under this plan.

In 2023, DABS continued with its "Shaping our Future" program which was launched in 2022. A total of 90% of managers therefore started the Managerial Training Cycle covering the first two themes: the role of manager and the manager coach. Five other themes will be covered during 2024.

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.

Gender equality at work

The Group pursues its policy of developing gender balance in the company by implementing specific measures, particularly in the technical, industrial, management and aircraft maintenance professions.

The Group is facing the issue of fewer women enrolling in initial 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.

DFS and Dassault Aviation also took part in the "Women in the Aeronautics Industry" drive launched for the Paris Le Bourget Air Show.

Women account for 18.9% of the Group's workforce, a slight increase from 2022. As a result of the Group's proactive policy, women made up 22.2% of all recruits in 2023 (excluding apprentices).

Concerning the French companies of the Group, this percentage is 23.7%, and 24.2% for Dassault Aviation Parent Company.

In this regard, the recent appointment of a woman at the head of Technical Management Department could serve as a fresh source of inspiration for a great many women within the Group or interested in joining it.

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.

An awareness campaign focused on disability in sports was launched in November 2023 during European Disabled Workers Week across all nine of the Parent Company's facilities. The campaign featured role plays, quizzes, and demonstrations of adaptation solutions to raise awareness surrounding disability.

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 2023, the Dassault Aviation Group employed 607 disabled workers, compared to 578 in 2022. The Group has a disabled employment rate of more than 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 13.3 years.

The average annual pay of Group employees in 2023 was EUR 62,480.

The average annual gross salary for a non-managerial employee was EUR 39,644 in 2023, 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, 78.6% 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 pay of the Group's French Companies, including profit-sharing and incentives, was EUR 77,875. For Dassault Aviation, the lowest salary was EUR 37,465, including the profit-sharing paid in 2023 relative to 2022, and EUR 35,215, including the average profit-sharing paid 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.

The Group offers all its employees medical cover.

The Group's French companies paid more than EUR 30 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 78% 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 2023, 24 agreements and amendments were signed. These notably covered subjects including pay, pensions, gender equality, hiring and retaining people with disabilities, the roll-out of the new branch collective bargaining agreement and the organization of professional elections.

Regular constructive discussions with social partners mean that any changes which the Group is going through can be taken into account accordingly. For the Group's French companies, 2023 saw the continuation of discussions with social partners regarding the challenges and roll out of the new branch collective bargaining agreement which was signed in February 2022.

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 130 meetings were held between the Management and members of the social and economic committees and more than 46 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, among others, 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 2023, in line with the CSR policy defined in 2020. This involves the sustainability of practices and tools that promote proactive management of occupational health and safety and the training and awareness-raising of those involved in prevention.

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

At the end of 2023, a managerial roadshow including EHS aspects was launched to improve daily good practices.

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, with level one corresponding to basic proficiency and level four to operational excellence. At the end of 2023, six Parent Company facilities, representing 81% of staff, had achieved, or were very close to achieving level three status. Actions plans remain underway at the other facilities.

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 2023, the Company continued with efforts to provide additional collective protection, such as the installation of new bonding booths for canopies and windshields, the installation of extractor hoods and equipment for paint touch-ups, and the improvement of local extraction systems.

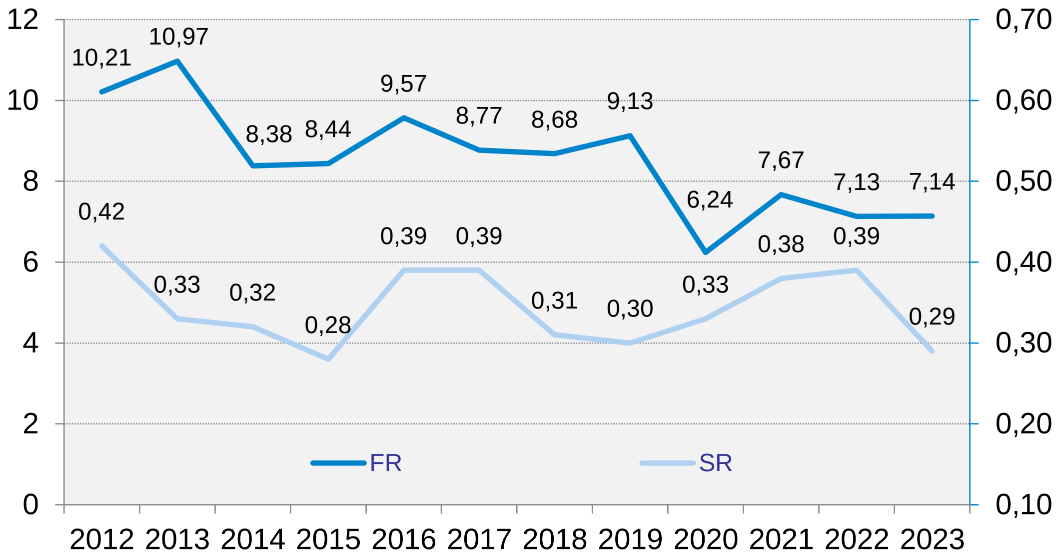
Efforts continued to make working at height safer, ensuring that this work is carried out safely on the Falcon production line or on the roofs of buildings.

Group-wide, absenteeism in 2023 was 96,866 days from all causes, compared with 112,843 in 2022, excluding maternity and parental leave.

The number of work-related accidents with lost time was 149 in 2023. The corresponding number of days lost was 6,005 days.

The Group frequency rate (FR) has decreased over the past ten years, from 10.97 in 2013 to 7.14 in 2023.

The severity rate (SR) dropped from 0.39 to 0.29.



In 2023, 28 occupational illnesses were identified by the various competent authorities, compared with 15 in 2022. 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. Moreover, more than 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 56 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 2023, 220 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 better account of ergonomics continued in 2023, 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 testing exoskeletons for the thumb, neck, back and arms/shoulders),
- The reduction of noise pollution in shared offices: provision of active noise-reduction headphones (6,000 employees to be equipped over three years – 2023/2025),
- accommodating disabilities; adapting workstations, purchasing suitable equipment, etc.

Preventing psychosocial risks

A renewed focus has been placed 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.

When the Quality of Life and Working Conditions agreement was renegotiated and signed on February 14, 2023, the Parent Company undertook to introduce a new mechanism in 2024 to assess psychosocial risks for each company employee. Specific support will be offered to managers to analyze the results of this assessment and launch any necessary action plans.

The system will supplement 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.

In 2023, the Parent Company also continued the practice launched in 2022 of arranging meetings enabling employees to discuss with their manager what actions could be taken to work together better. Nearly 900 meetings were held in 2023. This long-term approach is part of the agreement relating to quality of life and conditions at work.

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 implemented a digital and physical corporate concierge scheme, offering employees local services that are readily accessible and that help them manage personal tasks. The services available are regularly updated to meet employees' needs. The digital concierges will now be offering one-off physical onsite services (such as bike repair, etc.).

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.

The Group's French Companies have signed company-level agreements on remote working, balancing personal and professional life while maintaining collective efficiency.

In terms of societal challenges, mobility is also a matter of concern for employees. The Parent Company has introduced a sustainable mobility scheme, through which the company contributes up to EUR 200 toward the purchase of a manual or electric bicycle. In 2023, 328 bonuses were paid through this scheme. The Parent Company's facilities are improving their infrastructure to accommodate bicycles and ensure their safe use.

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 additional support. This includes more regular medical check-ups and additional examinations paid for by the Group.

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

- influenza (awareness campaign and free vaccinations),
- heat wave-related risks,
- low back pain and injuries from carrying heavy loads,
- help with addiction (tobacco, alcohol, psychotropic products, games, cyberdependency),
- 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.

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, CO_2 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) and contributed to the publication of the road map for decarbonizing air transport presented to the French government on February 14, 2023.

Dassault Aviation reiterated its commitment in June 2023 during the International Paris Le Bourget Air Show by signing a statement with six other major aviation players (Airbus, Boeing, GE Aviation, Pratt & Whitney, Rolls Royce and Safran), acknowledging their shared objective of achieving net zero carbon emissions by 2050 and underlining the importance of the production and availability of sustainable aviation fuel to achieve this objective. In October 2022, the International Civil Aviation Organization (ICAO) invited Member States to achieve the same target for international civil aviation. In September 2023, the ICCAIA (International Coordinating Council of Aerospace Industries Association) set out the commitment of manufacturers to supply products that are 100% SAF compatible by 2030.

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), while also maintaining projects to improve other environmental aspects, such as the choice of bio-sourced materials in the fittings of Falcon cabins.

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 in particular).

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,
- optimizing flight planning and management to reduce fuel consumption, launched under the commercial name FalconWays,
- 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, is being done 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:

- co-engineering methods are tested and implemented to ensure the best trade-offs between design, production and support,
- the optimization of the entire testing process (new types of instrumentation, processing and data analysis) and hybridization of simulation models and test data reduces 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 eco-design, new materials, additive manufacturing and waste recycling,
- alternative solutions are being sought for the treatment and protection of parts against corrosion, such as the removal of chromates from the processes,
- the development of algorithms for automated fleet data processing aims to increase predictive maintenance capabilities.

Optimization of aircraft in operation

Thanks to its longstanding contribution to French (CORAC) and European (SESAR, CleanSky/CleanAviation) research programs, as well as through its own self-funded research, Dassault Aviation is capable of developing and integrating the most advanced technologies in its aircraft to minimize the environmental footprint of the Falcon fleet and in particular its CO_2 emissions: preparation and optimization of flight planning, flight assistance systems such as FalconEye cameras/head up displays, navigation and communication systems.

We share best practices and flight optimization recommendations with Falcon fleet operators. The aim is to maximize the environmental efficiency of flight operations. This includes optimizing loads on board, the flight profile in terms of speed and altitude and flight paths. These practices are supported by on-board digital tools made available to pilots, such as the new FalconWays solution. This software takes into account real-time weather data to allow pilots the option of adjusting flight plans to optimize the use of winds at different altitudes and thus reduce fuel consumption and therefore the associated emissions.

For optimal flight efficiency, it is also important that aircraft maintenance is carried out according to a set schedule. Our teams work actively on a daily basis at our maintenance centers around the world to carry out operations which keep Falcon aircraft operating at peak operational and environmental efficiency. Our maintenance centers, as Group subsidiaries, are also committed to reducing their carbon footprint in line with the CSR policy. This is achieved through the implementation of energy saving plans targeting the heating and electricity supply of the centers, but also through the gradual introduction of carbon-free maintenance resources, such as electric runway generators and airfield tractors.

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 already SAF (Sustainable Aviation Fuel) 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 for the entry into service of the Falcon 10X. 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). We are preparing all of our models currently in production for the use of SAF above the current blend limit of 50%, in line with the industry-wide objective of achieving compatibility with a 100% blend of sustainable fuel by 2030.

The SAF plan, which was launched in 2022, continued in 2023 and will continue in 2024. As a result, we are using SAF for our operations out of French airports Le Bourget and Bordeaux-Mérignac, as well as from our Little Rock facility (United States). Levels of SAF uplifted currently varies between 25% and 35% depending on our suppliers' capacities, with this percentage substantially ahead of the ReFuelEU European Directive which is targeting 2% SAF in 2025 and 6% in 2030. This demonstrates the commitment of the business aviation industry to decarbonize as quickly as possible.

A total of 413 flights were operated with SAF in 2023, representing a reduction of 681 $TCO_{2eq.}$

The overall reduction in CO_2 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.

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 progressively 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. 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.

Themes		2024 targets (Ref. 2019)	Group performance		
			2023	2022	Like-for-like change since 2019*
Optimize consumption of resources	Electricity (GJ)	-8%	**499,936**	500,596	-8.0%
	Self-produced renewable electricity (GJ)	40,000	**1,006**	Not available**	NA
	Gas (GJ)	-8%	**281,471**	312,634	-21.5%
	Other sources – heating oil and diesel (GJ)	Stability	**7,297**	7,804	-56.7%
	TOTAL	-8%	**789,710**	821,034	-13.5%
	Kerosene (GJ)	NA	**411,770**	506,992	-26.0%
	SAF 30% (m3)	2,900	**1,016**	369	N/A
	Water (m3)	Stability	**215,654**	230,401	-11.4%
Minimize the use of hazardous chemicals	Hazardous products removed or substituted	NA	**494 (since 2013)**	405 (since 2013)	138.00
Reduce waste generation and discharges into the water and air	VOC (T)	Stability	**97**	110	-41.3%
	Non-hazardous waste (T)	Stability	**7,207**	6,187	0.9%
	Hazardous waste (T)	Stability	**1,788**	1,425	-34.1%
	Total waste (T)	Stability	**8,995**	7,629	-8.3%

*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 as of 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. Regulatory energy audits were carried out in 2023 and will contribute to improving action plans.

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 remains stable compared to 2022 despite an increase in the number of hours worked, 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 decreased significantly owing to the beneficial impact of temperature reduction recommendations, the improvement in technical building management, and recovering of heat from server rooms undertaken under the energy saving plan.

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.

Communication was ramped up to facilitate buy-in and rally all employees behind these goals, both within the company and outside it.

The first results from this energy saving plan were noted in the consumption readings as of the end of 2022, as a result of the immediate implementation of organizational and behavioral measures. The first technical measures, including the widespread use of LED lighting and the introduction of technical energy management at certain facilities, were implemented in 2023, confirming the positive effects of this plan. The plan will reach its full potential by 2025 once photovoltaic panels and technical energy management is rolled out at all facilities.

66% 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 related to the use of diesel during operational testing of the sprinkler system motor pump units and during the operation of emergency generators.

In the context of new construction and renovation of buildings, energy and environmental performances are systematically sought in the interests of economic balance. New building designs factor in the requirements of the applicable French thermal regulations.

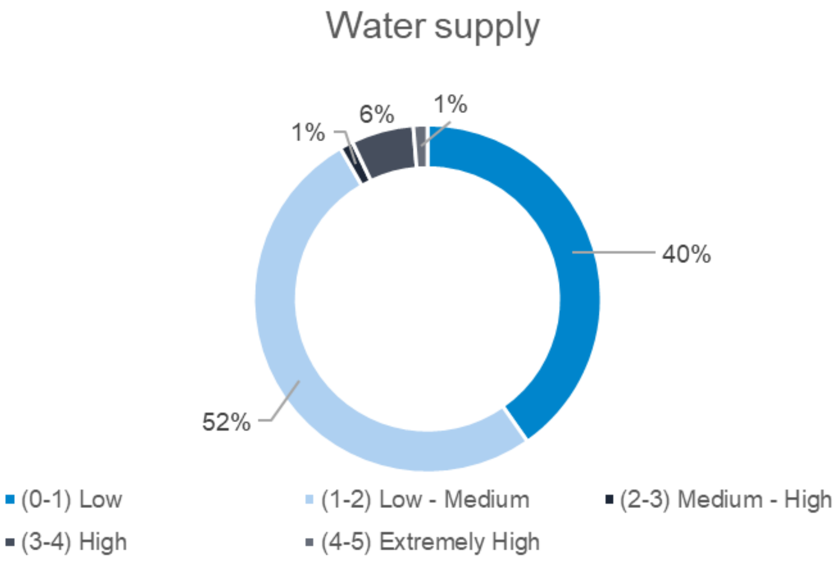
Several of the Dassault Aviation Group's activities require aircraft fuel consumption, in both the civil and military sectors (ground and flight tests as part of new programs, end of production tests, ferry flights, demonstrations, pilot training, commercial flights). Consumptions varied depending on these activities in 2023 but they all contributed to an overall reduction in kerosene consumption. Conversely, SAF consumption increased, underlining the Group's commitment to working to decarbonize the sector of activity.

Water consumption

To date, all of the Dassault Aviation's facilities as well as those of its subsidiaries have access to a sufficient quantity and quality of water. Most water comes from public water supply networks, and to a lesser extent from groundwater pumping (nearly 5% in 2023). Most water is used for non-industrial purposes.

In 2023, water consumption was down by more than 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.

According to the WRI's (World Research Institute*)* Aqueduct Water Risk Atlas, four facilities are located in high risk or extremely high risk zones. The consumption of facilities in these zones at risk of water stress represent 7% of the Group's water supply.



The main objective over the next few years is to maintain the current level of water consumption, since most of the savings were achieved in the past (consumption of more than 700,000 m3 before the 2000s for the Parent Company alone and stable at the Group level since 2011 at around 200,000 m3). Particular attention will nevertheless be paid to water management in high risk zones.

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. Dassault Aviation works with suppliers that are part of the sector's efforts to promote the increasing integration of 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. A recycling process for composite by-products was set up in 2022 with the participation of Dassault Aviation.

Paper consumption was down 35% compared with 2019, and stable compared with 2022, a testament to the sustainability of dematerialization efforts made during the Covid-19 crisis.

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 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), substitution of chromated paint primers and removal of octylphenols from sealants.

We have taken future REACh regulations into account in our Company strategy: terphenyls in sealants, bisphenol A in epoxy resins, lead in electronics, PFAS restriction proposals which could have a major impact across all business sectors. As part of the European Chemical Strategy for Sustainability, the recasting of chemicals regulations (REACH, F-GAS, ODS, etc.) are also being monitored.

A Chemical Product Unit has been in place for more than ten years to advise on new 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, 494 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 more than 40% decrease in emissions compared with 2019 is the result of using products containing fewer solvents and efforts to prevent their evaporation.

Fight against food waste and insecurity

The Group has not identified any challenges for this issue.

Waste

The 2023 fiscal year saw a major increase in the production of non-hazardous waste, compared with 2022, but the production of this waste is stable compared with 2019, in line with objectives. This mainly included metal waste generated by the machining activity at the Secline site, which is growing rapidly in line with the Company's planned ramp-up.

Development of the circular economy

Themes		2023 targets (Ref: 2019)	Group performance		
			2023	2022	Like-for-like change since 2019*
Developing the circular economy, in particular through the recovery of waste	% recovery total waste	**80.0**	**85.5**	86.0	9.0
	% recovery non-hazardous waste	**90.0**	**91.7**	90.7	5.5
	% recovery hazardous waste	**50.0**	**60.6**	65.4	10.1

*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 CO_2 emissions during the operational phase. A share of production residues generated by these new activities are now considered as by-products and reused as raw materials in a dedicated branch set up in 2022.

Five main processes are used for the end-of-life of our by-products and waste:

- recycling of by-products, notably for composites,
- reuse, mainly through collections set up with furnishing, electric and electronic eco-organizations,
- recycling of metal, paper, cardboard and plastics,
- 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 an associated climate transition plan are currently being drawn up while measures have already been launched, as described in the previous sections.

In 2023, a Corporate Social Responsibility performance indicator was defined and is included in the corporate governance report. The low-carbon plan is one element of this indicator.

Themes		**2024 targets (Ref. 2019)**	**Group performance**		
			2023 ($TCO_{2eq.}$)	2022 ($TCO_{2eq.}$)	Like-for-like change since 2019*
Control GHG emissions	Scope 1 Non-kerosene	-8%	**18,516**	21,030	-14.7%
	Scope 1 Kerosene + SAF	NA	**27,186**	34,057	-27.8%
	Scope 2	-8%	**18,706**	18,643	-26.2%

*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 CO_2 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.

At the end of 2023, low-emission electric and hybrid vehicles accounted for 43% of the Company's car fleet, representing an increase of 20% compared to the previous year.

In parallel with the replacement of the vehicle fleet, more than 360 charging points were also installed during 2023.

Emissions associated with kerosene combustion are directly related to our aircraft activity. The Group's SAF plan implemented since July 2022 (see Section 4.7.1) continues and has been extended, contributing to the mitigation of these emissions. A total of 413 flights were operated with SAF in 2023; representing a reduction of 681 $TCO_{2eq.}$, i.e., an increase of 169% compared with 2022.

As in previous years, CO_2 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 were stable in 2023.

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

Corporate Social Responsibility performance indicator

This indicator covers the Parent Company's Scope 1 and 2 emissions excluding kerosene, expressed as a function of worked hours and reference meteorological conditions. In 2022, carbon emissions within this scope were 15,144 T. In 2023, these emissions were 14,055 T representing a decrease of 7.2%.

Scope 3 indirect emissions

In 2021 and 2022, Dassault Aviation carried out studies in collaboration with a firm of experts to identify decarbonization opportunities for its indirect emissions that could contribute to its low-carbon strategy. In 2023, work continued with all Executive Management teams to build the foundations of the climate transition plan.

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. One of the missions of this group was to select a platform capable of assessing and sharing information on supplier practices and which includes a carbon component. The EcoVadis platform is thus currently being rolled out within the aviation sector. Dassault System is studying the possibility of integrating this platform into its current assessment process.

Upstream and downstream freight transport

Logistics platforms contribute to the optimization of transport flows and the associated CO_2 emissions.

Environmental criteria, mainly relating to greenhouse gas emissions and the climate transition, were tightened in the Parent Company's invitation to tender for transport services when it was last revised at the end of 2023.

Moreover, discussions took place in 2023 with innovative companies to consider groundbreaking transport solutions, notably transatlantic freight transit by sail.

Business travel

Travel remains below 2019 levels. 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.

Under the terms of vehicle rental agreements for business trips, electric vehicles must be provided wherever possible, which at the Parent Company level resulted in an increase from less than 1% of journeys using electric vehicles in 2022 to 4.7% in 2023.

Use of Falcon products sold

The reduction in fuel consumption and the corresponding 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

The employee mobility survey conducted during the first quarter of 2022 provided input for the Quality of Life and Working Conditions agreement signed on February 14, 2023 and which now includes a sustainable mobility component.

Several measures implemented under this agreement help mitigate carbon emissions. For example, the formalization of remote working, on a regular basis or exceptionally when necessary, as well as the promotion of three virtuous modes of transport: bicycle, carpooling and low-emission vehicles, while continuing to encourage the use of public transport.

Impacts of climate change

Work to identify physical risks related to climate change adaptation was undertaken by the Group. 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.

These elements are the input data for our transition plan.

4.7.5. 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") and is applicable since publication on the 2021 financial statements.

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 compliance 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 safeguards).

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" economic activities (according to the rules listed above).

The publication of new Delegated Regulations 2023/2485 and 2023/2486 in November 2023 make new economic activities, including aviation activities, eligible for the six environmental objectives. These activities are set out in Delegated Regulation 2023/2485 and only meet the objective of mitigating climate change. For the 2023 fiscal year (2024 publication), only eligibility must be published for these new activities which were added in 2023.

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 2023 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 supplementary Taxonomy Climate Delegated Act, including its amended version following the publication of Delegated Regulation 2023/2485
- in Annexes I to IV of Delegated Regulation 2023/2486 relating to the four environmental objectives.

The addition of aviation in Delegated Regulation 2023/2485 classes Dassault Aviation Group's main activity as eligible for the objective of mitigating climate change.

The analysis of the eligibility and alignment of CapEx and OpEx also focused on "individual measures" (i.e., other than those related to aviation), enabling the target activities to become low-carbon or to achieve greenhouse gas reductions, as defined in the Taxonomy Regulation. Nevertheless, the share of expenses related to these activities is deemed non material.

As a result, all net sales, CapEx and OpEx are attributed to the aircraft manufacturing activity and are therefore 100% eligible.

The aircraft manufacturing activity will be included in the acts published in 2023 and is not subject to alignment criteria for the current fiscal year.

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:

- as the aviation Delegated Act has been published, all net sales are declared as eligible under the "3.21 Manufacturing of aircraft" activity (cf. Note 15 to the Consolidated company financial statements).

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 is equal to total capital expenditure included in the denominator as related to assets associated with the eligible activity.

In total, eligible CapEx is valued at EUR 440 million and represents 100% of Group CapEx (see Note 4 to the consolidated company financial statements).

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.
- in terms of the numerator, it is equal to the total expenditure listed in the denominator as related to the eligible activity. However, this expenditure is insignificant (10%) 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 sector[1].

[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.

Proportion of net sales from products or services associated with Taxonomy-aligned economic activities (in million euros)

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	Turn-over (3)	Propor-tion of Turn-over (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turnover, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	H	
of which Transitional		-	-	-						-	-	-	-	-	-	-	-		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [2]																			
Manufacturing of aircraft	CCM 3.21	4 805	100%	100%	N/EL	N/EL	N/EL	N/EL	N/EL								-		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**4 805**	**100%**	**100%**	N/EL	N/EL	N/EL	N/EL	N/EL								-		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**4 805**	**100%**	**100%**	N/EL	N/EL	N/EL	N/EL	N/EL								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		-	-																
Total (A+B)		**4 805**	**100%**																

[2] All net sales are related to the eligible activity (3.21 Manufacturing of aircraft) for which the alignment disclosure is not required with respect to the 2023 fiscal year. By convention, these eligible net sales without alignment analysis were declared in line A.2 – *Eligible but non-sustainable activities*.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities (in millions euros)

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	CapEx (3)	Proportion of CapEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	H	
of which Transitional		-	-	-						-	-	-	-	-	-	-	-		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [3]																			
Manufacturing of aircraft	CCM 3.21	440	100%	100%	N/EL	N/EL	N/EL	N/EL	N/EL								-		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**440**	**100%**	**100%**	N/EL	N/EL	N/EL	N/EL	N/EL								-		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**440**	**100%**	**100%**	N/EL	N/EL	N/EL	N/EL	N/EL								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		-	-																
Total (A+B)		**440**	**100%**																

[3] All Capex are related to the eligible activity (3.21 Manufacturing of aircraft) but for which the alignment disclosure is not is not required with respect to the 2023 fiscal year. By convention, these eligible Capex without alignment analysis were declared in line A.2 – *Eligible but non-sustainable activities*.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities (in millions euros)

Financial year N	2023			Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic Activities (1)	Code (2)	OpEx (3)	Propor-tion of OpEx (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	H	
of which Transitional		-	-	-						-	-	-	-	-	-	-	-		T
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-								-		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		-	-	-	-	-	-	-	-								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES [4]																			
OpEx of Taxonomy-non-eligible activities		597	100%																
Total (A+B)		**597**	**100%**																

[4] All Opex are related to the eligible activity. However, these expenditures appear insignificant (<10%) compared to all of the Group's operating expenses (see Consolidated income statement). Consequently, the Group considers that the eligible OpEx are immaterial with respect to its business model and its sector of activity. By convention, these eligible Opex were declared in line B – *Non-eligible activities*.

Level of eligibility and alignment of indicators by environmental objective in 2023

	Proportion of CapEx/Total CapEx		Proportion of Turnover/Total Turnover		Proportion of OpEx/Total OpEx	
	Taxonomyaligned per objective	Taxonomyeligible per objective	Taxonomyaligned per objective	Taxonomyeligible per objective	Taxonomyaligned per objective	Taxonomyeligible per objective
CCM : Climate Change Mitigation		*100%*		*100%*		*Non material*
CCA : Climate Change Adaptation						
WTR : Water and Marine Resources						
CE : Circular Economy						
PPC : Pollution Prevention and Control						
BIO : Biodiversity and ecosystems						

4.7.6. 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.

Dassault Aviation does not however limit its commitment to controlling the impact of its new buildings on biodiversity. Dassault Aviation is thus a Patron of Maubuisson forest (Val d'Oise, Ile-de-France region). The Maubuisson project is unprecedented in the Ile-de-France region, with the planting of a million trees of 30 different species. This 1,340 ha of forest will benefit a population of 100,000 people in seven neighboring communities as well as the 12 million inhabitants of the Ile-de-France region.

4.7.7. Respect for animal welfare and responsible food

The Dassault Aviation Group's activities have no 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. This roll-out continued in 2023 in the MRO subsidiaries of the Parent Company.

Moreover, the Parent Company strives to promote the SMS culture at the suppliers of its supply chain.

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 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 scrutiny5;
- 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.

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.

[5] 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.

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 and taking into account - on a case-by-case basis - measures adapted to energy price changes.

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 and CIDEF 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, etc.

Dassault Aviation is a signatory to the SME Defense Pact membership agreement with the French Ministry of the Armed Forces. The Group is involved in the updating of this agreement, underlining its commitment to advancing French SMEs and intermediate-sized enterprises in the Defense sector, and to strengthening good business practices.

Dassault Aviation also contributes to the ACE Aéro Partenaires investment fund. This fund aims to support SMEs and intermediate-sized enterprises in the aviation industry. 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 Care" laws, as well as cyber-security challenges.

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

- Financial health,
- Security,
- Cyber-security,
- Management of health, safety in the workplace, the environment and chemical products,
- Compliance (anti-corruption, 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 2023.

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, which defines the strategy in this area.

Volume of purchases

In 2023, the order commitments of the Dassault Aviation Group were in the region of EUR 4.4 billion. France accounts for almost 80% 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, ASTech in the Ile-de-France region and CESI (the Nanterre school of engineering in 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.

4.8.5. Inclusion, humanitarianism and culture

Through sponsorship agreements and charitable actions, the Dassault Aviation Group supported various non-profit organizations and institutions in 2023, including: Hanvol, Elles bougent, la Fondation des Œuvres Sociales de l’Air, l’Association pour le Développement des Œuvres Sociales de la Marine, l’Association des Anciens de l’École Navale, l’École d’Enseignement Technique de l’Armée de l’Air et de l’Espace, le Syndicat Mixte d’Aménagement de la Plaine de Pierrelaye-Bessancourt, Aviation Sans Frontières, Rêves de Gosses, la Course du Cœur, la Fondation Foch, l’Ordre de la Libération, l’Association de la Flamme sous l’Arc de Triomphe, la Fondation des Ailes de France, l’Académie de l’Air et de l’Espace, la Fondation de l’Académie des Technologies, le Musée de la Marine, l’Association pour le Grand Prix de l’École Navale, 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, CSR, 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 then, 261 production sub-contractors have been evaluated, with 35 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	2023	2022
Anticipate supplier risks, especially for sub-contracted activities	Number of suppliers processed	All suppliers in the process of approval or follow-up	397 (100%)	533 (100%)
	% of suppliers with a high-risk location or business	-	15%	20%
	% of progress in the assessments of production sub-contractors at risk	100%	84%	87.5%
	% of suppliers with a negative opinion	-	0.8%	0.6%
Anticipate the supplier risks of subsidiaries	Number of suppliers processed by subsidiaries	-	385	240

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. Three audits were carried out in 2023.

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 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 (386 suppliers questioned in 2023).

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

In 2023, we received 465 supplier reports (294 CMRT and 171 EMRT or CRT). For 2024, the aim is to compile information on cobalt systematically and to expand the panel of suppliers targeted.

4.8.7. Respect for human rights

In line with OECD Guidelines (updated in 2023), Dassault Aviation is committed to responsible business conduct for the respect of Human Rights.

The Group has introduced a comprehensive system to manage human rights-related risks: Code of Ethics, dedicated internal organization, due diligence and 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 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

In strict compliance with the recommendations of the French Anti-Corruption Agency, the Group has introduced a system to address the risks of corruption with 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. The Parent Company takes part in the OECD's Annual Anti-Corruption and Integrity Forum.

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 line with its 2022 action plan, the Ethics and Compliance Department trained 755 employees in 2023 through 21 sessions dedicated to the Sapin 2 program.

The content of each session is set in consultation with the Ethics and Compliance Department and the concerned department, with regard to mapping the risks of breaches of probity. These sessions must allow the fundamental principles of the Sapin 2 Law to be acquired based on concrete situations covered by the risk mapping scenarios.

In addition to longer training sessions for functions considered more at risk with regard to their specific nature (buyers and sellers for example), 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 and related corporate policies.

Sessions covering other areas relating to business ethics have also been run by the Ethics and Compliance Department. This was the case in particular for sessions covering the GDPR and Duty of Care law. These compliance training sessions have also been proposed to the Group's subsidiaries and overseas offices.

A Sapin 2 e-learning module aimed at all employees was launched during 2023 and has already been used to train 3,033 members of staff. This e-learning module was a fun way of validating the knowledge of all new Company employees.

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 law of December 9, 2016 concerning the fight against corruption, 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.

In addition to the Code of Ethics, an Anti-Corruption Code - specifically dedicated to the prevention and fight against corruption - had been updated. This Code defines and illustrates, using practical examples and scenarios, 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.

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 2023, 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 the existing procedures implemented by the Ethics and Compliance Department.

Throughout the 2023 fiscal year, the Ethics and Compliance Department performed level 2 controls:

- of evaluation procedures for tier 1 suppliers and sub-contractors, civil aircraft customers and consultants,
- of accounting procedures in association with the Financial Department,
- and of gifts relating to the Communication 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. Promoting the Nation-Army bond

The strong historical links between Dassault Aviation and the French Army are part of our Group's DNA. This is reflected in the commitment of our Chairman and Chief Executive Officer, Éric Trappier, who served for several years as an officer of the French Navy's operational reserve and is currently Naval Captain of the French military reserve.

Dassault Aviation grants its reservist employees an annual leave of absence of 12 calendar days in respect of their deployment or training activities in the military operational reserve (the minimum legal period is 10 working days).

Moreover, in 2023, Dassault Aviation introduced the "Dassault Defense Academy" for new manager-level recruitments: three days of training with high-level conferences and visits to military sites.

Finally, Dassault Aviation is patron of several defense-related institutions and charities, including:

- Ordre de la Libération,
- Association de la Flamme sous l'Arc de Triomphe,
- Fondation des Ailes de France,
- Musée de la Marine,
- Association pour le Grand Prix de l'École Navale.

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 2023, several major regulatory measures on climate change and sustainability were drafted and published:

- delegated acts on the climate component of the European environmental Taxonomy, and on four other environmental objectives,
- the CSRD (Corporate Sustainability Reporting Directive), along with the related ESRS,
- the "Fit for 55" legislative package,
- a new draft EU directive - the 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 2023 was **EUR 6,734 million**, compared with EUR 17,860 million in 2022. Export order intake represented 61%.

Changes were as follows, in millions of euros:

	2023	2022	2021
Defense	**5,717**	15,377	8,955
Export	*3,059*	13,855	6,109
France	*2,658*	1,522	2,846
Falcon	**1,017**	2,483	2,119
Total	**6,734**	17,860	11,074
% Export	**61%**	90%	73%

The order intake is composed entirely of firm orders.

Defense programs

In 2023, **Defense order intake** totaled **EUR 5,717 million** compared with EUR 15,377 million in 2022.

The **Defense Export figure** was **EUR 3,059 million** in 2023, versus EUR 13,855 million in 2022. In 2022, 92 Rafale were ordered (80 by the United Arab Emirates, 6 by Greece and 6 by Indonesia) compared to 18 Rafale ordered by Indonesia in 2023.

The **Defense France** share amounted to **EUR 2,658 million** in 2023, compared with EUR 1,522 million in 2022. This increase is mainly due to the order for Tranche 5 for 42 Rafale (in 2022, the order relating to Phase 1B of the FCAS demonstrator was recorded.)

Falcon programs

In 2023, **24 Falcon orders** were recorded, compared with 63 in 2022. Order intake totaled **EUR 1,017 million**, versus EUR 2,483 million in 2022. The decrease is mainly due to the decline in the number of Falcon ordered (24 vs. 63 in 2022).

5.2.2. Net sales

Net sales in 2023 totaled **EUR 4,101 million**, versus EUR 6,305 million in 2022.
Changes were as follows, in millions of euros:

	2023	2022	2021
Defense	**2 917**	4,778	5,042
Export	*1 516*	3,607	4,369
France	*1 401*	1,171	673
Falcon	**1 184**	1,527	1,316
Total	**4 101**	6,305	6,358
% Export	**64%**	81%	88%

Defense programs

13 Rafale (11 France and 2 Export) were delivered. 14 Rafale (13 Export and 1 France) were delivered in 2022.

Defense net sales in 2023 were **EUR 2,917 million** versus EUR 4,778 million in 2022.

The **Defense Export** share was **EUR 1,516 million** versus EUR 3,607 million in 2022. This decrease is largely due to the delivery of 2 Rafale Export, whereas 13 Rafale Export were delivered in 2022.

The **Defense France** share was **EUR 1,401 million** versus EUR 1,171 million in 2022. Defense France 2023 net sales notably included the delivery of 11 Rafale versus 1 Rafale in 2022.

Falcon programs

24 Falcon were delivered in 2023, compared with 33 in 2022.

Falcon net sales in 2023 totaled **EUR 1,184 million**, versus EUR 1,527 million in 2022. The decrease is primarily due to the number of Falcon aircraft delivered (24 vs. 33).

5.2.3. Backlog

The backlog of the Parent Company as of December 31, 2023 was **EUR 33,926 million**, compared with EUR 31,237 million as of December 31, 2022.

As of December 31		**2023**	2022	2021
Defense		**30,021**	27,222	16,623
	Export	*21,062*	19,519	9,271
	France	*8,959*	7,703	7,352
Falcon		**3,905**	4,015	2,859
Total		**33,926**	31,237	19,482
% Export		**70%**	71%	57%

The **backlog** as of December 31, 2023 consists of the following:

- **Defense Export**: **EUR 21,062 million** versus EUR 19,519 million as of December 31, 2022. This figure notably includes 141 new Rafale compared with 125 new Rafale and 6 pre-owned Rafale as of December 31, 2022.
- **Defense France**: **EUR 8,959 million** versus EUR 7,703 million as of December 31, 2022. This figure mainly comprises 70 Rafale (vs. 39 at the end of December 2022), the support contracts for the Rafale (Ravel), Mirage 2000 (Balzac), ATL2 (Ocean) and the Alpha Jet (Alphacare), the Rafale F4 standard and the order for phase 1B of the FCAS demonstrator.
- **Falcon** (including the Albatros and Archange mission aircraft): **EUR 3,905 million** versus EUR 4,015 million as of December 31, 2022. It includes 84 Falcon, same as of December 31, 2022.

5.2.4. Net income

Net income for 2023 was **EUR 435 million**, compared to EUR 540 million in 2022.

In 2024, employees will receive EUR 134 million on 2023 profit-sharing and incentive plans (excluding related tax), of which :

- profit-sharing: EUR 114 million
- incentive plan: EUR 20 million

These figures account for 22% of salaries in 2023. The application of the legal mandatory profit-sharing formula would have resulted in a payment for 2023 of EUR 6 million.

5.2.5. Allocation of earnings

If you approve the accounts for fiscal year 2023, we propose that you allocate the net earnings for the year of EUR 434,959,208.73, plus retained earnings from previous fiscal years, i.e., EUR 3,174,775,282.36, 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. As of January 1, 2012, the tax consolidation scope of the Group 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			1,884(*)		
Total amount of invoices involved (before VAT)	10.9	5.9			16.8
% of FY net sales (before VAT)	0.26%	0.14%			0.40%

(*) 3,268 invoices for EUR 30 million excluded as related to disputes

Contractual payment terms: EOM + 45 days.

The composition as of December 31, 2023 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			8,929		
Total amount of invoices involved (before VAT)	119.6	27.8	44.5	116.5	308.4
% of FY net sales (before VAT)	2.92%	0.68%	1.08%	2.84%	7.52%

Payment terms: defined in the General Purchasing Conditions

5.5. Shareholder information

5.5.1. Capital structure

As of December 31, 2023, the share capital of the Company is EUR 64,641,892.80. It is divided into 80,802,366 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).

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

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. A proposal will be made to the next General Meeting to amend this statutory clause to remove the obligation to declare the 1% crossing of ownership thresholds beyond 50%.

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

As of December 31, 2023, the shareholding of Dassault Aviation is as follows:

Shareholders	Number of shares	%	Exercisable voting rights[(2)]	%
GIMD	51,960,760	64.31%	103,921,520	79.26%
Float	18,786,539	23.25%	18,922,456	14.43%
Airbus SE	8,275,290	10.24%	8,275,290	6.31%
Treasury shares [(1)]	1,779,777	2.20%	0	0.00%
TOTAL	80,802,366	100.00%	131,119,266	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.

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, 2023, 24,600 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.

5.5.2. Information on capital, shareholders and voting rights

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

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

The Company did not create any stock options in 2023.

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, valid for a period of 38 months from the General Meeting, concerned 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 8, 2023 the Board of Directors decided to award 23,000 performance shares to the Chairman and Chief Executive Officer and 16,900 performance shares to the Chief Operating Officer.

These shares will become vested (between 0% and 128%) provided the following performance criteria are met:

- adjusted Group operating margin,
- two aspects of corporate social responsibility, namely:
  - feminization,
  - the low-carbon plan,
- qualitative assessment of individual performance.

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

- a one-year vesting period, ending on March 7, 2024 (evening),
- presence in the workforce at the end of the vesting period,
- a one-year holding period for beneficiaries, starting from March 8, 2024, and ending March 7, 2025,
- from March 8, 2025, the retention of 20% of those shares for the duration of their term of office.

A proposal will be made to the next General Meeting to approve a new delegation of powers to the Board of Directors to allocate 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).

5.5.3. Securities transactions by corporate officers

The securities transactions executed in 2023 by corporate officers consisted of the acquisition of performance shares voted by the Board of Directors on March 8, 2023 (see Report on Corporate Governance).

No other acquisition or sale of Dassault Aviation shares was declared by corporate officers to the Company or to the French Financial Markets Authority (*Autorité des Marchés Financiers*). Such transactions, when they occur and subject to their amount, must be reported to the French Financial Markets Authority (*Autorité des Marchés Financiers*) 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 French Financial Markets Authority (*Autorité des Marchés Financiers*) General Regulation.

5.5.4. Shareholders' agreements

There is no shareholders' agreement between Groupe Industriel Marcel Dassault (GIMD) and Airbus SE.

However, the following two agreements are in place:

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.

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. Treasury shares

Share buyback programs

The share buyback program voted by the General Meeting of May 18, 2022 and implemented by the Board of Directors on July 20, 2022 continued into the first half of 2023.

To allow Dassault Aviation to continue to trade its own shares on the market or off-market, the General Meeting of May 16, 2023 authorized a new share buyback program, identical to those implemented since 2014, under similar conditions to the 2022 program. At its meeting of May 16, 2023, 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.

This new authorization, valid for a period of 18 months as of May 16, 2023 (until November 15, 2024 inclusive), terminates, at this date, the share buyback program previously authorized by the Annual General Meeting on May 18, 2022, 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 transfer or allocate shares to employees and corporate officers of the Company and/or of affiliated companies under the terms and conditions stipulated by law, particularly in case of the exercising of stock options or allocating existing free shares, or transferring and/or subscribing for existing shares as part as an employee stock ownership scheme,
- to stimulate market activity or increase the liquidity of Dassault Aviation shares through an investment services provider under a liquidity contract compliant with an ethics charter recognized by the French Financial Markets Authority (Autorité des Marchés Financiers),
- 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 (*Autorité des Marchés Financiers*).

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 General Meeting on May 16, 2023, 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 200 exclusive of acquisition costs (compared with EUR 170 in 2022), subject to adjustments linked to corporate actions, particularly through the incorporation of reserves and the allocation of free shares and/or stock split or reverse stock split.

The maximum amount to be used to buy back the Company's shares is EUR 1,661,559,000 based on the number of shares outstanding on the date of the decision; 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 French Financial Markets Authority (*Autorité des Marchés Financiers*), 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 (*Autorité des Marchés Financiers*) 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.

The buyback by Dassault Aviation of its own shares in 2023 related to:

- 556,179 shares acquired between January 1, 2023 and May 16, 2023 under the share buyback program voted by the General Meeting of May 18, 2022,
- 3,257,124 shares acquired between May 17, 2023 and December 31, 2023 under the program voted by the General Meeting of May 16, 2023,

In 2023, these 3,813,303 shares (4.72% of the share capital at December 31, 2023) were acquired at an average share price of EUR 173.16, or a cumulative gross amount of EUR 660,311,989. Trading fees amounted to EUR 462,218.

Taking into account the allocation in 2023 of a total of 38,364 shares (0.05% of the share capital) to the Chairman and Chief Executive Officer and to the Chief Operating Officer as 2022 performance shares, the balance of shares acquired under a previous buyback program and 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 was 242,066 shares.

In order to allow the Company to trade in its own shares at any time, on March 5, 2024, the Board of Directors proposes to the General Meeting of May 16, 2024, that a new share buyback program be launched with a maximum price per share fixed at EUR 220, other conditions remaining unchanged (Resolution 14).

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 programs.

Cancellation of shares through a capital reduction

Under the authorization given by the General Meeting of May 18, 2022, the Board of Directors in its March 8, 2023 meeting canceled 409,072 shares (0.49% of the share capital) acquired under the share buyback program authorized by the General Meeting of May 18, 2022 and which had been allocated for cancellation.

On May 16, 2023, 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, 2023.

Under this new authorization, the Board of Directors decided to cancel:

- on May 16, 2023, 556,179 shares (0.67% of the share capital) acquired under the share buyback program authorized by the General Meeting of May 18, 2022 and which had been allocated for cancellation,
- on July 20, 2023, 1,719,413 shares (2.08% of the share capital) acquired under the share buyback program authorized by the General Meeting of May 16, 2023 and which had been allocated for cancellation.

In order to allow the Company to reduce its share capital at any time, the Board of Directors, at its meeting of March 5, 2024, recommends to the General Meeting of May 16, 2024 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 15).

Treasury shares as at December 31, 2023

As of December 31, 2023, the Company held 1,779,777 of its own shares (2.20% of the share capital) with a par value of EUR 0.80, for a gross purchase value of EUR 295,451,233.

Of these 1,779,777 shares, 242,066 were allocated for the distribution of performance shares and the potential arrangement of a liquidity contract and 1,537,711 shares were allocated for cancellation.

5.5.6. 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,
- for employees, should they resign or are dismissed without real and serious cause or if their employment is terminated due to a public tender offer, beyond the provisions of the collective bargaining agreement.

6. PROPOSED RESOLUTIONS

The resolutions submitted to your vote concern the following points:

6.1. 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 434,959,208.73, and the consolidated financial statements, which show a consolidated net profit of EUR 693,398 thousand for the fiscal year ended December 31, 2023 (Resolution 2).

Those financial statements were approved by the Board of Directors on March 5, 2024 after prior examination by the Audit Committee. They were the subject of unqualified opinions from the Statutory Auditors, which can be found in the 2023 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 3,609,734,491.09, be allocated for the distribution of a dividend for fiscal year 2023 in the amount of EUR 3.37 per share, with the remaining balance to retained earnings (Resolution 3).

The dividend would be paid on May 22, 2024.

Approval of the elements of compensation paid or allocated for fiscal year 2023

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, mentioned in Article L. 22-10-9 I of the French Commercial Code (Resolution 4), as well as the aforementioned elements concerning the Chairman and Chief Executive Officer, Mr. Éric Trappier, and the Chief Operating Officer, Mr. Loïk Segalen (Resolutions 5 and 6), for the financial year ended December 31, 2023.

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

Approval of the 2024 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 2024 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 5, 2024 and are presented in paragraph 2.2 of the Report on Corporate Governance.

Re-election of a director

The term of office of Besma Boumaza expires at the end of the Annual General Meeting. You are asked to renew this term of office for a period of four years, i.e., until after the Annual General Meeting called in 2028 to approve the financial statements for the fiscal year ending December 31, 2027 (Resolution 10).

Appointment of Mazars and PricewaterhouseCoopers Audit as joint sustainability auditors

The Directive EU No 2022/2464 ("CSRD"), enacted into French law by Order ("Ordonnance") No 2023-1142 dated December 6, 2023, provides for the introduction as of 2025 (relating to the 2024 financial statements) of a sustainability report to replace the Non-Financial Performance Declaration.

This sustainability report must be certified by one or more sustainability auditors who may be appointed from among the Company's Statutory Auditors or external firms. These sustainability auditors are appointed by the General Meeting upon recommendation by the Board of Directors.

On the recommendation of the Board of Directors, based on the advice of the Audit Committee, you are asked to approve the appointment of Mazars and PricewaterhouseCoopers Audit, the Company's current joint Statutory Auditors, as joint sustainability auditors for a period equivalent to that of their term of office as Statutory Auditors, i.e., until the end of the Annual General Meeting called in 2026 to approve the financial statements for the 2025 fiscal year (Resolutions 11 and 12).

Approval of the related-party agreement for the acquisition by Dassault Aviation of the Le Vinci building in Suresnes from GIMD

After having reviewed 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 the Le Vinci building in Suresnes (92) from GIMD.

This agreement was authorized by the Board of Directors at its meeting on March 8, 2023.

This acquisition was completed on June 27, 2023 for a total amount of EUR 25.24 million (excluding taxes and charges) (Resolution 13).

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 (Resolution 14).

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 15),
2) to transfer or allocate shares to employees and corporate officers of the Company and/or of affiliated companies under the terms and conditions stipulated by law, particularly in case of the exercising of stock options or allocation of existing free shares, or transferring and/or subscribing for existing shares as part as an employee stock ownership scheme,
3) to stimulate market activity or increase the liquidity of Dassault Aviation shares through an investment services provider under a share liquidity contract compliant with an ethics charter recognized by the French Financial Markets Authority (*Autorité des Marchés Financiers*),
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 that would be recognized by the law or by the French Financial Markets Authority (*Autorité des Marchés Financiers*).

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

The maximum buyback price would be EUR 220 per share exclusive of acquisition costs (compared with EUR 200 in 2023). Considering the number of shares of the capital as of December 31, 2023, decreased by the number of shares canceled through the capital reduction decided by the Board of March 5, 2024, the maximum number of shares possibly acquired is 7,895,181, i.e. a maximum investment of EUR 1,736,939,820, this condition being combined with the condition of a cap of 10% of the Company's share capital.

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 unused portion of the share buyback program previously authorized by the General Meeting of May 16, 2023 would be terminated.

6.2. 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 General Meeting is asked to authorize the Board of Directors, with the option of sub-delegation, 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 share 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, 2024 (Resolution 15).

As of May 16, 2024, it would render the similar authorization granted by the Annual General Meeting of May 16, 2023 ineffective for the unused portion.

Authorization to be granted to the Board of Directors to allocate free shares of the Company to corporate officers and certain Company employees

The authorization granted to the Board of Directors by the General Meeting of May 11, 2021 to allocate existing performance shares of the Company, to Company employees or certain employee categories and to the Company's eligible corporate officers, will expire on July 11, 2024.

The General Meeting is asked to renew this authorization (Resolution 16).

This allocation would be made within the limit of 242,066 shares (shares yet to be allocated).

This new authorization is proposed under similar terms to those currently in force.

It would be approved for a period of 38 months as of the General Meeting and would render ineffective, for the unused part, the authorization of the same nature approved by the General Meeting on May 11, 2021.

Amendment of Article 11 of the Company's Articles of Association relating to the crossing of statutory thresholds

The Company's Articles of Association provide for an 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.

Due to the shareholding structure, this provision is not of interest for fractions of 1% which exceed or fall below the ownership thresholds, beyond 50%.

As a result, a proposal is made to the next General Meeting to amend this statutory clause to remove the obligation to declare 1% crossing of ownership thresholds beyond 50% (Resolution°17).

The declaration of legal threshold crossings remains mandatory in accordance with applicable legislation.

Miscellaneous amendments to the Company's Articles of Association to bring them into line with legal and regulatory provisions

In view of the amendment proposed in the previous Resolution, we recommend that the Articles of Association be brought into line with legal and regulatory changes (Resolution 18).

For simplification purposes, certain amended articles simply refer to the legal and regulatory texts in force.

These amendments mainly relate to:

- the persons authorized to certify copies or extracts of minutes of meetings of the Board of Directors (Article 17 of the Articles of Association),
- the removal of reference to directors' fees which no longer exists in the French Commercial Code (Articles 22 and 32),
- the Article relating to related-party agreements due to the disappearance of super-regulated agreements on deferred compensation at the end of terms of office which has been included in the Say on Pay policy (Article 24),
- the share registration deadline to be able to take part in General Meetings which has been reduced to two days before the meeting (Article 29),
- the deadline for sending voting forms by mail (Articles 31, 33 and 34),
- majority rules at General Meetings which are calculated on the basis of votes cast (Articles 33 and 34).

7. OUTLOOK

2024 Objectives:

- Deliver Rafale and Falcon,
- Meet our schedule and cost commitments for Falcon and military developments,
- Availability and support for our aircraft: maintain satisfaction levels among our military customers and regain our position as leader in business aviation support rankings,
- Get a contract for the F5 standard preliminary studies,
- FCAS/NGF: continue developing the demonstrator,
- Make in India: ramp up the activities transferred to India,
- Continue Rafale Export business development and increase Falcon sales efforts,
- CSR: integrate new hires, continue our recruitment efforts and our action to reduce our environmental impact.

2024 Guidance

We forecast an increase in Group's revenue for 2024 compared to 2023, EUR 6 Billion range (of which deliveries of 35 Falcon and 20 Rafale).

This Directors' Report may contain forward-looking statements which represent objectives and cannot be construed as forecasts regarding the Group'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 2023. 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.

Concerning the e-learning, only the hours of completed training are taken into account (status completed and/or validated in the *Learning Management System*, recording of the hours spent and of the training in SAP or issuance of a certificate at the end of the training provided that a minimum score is obtained on the end-of-training test).

Concerning the English training at Dassault Aviation, the hours recorded correspond to the theoretical contractual hours. Reminders are sent to employees in order to encourage them to follow the training hours granted to them.

Given the management tools available to Dassault Aviation and given the closing deadlines, the Parent Company is not able to capture all of the sessions. Therefore, only 96% of the training sessions could be captured. The group continues to work on tools and processes to reduce the number of uncaptured sessions.

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.

As no calculation method has proven to be sufficiently robust, the scope 3 greenhouse gas emissions item relating to upstream and downstream transport is not the subject of a quantitative publication this year. Work is ongoing to collect data from transportation providers.

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.

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.

Independent third-party report on the verification of the consolidated non-financial performance statement included in the director's report

For the year ended December 31, 2023

To the Shareholders,

In our capacity as Statutory Auditor of Dassault Aviation, appointed as independent third party and accredited by COFRAC under number 3-1895 (scope of accreditation available on 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 (hereinafter the "Information" and the "Statement", respectively), prepared in accordance with the company's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2023, presented in the Director's report of Dassault Aviation (hereinafter the "Company" or the "Entity") in accordance with the 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[6]

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 differences in the data collection systems put in place within the Group's entities.
- As specified in the methodological note, available in the Appendix to this director's report, Dassault Aviation has not published greenhouse gas emissions linked to upstream and downstream transport activities for fiscal year 2023, but is working on a method for collecting from transport suppliers.

[6] As stipulated in article A. 225-3 III, the ITO may decide, without having to make any reservations, to draw the reader's attention, without being the information provider, to elements relating to the procedures used or the content of certain information reported by the entity, for the purpose of improving its reliability, with regard to market practices, in particular on :

- significant scope and comparability limits ;
- the limits of the processes put in place to meet compliance requirements (business model, main risks, policies, actions, results and key performance indicators) and the results obtained; the reliability of results and key performance indicators.

To be of an observational nature, comments must be limited in scope to the key elements of the Declaration.

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.

Consequently, the Information should be read and understood with reference to the Guidelines, the significant items of which are presented in the Statement.

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 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.

We conducted our work in order to provide a reasoned opinion expressing a moderate level of assurance on the historical, observed and extrapolated information.

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 accuracy of information required by 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).

This report has been drawn up in accordance with the CSR_SQ_Verification program_NFPD

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 five people between November 2023 and February 2024 and took a total of four weeks.

We conducted some ten interviews with the people responsible for preparing the Statement, representing in particular the environment health and safety, human resources, ethics and anti-corruption 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 the activities of the 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:
  - 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

  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix 1. Concerning certain risks, such as those relating to traceability and obsolescence of hazardous substances, 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;
- 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 entities and covered between 29% 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 12, 2024

Independent third-party

Mazars

Erwan Candau
Partner

Souad El Ouazzani
CSR & Sustainable Development Partner

Appendix 1: The most important information

Issues	*Key performance indicator*	*Assurance level*
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.

Corporate Governance Report

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 5, 2024.

1. CORPORATE GOVERNANCE

1.1. Corporate governance guidelines

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 Middlenext, 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 DECEMBER 31, 2023

Name	Office	Âge at 12/31/2023	Independent Director	First term of office	Expiration of Current term	Seniority on the Board of Directors
Éric Trappier	Chairman and Chief Executive Officer Director	63		2013 2012	2027 2027	11
Charles Edelstenne	Honorary Chairman Director Member of the Audit Committee	85		1989	2027	34
Thierry Dassault	Director	66		2021	2027	2
Marie-Hélène Habert	Director	58		2014	2026	9
Besma Boumaza	Director	47	Yes	2021	2024	2
Henri Proglio	Director Chairman of the Audit Committee	74	Yes	2008	2026	15
Lucia Sinapi-Thomas	Director Member of the Audit Committee	59	Yes	2014	2027	9
Stéphane Marty	Administrateur representing employees	65		2021	2026	3

The aforementioned directors are all of French nationality.

At December 31, 2023, the directors are aged between 47 and 85 with an average age of 65. 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.

1.2.1. 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 an executive corporate officer of a company in which the Company directly or indirectly holds a directorship, or in which an employee designated as such or an executive 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 - does not represent 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 5, 2024, 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).

1.2.2. 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.

1.2.3. Director representing employees

The director representing employees, Stéphane Marty, was reappointed on July 10, 2022, for a four-year term of office.

1.2.4. 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 250 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, 2023 by each director is specified in paragraph 1.3 "List of Offices held and duties performed by corporate officers in 2023".

1.3. List of offices held and duties performed by corporate officers in 2023

Honorary Chairman

Charles Edelstenne

Director

Honorary Chairman
Member of the Audit Committee

Date of first appointment as director:
January 27, 1989

Expiration of current term:
General Meeting of 2027

Number of shares held:
670

Offices held and duties performed in other companies during the last fiscal year

- President of Groupe Industriel Marcel Dassault SAS
- Honorary Chairman, 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*
- Chairman, Chairman of the Board of Directors and Director of Dassault Médias SAS
- Chairman and Member of the Board of Directors 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
- General Manager of Arie SC
- General Manager of Arie 2 SC
- General Manager of Nili SC
- General Manager of Nili 2 SC
- Director of Monceau Dumas SICAV

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
- General Manager of SCI de Maison-Rouge

*listed company

Chairman and Chief Executive Officer

Éric Trappier

Chairman and Chief Executive Officer

Date of first appointment as director: December 18, 2012

Expiration of term of office as director: General Meeting of 2027

Date of first appointment as Chairman and CEO: January 9, 2013

Expiration of term of office as Chairman and CEO: General Meeting of 2027

Number of shares Dassault Aviation held: 90,400

Offices held and duties performed in other companies during the last fiscal year

- 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)
- Honorary Chairman of GIFAS
- Member of the Board of Directors of ASD
- Chairman of the UIMM

Offices held and duties performed that have expired in the last five fiscal years

- Chairman of GIFAS
- Chairman of ASD
- President and Director of Dassault International (USA)
- Chairman of CIDEF
- Director of Sogitec Industries SA
- Chairman and Director of Dassault Reliance Aerospace Ltd (India)

*listed company

Directors

Thierry Dassault

Director

Date of first appointment as director: April 12, 2021

Expiration of term of office as director: General Meeting of 2027

Number of shares Dassault Aviation held: 1,447

Offices held and duties performed in other companies during the last fiscal year

- Chief Operating Officer, 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
- 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
- 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-Québecois)
- 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

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)
- General Manager of Falke SC

*listed company

Marie-Hélène Habert

Director

Date of first appointment as director:
May 15, 2014

Expiration of term of office as director:
General Meeting of 2026

Number of shares Dassault Aviation held: 377

Offices held and duties performed in other companies during the last fiscal year

- 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, Compensation 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
- Director of the Fondation Gustave Roussy

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
- Vice-Chairman of the Fondation Serge Dassault

***listed company**

Besma Boumaza

Independent Director

Date of first appointment as director: April 12, 2021

Expiration of term of office as director: General Meeting of 2024

Number of shares Dassault Aviation held: 250

Offices held and duties performed in other companies during the last fiscal year

- 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 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
- Permanent representative of Société de Participation de l'Ile de France on the Board of Compagnie Générale de Restauration et de Services SA

Henri Proglio

Independent Director

Chairman of the Audit Committee

Date of first appointment as director: April 23, 2008

Expiration of term of office as director: General Meeting of 2026

Number of shares Dassault Aviation held: 270

Offices held and duties performed in other companies during the last fiscal year

- 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 Fomentos de Construcciones y Contratas (Spain)
- General Manager of SCI du 19 janvier
- General Manager of SCI La Tramontane
- General Manager of SCI Suchet 87

Offices held and duties performed that have expired in the last five fiscal years

- Director of Natixis SA*
- Director of ABR Management (Russia)

*****listed company

Lucia Sinapi-Thomas

Independent Director

Member of the Audit Committee

Date of first appointment as director:
May 15, 2014

Expiration of term of office as director:
General Meeting of 2027

Number of shares Dassault Aviation held: 260

Offices held and duties performed in other companies during the last fiscal year

- Director representing employee shareholders and Member of the Compensation Committee of Capgemini SE*
- Executive Director of Capgemini Ventures
- Director, Member of the Nomination and Compensation Committee and Member of the Strategy Committee of Bureau Veritas SA*
- Director of Azqore (Switzerland)

Offices held and duties performed that have expired in the last five fiscal years

- Chief Executive Officer of Capgemini Outsourcing Services SAS
- Director of Capgemini Polska Sp.z.o.o. (Poland)
- Executive Director of Business Platforms Capgemini
- Chief Executive Officer of Sogeti France SAS
- Chairman of PROSODIE SAS (Luxembourg)
- Non-voting Board Member of Azqore (Switzerland)
- 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)
- Chairman of the Supervisory Board of the Capgemini FCPE
- Member of the Supervisory Board of the ESOP Capgemini FCPE

Stéphane Marty

Director representing employees

Date of first appointment as director:
January 1, 2021

Expiration of term of office as director:
July 10, 2026

Number of shares Dassault Aviation held: none

Offices held and duties performed in other companies during the last fiscal year

- Member of the Supervisory Board of the Dassault Aviation Gestion FCPE

Offices held and duties performed that have expired in the last five fiscal years

- Chairman of the Supervisory Board of the Dassault Aviation Gestion FCPE

*listed company

Chief Operating Officer

Loïk Segalen

Chief Operating Officer

Date of first appointment as Chief Operating Officer:
January 9, 2013

Expiration of term of office as Chief Operating Officer:
General Meeting of 2027

Number of shares Dassault Aviation held: 73,144

Offices held and duties performed in other companies during the last fiscal year

- 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

Offices held and duties performed that have expired in the last five fiscal years

- 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)

***listed company**

1.4. Conditions for preparing and organizing the work of the Board of Directors

1.4.1. 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.

1.4.2. Activities of the Board of Directors in 2023

In 2023, the Board of Directors met three times, on March 8, May 16 and July 20.

The average attendance rate at Board meetings was 91.7%.
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 2022 company and consolidated financial statements,
- convened the shareholders at the Annual General Meeting of May 16, 2023,
- approved the financial statements for the first half-year of 2023,
- finalized the Parent company's forward-looking management documents in March and July 2023, 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 the Le Vinci building in Suresnes for EUR 25.24 million,
- approved the wording of the half-yearly and annual financial press releases,
- evaluated the performance criteria relating to performance shares granted in 2022 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 2022 fiscal year, for executive corporate officers that was consistent with legal requirements,
- set the performance criterion for additional pension rights for the 2023 fiscal year,
- approved the compensation allocated and paid in fiscal year 2022 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 2023,
- put the new share buyback program into effect and sub-delegated powers to the Chairman and Chief Executive Officer to perform any transaction under that program, subject to the conditions set by the General Meeting,
- allocated the shares acquired under share buyback programs,
- decided, as authorized by the General Meeting, to reduce the Company's share capital in March, May and July 2023 through the cancellation of shares purchased under the share buyback programs and delegated powers to the Chairman and Chief Executive Officer to implement the above capital reductions.
- renewed the terms of the Chairman of the Board of Directors and Chief Executive Officer Éric Trappier and of the Chief Operating Officer Loïk Segalen, and approved the renewal of their compensation and additional benefits in accordance with the Compensation Policy 2023.

1.4.3. 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 2023, the Audit Committee met twice: on March 3 for the 2022 financial statements and on July 19 for the financial statements for the first half of 2023. The attendance rate of Committee members at meetings in 2023 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 1.2.1. 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 2022 fiscal year, the financial statements for the first half of 2023, 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 2023 audit plan, the update on 2022 actions and the follow-up on actions from the 2020 and 2021 audits,
- reported back on its work to the Board of Directors.

1.4.4. 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 will be updated in 2024 to reflect Order ("Ordonnance") No. 2023-1142 of December 6, 2023 which transposed Directive EU 2022/2464 of December 14, 2022 as regards corporate sustainability reporting.

The Board of Directors' internal regulations are available for viewing online on the Company's website at www.dassault-aviation.com.

1.4.5. 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 described in paragraph 1.5.2. of this report.

1.4.6. 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 April 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

1.5.1. Agreements between a shareholder or a corporate officer 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.

1.5.2. Internal Charter on regulated related-party agreements and agreements representing a current transaction entered into under 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, 2023, 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, 2023, it consisted of:

- Éric Trappier, Chairman and Chief Executive Officer,
- Loïk Segalen, Chief Operating Officer,
- Jean-Marie Albertini, Senior Vice-President, Sales,
- Laurent Bendavid, Senior Executive Vice-President, IT and Chief Digital 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, Executive Vice-President, Military and Space Programs,
- Florent Gateau, Senior Executive Vice-President, Total Quality,
- 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.

* Following the retirement of Nicolas Mojaïsky, Pascale Lohat took over as Senior Executive Vice-President, Engineering, from January 1, 2024.

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 18% and 28% of the engineering schools' population, depending on specialization.

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 19.4% in 2023.
At December 31, 2023, women account for 15% 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,
- hire women for executive employees positions, 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 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

1.11.1. 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:
  - for holders of registered shares, registration in the registered shareholder accounts held by the Company,
  - 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,
- 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.

1.11.2. 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.

1.11.3. 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 twenty-one days before the General Meeting, the documentation may be viewed on the aforementioned website in the Group/Finance/General Meetings section.

The results of the vote on the resolutions and the minutes of the General Meeting are also placed online within fifteen days following the meeting.

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 2023

2.1.1. Compensation of Honorary Chairman

Compensation of Charles Edelstenne, Honorary Chairman

- for GIMD, which controls Dassault Aviation:

Charles Edelstenne received gross compensation of EUR 1,066,990 in his capacity as Chairman.

He had a chauffeur-driven company car (benefit in kind valued at EUR 4,920) 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 USD 33,000 net in compensation as a member of the Board of Directors of Dassault Falcon Jet and EUR 38,450 gross in compensation for his offices held at 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.

2.1.2. Compensation of Directors

Compensation of Thierry Dassault, Director

- for GIMD, which controls Dassault Aviation:

Thierry Dassault received gross compensation of EUR 30,000 as a member of the Supervisory Board and EUR 228,285 annual gross as an employee.

- for Dassault Aviation:

Thierry Dassault received EUR 38,000 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 60,000 as a member of the Supervisory Board and, as Director of Communications and Sponsorship, a gross annual amount of EUR 404,153.

She enjoyed the use of a company car (benefit in kind valued at EUR 1,389).

- 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 46,700 gross in compensation: EUR 34,700 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.

Compensation of Besma Boumaza, Director

- for Dassault Aviation:

Besma Boumaza received EUR 34,700 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.

Compensation of 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 2023 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).

2.1.3. Compensation of corporate officers

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 1,764,666 gross, an increase of 5.15% from 2022.

His compensation does not include any variable or exceptional compensation.

He was not awarded any stock options.

At its meeting of March 8, 2023, the Board of Directors allotted him 23,000 performance shares (subject to performance conditions). These performance shares were valued in the financial statements as of December 31, 2023 at EUR 159.70 per share, or EUR 3,673,100 in aggregate for 23,000 performance shares. These shares accounted for 0.028% of the capital as of December 31, 2023.

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 10,734) 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 2023 as Chairman of the Board of Directors, and EUR 20,000 as the variable portion of his 2022 annual compensation, paid in 2023 following approval by the General Meeting of May 16, 2023.

He will receive compensation of EUR 20,000 gross as the variable portion of the 2023 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, 2024 (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 2023 was EUR 35,508.

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	2019	2020	2021	2022	2023
Compensations ratios					
relative to average wages (parent Company) (*)	22,7	22,7	26,8	25,5	23,5
relative to median wages (parent Company) (*)	27,6	27,4	32,4	30,8	28,0
Annual growth					
of the compensation of Éric Trappier	2,9%	2,0%	1,8%	3,0%	4,9%
of the average compensation of employees (*)	7,9%	1,9%	-13,8%	8,3%	13,9%
Adjusted net income in EUR thousands	814 035	395 623	693 446	830 244	886 295
change from previous year	20%	-51%	75%	20%	7%

(*) *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	2019	2020	2021	2022	2023 (**)
Compensations ratios					
relative to average wages (parent Company) (*)	41,5	38,7	47,5	60,6	70,1
relative to median wages (parent Company) (*)	50,4	46,7	57,4	73,3	83,5
Annual growth					
of the compensation of Éric Trappier	10,9%	-4,9%	4,9%	38,4%	31,6%
of the average compensation of employees (*)	7,9%	1,9%	-13,8%	8,3%	13,9%
Adjusted net income in EUR thousands	814 035	395 623	693 446	830 244	886 295
change from previous year	20%	-51%	75%	20%	7%

(*) *including profit-sharing and incentive schemes.*

(**) *on the basis of the shares allocated.*

- <u>for other French and foreign companies of the Dassault Aviation Group</u>:

Éric Trappier received USD 33,000 net in compensation as a member of the Board of Directors of Dassault Falcon Jet and EUR 39,700 gross in compensation for his offices held at Thales.

Loïk Segalen, Chief Operating Officer

- for Dassault Aviation:

Loïk Segalen received gross annual fixed compensation as Chief Operating Officer of EUR 1,561,123, an increase of 5.15% from 2022.

His compensation does not include any variable or exceptional compensation.

He was not awarded any stock options.

At its meeting of March 8, 2023, the Board of Directors allotted him 16,900 performance shares (subject to performance conditions). These performance shares were valued in the financial statements as of December 31, 2023 at EUR 159.70 per share, or EUR 2,698,930 in aggregate for 16,900 performance shares. These shares accounted for 0.021% of the capital as of December 31, 2023.

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 9,652) 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 2023 was EUR 31,416.

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	2019	2020	2021	2022	2023
Compensations ratios					
relative to average wages (parent Company) (*)	19,2	19,2	22,7	21,6	19,9
relative to median wages (parent Company) (*)	23,3	23,2	27,4	26,1	23,7
Annual growth					
of the compensation of Loïk Segalen	3,0%	2,0%	1,9%	3,1%	5,2%
of the average compensation of employees (*)	7,9%	1,9%	-13,8%	8,3%	13,9%
Adjusted net income in EUR thousands	814 035	395 623	693 446	830 244	886 295
change from previous year	20%	-51%	75%	20%	7%

(*) *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	2019	2020	2021	2022	2023 (**)
Compensations ratios					
relative to average wages (parent Company) (*)	35,0	32,2	39,2	47,1	54,2
relative to median wages (parent Company) (*)	42,5	38,9	47,4	56,9	64,5
Annual growth					
of the compensation of Loïk Segalen	10,3%	-6,1%	4,9%	30,1%	31,0%
of the average compensation of employees (*)	7,9%	1,9%	-13,8%	8,3%	13,9%
Adjusted net income in EUR thousands	814 035	395 623	693 446	830 244	886 295
change from previous year	20%	-51%	75%	20%	7%

(*) *including profit-sharing and incentive schemes.*

(**) *on the basis of the shares allocated.*

- <u>for other French and foreign companies of the Dassault Aviation Group</u>:

Loïk Segalen received USD 33,000 net in compensation as a member of the Board of Directors of Dassault Falcon Jet and EUR 40,950 gross in compensation for his offices held at Thales.

2.1.4. 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)

	2023	2022
Éric Trappier, Chairman and Chief Executive Officer		
Compensation paid during the fiscal year (breakdown in table 2)	1,851,400	1,764,446
Value of year-on-year variable compensation granted during the fiscal year	-	-
Value of stock options granted during the fiscal year	-	-
TOTAL	1,851,400	1,764,446
Loïk Segalen, Chief Operating Officer		
Compensation paid during the fiscal year (breakdown in table 2)	1,570,775	1,493,837
Value of year-on-year variable compensation granted during the fiscal year	-	-
Value of stock options granted during the fiscal year	-	-
TOTAL	1,570,775	1,493,837

Valuation of shares granted to each executive corporate officer (in EUR)

	2023	2022
Éric Trappier, Chairman and Chief Executive Officer Value of performance shares granted during the fiscal year *(see table 6)*	3,673,100	2,434,000
Loïk Segalen, Chief Operating Officer Value of performance shares granted during the fiscal year *(see table 6)*	2,698,930	1,764,650

Table 2 Summary table of compensation paid to each executive corporate officer (in EUR)

	2023 - amounts		2022 - amounts	
	Attributed	**Paid**	**Attributed**	**Paid**
Éric Trappier, Chairman and Chief Executive Officer				
Fixed compensation	1,764,666	1,764,666	1,678,171	1,678,171
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	10,734	10,734	10,275	10,275
TOTAL	**1,851,400**	**1,851,400**	**1,764,446**	**1,764,446**
Loïk Segalen, Chief Operating Officer				
Fixed compensation	1,561,123	1,561,123	1,484,636	1,484,636
Annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Compensation for the term of office of a director (1)	-	-	-	-
Benefits in kind	9,652	9,652	9,201	9,201
TOTAL	**1,570,775**	**1,570,775**	**1,493,837**	**1,493,837**

(1) Éric Trappier and Loïk Segalen each received USD 33,000 net in compensation in their capacity as members of the Board of Directors of Dassault Falcon Jet. Éric Trappier and Loïk Segalen also received compensation for their offices held at Thales of EUR 39,700 gross and EUR 40,950 gross, 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 2024 following approval by the Ordinary General Meeting of May 16, 2024.
(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 2023 following approval by the Ordinary General Meeting of May 16, 2023.

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 2023 (Gross)	Amounts paid in 2023 (Gross)	Amounts allocated in 2022 (Gross)	Amounts paid in 2022 (Gross)
Charles Edelstenne [(1)]				
Compensation	44,000	44,000	44,000	44,000
Other compensation	-	-	-	-
Thierry Dassault				
Compensation	38,000	38,000	33,000	33,000
Other compensation	-	-	-	-
Marie-Hélène Habert				
Compensation	38,000	38,000	38,000	38,000
Other compensation	-	-	-	-
Besma Boumaza				
Compensation	34,700	34,700	38,000	38,000
Other compensation	-	-	-	-
Henri Proglio [(2)]				
Compensation	46,700	46,700	50,000	50,000
Other compensation	-	-	-	-
Lucia Sinapi-Thomas [(3)]				
Compensation	44,000	44,000	44,000	44,000
Other compensation	-	-	-	-
Stéphane Marty				
Compensation	38,000	38,000	38,000	38,000
Other compensation	salary	salary	salary	salary
TOTAL	**283,400**	**283,400**	**285,000**	**285,000**

(1) including EUR 6,000 in 2023 and 2022 for the Audit Committee.
In addition, in 2023, Charles Edelstenne received USD 33,000 net in compensation as a member of the Board of Directors of Dassault Falcon Jet (the same as in 2022) and EUR 38,450 gross in compensation for his offices held at Thales (vs. EUR 35,750 gross in 2022).
(2) including EUR 12,000 in 2023 and 2022 for the Audit Committee.
(3) including EUR 6,000 in 2023 and 2022 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 executive corporate officer by the issuer or any Group company

	Plan name and date	Number of performance shares allocated during fiscal year 2023	Value of shares (in EUR) [1]	Vesting date	Date of availability	Performance conditions
Éric Trappier	2023 Shares 03/08/2023	23,000 [2]	3,673,100	03/08/2024	03/08/2025	yes
Loïk Segalen	2023 Shares 03/08/2023	16,900 [2]	2,698,930	03/08/2024	03/08/2025	yes
TOTAL		**39,900** [2]				

[1] price of EUR 159.70 per share (IFRS 2).
[2] the total number of shares vested is capped at 128% of the number of shares allocated at the Board of Directors' meeting of March 8, 2023.

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 2023	Vesting conditions
Éric Trappier	2021 Shares 03/04/2021	16,500	Shares vested after a vesting period of one year and subject to performance conditions
Loïk Segalen	2021 Shares 03/04/2021	13,200	Shares vested after a vesting period of one year and subject to performance conditions
TOTAL		**29,700**	

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.

	2019 Shares	2020 Shares	2021 Shares	2022 Shares	2023 Shares
Date of General Meeting	05/24/2018	05/24/2018	05/24/2018	05/11/2021	05/11/2021
Date of Board of Directors meeting	02/27/2019	02/26/2020	03/04/2021	03/03/2022	03/08/2023
Total number of shares allocated	20,250	22,500	27,000	34,500	39,900
corporate officers	20,250	22,500	27,000	34,500	39,900
• Éric Trappier	11,000	12,500	15,000	20,000	23,000
• Loïk Segalen	9,250	10,000	12,000	14,500	16,900
Vesting date of shares	02/27/2020	03/04/2021	03/04/2022	03/03/2023	03/08/2024
End date of holding period	02/26/2021	03/03/2022	03/03/2023	03/02/2024	03/07/2025
Performance conditions	yes	yes	yes	yes	yes
Number of shares acquired	21,790 (1)	24,080 (2)	29,700 (3)	38,364 (4)	43,531 (5)
corporate officers	21,790	24,080	29,700	38,364	43,531
• Éric Trappier	11,840	13,380	16,500	22,240	25,093
• Loïk Segalen	9,950	10,700	13,200	16,124	18,438
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.

(5) Based on the performance criteria recorded by the Board of Directors on March 5, 2024, the number of vested shares (capped at 128%) represents 109.1% 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 *start of term: 01/09/2013* *end of term: General Meeting of 2027*	yes [(1)]	yes	no [(2)]	no
Loïk Segalen Chief Operating Officer *start of term: 01/09/2013* *end of term: General Meeting of 2027*	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 2024

The purpose of this paragraph is to set forth the components of the compensation policy for directors and executive corporate officers for 2024. 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.

2.2.1. Compensation policy for Directors

Compensation is allocated annually according to the following principles:

- for the Board of Directors:
    - fixed compensation of EUR 28,000,
    - 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.

2.2.2. Compensation policy for corporate officers

The principles of the compensation policy for the Chairman and Chief Executive Officer and the Chief Operating Officer have been 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 and variable compensation.

The target variable compensation implemented in 2024:
- EUR 1,800,000 for the Chairman and Chief Executive Officer compensated by the reduction of 10,000 allocated performance shares,
- EUR 1,602,000 for the Chief Operating Officer compensated by a reduction of 8,900 allocated performance shares.

This compensation is subject to the same conditions and performance criteria as the performance shares presented below.

The fixed compensation and the variable compensation change 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 2024, the Chairman and Chief Executive Officer and the Chief Operating Officer, under their respective mandates, will not receive:
- any exceptional compensation,
- any stock options,
- any private unemployment insurance,
- any severance packages,
- any special supplementary pensions.

In 2024, the Chairman and Chief Executive Officer and the Chief Operating Officer will receive performance shares.

On March 5, 2024, the Board of Directors decided to award them 13,000 and 8,000 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:
    - feminization,
    - 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 4, 2025 inclusive,
- presence in the workforce at the end of the vesting period,
- a one-year holding period, beginning on March 5, 2025 and ending on March 4, 2026 inclusive,
- starting on March 5, 2026, retention by the corporate officers of 20% of those shares for the duration of their term of office.

In addition, the 2024 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.

2.2.3. 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 2023 to the directors as presented in the Report on Corporate Governance in paragraph 2.1 "Compensation paid to directors and corporate officers in 2023" (Resolution 4),

- Approval of compensation elements paid or allocated during fiscal year 2023 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 2023" (Resolution 5),

- Approval of compensation elements paid or allocated during fiscal year 2023 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 2023" (Resolution 6),

- Approval of the 2024 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 2024" (Resolution 7),

- Approval of the 2024 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 2024” (Resolution 8),
- Approval of the 2024 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 2024” (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 2023 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, 2023

Assets

(in EUR thousands)	Notes	12/31/2023	12/31/2022
Goodwill	3	65,957	65,957
Intangible assets	4	88,864	54,730
Property, plant and equipment	4	1,414,931	1,201,456
Equity associates	5	2,680,668	2,351,141
Other non-current financial assets	6	155,999	178,463
Deferred tax assets	20	344,295	392,849
Non-current assets		**4,750,714**	**4,244,596**
Inventories and work-in-progress	7	5,258,273	3,922,158
Contract assets	14	36,982	3,790
Trade and other receivables	8	1,444,638	1,780,885
Advances and progress payments to suppliers	14	4,566,732	2,938,414
Derivative financial instruments	23	58,694	23,086
Other current financial assets	9	5,913,980	5,646,045
Cash and cash equivalents	9	1,457,580	3,980,527
Current assets		**18,736,879**	**18,294,905**
Total assets		**23,487,593**	**22,539,501**

Equity and liabilities

(in EUR thousands)	Notes	**12/31/2023**	**12/31/2022**
Capital	10	64,642	66,790
Consolidated reserves and retained earnings		5,978,690	5,956,392
Currency translation adjustments		-6,212	63,243
Treasury shares	10	-295,451	-80,855
Total attributable to the owners of the parent company		**5,741,669**	**6,005,570**
Non-controlling interests		0	0
Equity		**5,741,669**	**6,005,570**
Long-term borrowings and financial debt	11	207,811	190,689
Deferred tax liabilities	20	2,427	2,978
Non-current liabilities		**210,238**	**193,667**
Contract liabilities	14	14,206,265	12,759,411
Trade and other payables	13	1,233,754	1,353,760
Tax and social security liabilities	13	392,415	347,000
Short-term borrowings and financial debt	11	54,626	42,963
Provisions for contingencies and charges	12	1,619,186	1,726,111
Derivative financial instruments	23	29,440	111,019
Current liabilities		**17,535,686**	**16,340,264**
Total equity and liabilities		**23,487,593**	**22,539,501**

Income statement

(in EUR thousands)	Notes	2023	2022
Net sales	15	**4,804,891**	**6,949,916**
Other revenue	16	193,660	151,439
Change in work-in-progress		985,615	175,948
Purchases consumed		-4,014,203	-4,954,073
Personnel expenses (1)		-1,468,607	-1,400,785
Taxes and other contributions		-62,783	-64,642
Depreciation and amortization	4	-174,449	-174,530
Net allocations/reversals of provisions	12	94,689	-78,383
Other operating income and expenses	17	-9,336	-13,487
Operating income		**349,477**	**591,403**
Cost of net financial debt		41,595	7,806
Other financial income and expenses		170,050	-19,363
Net financial income/expense	19	**211,645**	**-11,557**
Share in net income of equity associates	5	266,540	282,349
Income tax	20	-134,264	-145,970
Net income		**693,398**	**716,225**
Attributable to the owners of the parent company		*693,398*	*716,225*
Attributable to non-controlling interests		*0*	*0*
Earnings per share (in EUR)	21	**8.57**	**8.62**
Diluted earnings per share (in EUR)	21	**8.57**	**8.62**

(1) personnel expenses include incentive schemes and profit-sharing (EUR -141,809 thousand in 2023 and EUR -175,375 thousand in 2022).

Statement of recognized income and expense

(in EUR thousands)	Notes	**2023**	**2022**
Net income		**693,398**	**716,225**
Derivative financial instruments (1)	23	99,636	994
Related taxes	20	-25,731	-256
Currency translation adjustments		-34,950	49,061
Equity associates, net	5	11,938	-15,032
Items to be subsequently recycled to P&L		**27,017**	**34,767**
Other non-current financial assets	6	-8,984	-31,748
Actuarial adjustments on pension benefit obligations	12	-22,337	140,964
Related taxes	20	5,559	-31,632
Equity associates, net	5	-65,043	133,376
Items that will not be recycled to P&L		**-90,805**	**210,960**
Income and expense recognized directly through equity		**-63,788**	**245,727**
Recognized income and expense		**629,610**	**961,952**
Attributable to the owners of the parent company		*629,610*	*961,952*
Attributable to non-controlling interests		*0*	*0*

(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 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 12/31/2021	**66,790**	**5,317,199**	**-77,008**	**23,894**	**-30,393**	**5,300,482**	**0**	**5,300,482**
Net income for the year		*716,225*				*716,225*		*716,225*
Income and expense recognized directly through equity		*210,960*	*-4,582*	*39,349*		*245,727*		*245,727*
Recognized income and		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**
Net income for the year		*693,398*				*693,398*		*693,398*
Income and expense recognized directly through equity		*-90,805*	*96,472*	*-69,455*		*-63,788*		*-63,788*
Recognized income and		602,593	96,472	-69,455		629,610		629,610
Dividends paid		-245,585				-245,585		-245,585
Share-based payments (1)		5,524				5,524		5,524
Movements on treasury shares (1)	-2,148	-443,568			-214,596	-660,312		-660,312
Other changes (2)		6,862				6,862		6,862
As of 12/31/2023	**64,642**	**5,963,808**	**14,882**	**-6,212**	**-295,451**	**5,741,669**	**0**	**5,741,669**

(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.

Cash flow statement

(in EUR thousands)	Notes	2023	2022
I - Net cash flows from operating activities			
Net income		**693,398**	**716,225**
Elimination of net income of equity associates, net of dividends received	5	-98,777	-136,885
Elimination of gains and losses from disposals of non-current assets	17	-2,804	2,284
Change in the fair value of derivative financial instruments	23	-17,551	8,280
Change in fair value of other current and non-current financial assets	6, 9	-28,072	-2,629
Tax expense (including deferred taxes)	20	134,264	145,970
Allocations to and reversals of depreciation, amortization and provisions (excluding those related to working capital requirement)	4, 12	62,446	197,398
Other items	10	5,524	3,363
Net cash from operating activities before working capital changes and taxes		**748,428**	**934,006**
Income taxes paid	20	**-101,619**	**-178,019**
Change in inventories and work-in-progress (net)	7	-1,353,570	-419,043
Change in contract assets	14	-32,987	3,014
Change in trade and other receivables (net)	8	308,263	686,654
Change in advances and progress payments to suppliers	14	-1,628,196	-1,547,992
Change in contract liabilities	14	1,464,441	5,461,136
Change in trade and other payables	13	-123,806	151,198
Change in tax and social security liabilities	13	46,441	19,017
Increase (-) or decrease (+) in working capital requirement		**-1,319,414**	**4,353,984**
Total I		**-672,605**	**5,109,971**
II - Net cash flows from investing activities			
Change, as acquisition cost, of other current financial assets	9	-252,818	-4,692,781
Purchases of intangible assets and property, plant and equipment	4	-345,558	-175,021
Increase in other non-current financial assets	6	-12,483	-20,104
Disposals of or reductions in non-current assets		34,626	2,382
Acquisition of an additional stake in Thales	5	-301,596	0
Total II		**-877,829**	**-4,885,524**
III - Net cash flows from financing activities			
Buyback of treasury shares	10	-660,312	-53,373
Increase in financial debt	11	2,561	21,763
Repayment of financial debt	11	-61,170	-60,564
Dividends paid during the year	10	-245,585	-207,184
Total III		**-964,506**	**-299,358**
IV - Impact of exchange rate fluctuations		-8,007	32,887
Change in net cash and cash equivalents (I+II+III+IV)		**-2,522,947**	**-42,024**
Opening net cash and cash equivalents	9	3,980,527	4,022,551
Closing net cash and cash equivalents	9	1,457,580	3,980,527

Notes to the consolidated financial statements

Note 1 - Accounting principles

On March 5, 2024, the board of directors closed and authorized the publication of the Dassault Aviation consolidated financial statements for the year ended December 31, 2023. These consolidated financial statements will be submitted for approval to the annual general meeting on May 16, 2024.

1.1. Basis of preparation for the 2023 consolidated financial statements

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.

Since January 1, 2023, the Group has applied the following standards, amendments and interpretations:
- amendments to IAS 1 "Presentation of Financial Statements" on significant accounting policies disclosures,
- amendments to IAS 8 "Definition of Accounting Estimates,"
- amendments to IAS 12 on deferred tax related to assets and liabilities arising from a single transaction,
- amendments to IAS 12 relating to income taxes following the approval of Pillar II model rules.

These texts have no material impact on the Group's consolidated financial statements.

1.2. New standards mandatory after December 31, 2023

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, 2024 are as follows:
- amendments to IAS 1 "Presentation of Financial Statements", on the classification of liabilities as current or non-current and non-current liabilities with covenants,
- amendments to IAS 7 and IFRS 7 relating to supplier finance arrangements,
- amendments to IFRS 16 "Leases" relating to lease liabilities in a sale and leaseback,

The potential impacts of these texts on the Group's financial statements are currently being assessed.

1.3. 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.

1.4. 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, as far as the available information allows, 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.

1.5. 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. No items met this criteria in 2023 or in 2022.

1.6. 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.

1.7. Consolidation principles and methods

1.7.1. Scope and methods of consolidation

Scope of consolidation

The financial statements of material subsidiaries directly or indirectly controlled by Dassault Aviation are fully consolidated. Material subsidiaries jointly controlled by Dassault Aviation (joint ventures) or in which the Group has significant influence (associates) are accounted for under the equity method.

Consolidated companies are listed in note 2.

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, 2023, all non-consolidated companies do not collectively exceed the thresholds described above.

Inter-company transactions

All material inter-company transactions and internal margins included in non-current assets, inventories and work-in-progress are eliminated.

Closing date

The majority of companies close their fiscal year on December 31.

1.7.2. 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.

1.8. Valuation principles

1.8.1. 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 1.8.3. Impairment and recoverable value).

Acquisition-related costs (valuation fees, consulting fees, etc.) are recognized under operating income as incurred.

1.8.2. 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.

Depreciation and amortization periods depend on 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.

1.8.3. 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, 2023, the Group’s after-tax discount rate was 9.8% (9.9% as of December 31, 2022). 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.

1.8.4. 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 1.8.3., 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.

1.8.5. 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 1.8.3). These items are classified as level 3 (according to IFRS 13).

The fair value of Embraer shares corresponded to the market price as of the balance sheet date. These items were classified as level 1 (according to IFRS 13). The Embraer shares were sold in 2023.

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.

1.8.6. 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.

1.8.7. 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.

1.8.8. Receivables

A receivable is an unconditional right to payment by the customer. 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.

1.8.9. Other current financial assets

Other current financial assets mainly consist of time deposits at more than 3 months, 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.

1.8.10. 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.

1.8.11. 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.

1.8.12. 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 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 costs

Commitments to employees for retirement costs are measured using the projected unit credit method. The commitments are estimated for all employees on the basis of vested rights (based on the employee’s length of service at the end of the period relative to total career expectancy) 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.

1.8.13. 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.

1.8.14. 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.

1.8.15. 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 rate 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.

1.8.16. 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 presented in note 24 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.

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,
- 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.

1.8.17. 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, 2023

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)
		12/31/2023	12/31/2022	
Dassault Aviation (3)	**France**	**Parent company**	**Parent company**	
Dassault Aviation Business Services	**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	**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	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**	**26**	**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 26.05% of the capital, 26.49% of the interest rights and 29.92% of the voting rights as of December 31, 2023.
(2) FC: full consolidation, EM: equity method.
(3) identity of the parent company: Dassault Aviation, a Société Anonyme (limited company) with capital of EUR 64,641,892.80, 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

In 2023, Dassault Falcon Jet has absorbed Dassault Aircraft Services. There were no other changes in scope in 2023 or in 2022.

Note 3 - Goodwill

Goodwill as of December 31, 2023 breaks down as follows:

(in EUR thousands)	**12/31/2023**	**12/31/2022**
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 1.8.3 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)	12/31/2023	12/31/2022
Net value		
France	1,139,436	955,621
United States	231,453	210,515
Other	132,906	90,050
Total	**1,503,795**	**1,256,186**
of which intangible assets	88,864	54,730
of which property, plant and equipment	1,414,931	1,201,456

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, 2022	**6,380**	**48,350**	**54,730**
Acquisitions/increases	0	58,762	58,762
Disposals/decreases	0	-196	-196
Depreciation and amortization	-2,955	-21,300	-24,255
Currency translation adjustments	96	-305	-209
Other	0	32	32
Net value as of December 31, 2023	**3,521**	**85,343**	**88,864**

4.2.2. Breakdown by type

(in EUR thousands)	12/31/2023			12/31/2022
	Gross	Amortization	Net	Net
Intangible assets acquired	15,202	-11,681	3,521	6,380
Development costs (1)	203,305	-160,295	43,010	3,706
Software, patents, licenses and similar assets	212,218	-188,334	23,884	32,422
Intangible assets in progress, advances and progress payments	18,449	0	18,449	12,222
Intangible assets	**449,174**	**-360,310**	**88,864**	**54,730**

(1) see note 1.8.2 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, 2022	**123,158**	**1,078,298**	**1,201,456**
Acquisitions/increases	94,169	286,796	380,965
Disposals/decreases	-7,037	-4,088	-11,125
Depreciation and amortization	-35,271	-114,923	-150,194
Provision for impairment	0	2,107	2,107
Currency translation adjustments	-2,488	-5,758	-8,246
Other	0	-32	-32
Net value as of December 31, 2023	**172,531**	**1,242,400**	**1,414,931**

(1) mostly real estate leases (land and buildings).

4.3.2. Breakdown by type

(in EUR thousands)	**12/31/2023**				**12/31/2022**
	Gross	Depreciation	Impairment	**Net**	**Net**
Rights of use	452,964	-278,885	-1,548	172,531	123,158
Land	174,130	-10,295	0	163,835	145,851
Buildings	1,106,137	-522,913	-4,873	578,351	546,501
Plant, equipment and machinery	801,532	-608,522	-965	192,045	188,575
Other property, plant and equipment	182,633	-140,780	-2,708	39,145	39,857
Intangible assets in progress, advances and progress payments	269,024	0	0	269,024	157,514
Property, plant and equipment	**2,986,420**	**-1,561,395**	**-10,094**	**1,414,931**	**1,201,456**

Note 5 - Equity associates

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

As of December 31, 2023, Dassault Aviation held 26.49% of the interest rights of the Thales Group, compared with 25.00% as of December 31, 2022. 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**	
	12/31/2023	**12/31/2022**	**2023**	**2022**
Thales (1)	2,646,541	2,317,194	258,762	274,893
Other	34,127	33,947	7,778	7,456
Total	**2,680,668**	**2,351,141**	**266,540**	**282,349**

(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 25.60%, the 2023 average for the interest rights held by Dassault Aviation.

5.2. Change in equity associates

(in EUR thousands)	**2023**	**2022**
As of January 1	**2,351,141**	**2,095,582**
Acquisition of an additional stake in Thales	301,596	0
Share in net income of equity associates	266,540	282,349
Elimination of dividends paid (1)	-167,763	-145,464
Income and expense recognized directly through equity		
- Securities at fair value	-1,641	-7,657
- Derivative financial instruments (2)	22,567	-5,320
- Actuarial adjustments on pension benefit obligations	-63,402	141,033
- Currency translation adjustments	-34,505	-9,712
Share of equity associates in other income and expense recognized directly through equity	-76,981	118,344
Other movements (3)	6,135	330
As of December 31	**2,680,668**	**2,351,141**

(1) In 2023, Thales paid the Group EUR 117,670 thousand in dividends for 2022 and EUR 43,616 thousand in interim dividends for 2023. In 2022, Thales had paid the Group EUR 102,962 thousand in dividends for 2021 and EUR 36,772 thousand in interim dividends for 2022.
(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.

5.3. Summary financial information relating to Thales

Thales provides solutions, services and products that help its customers – businesses, organisations and states – in the defence, aeronautics, space and digital identify and security makets (see http://www.thalesgroup.com). The headquarters of Thales Group is located at 4 rue de la Verrerie – 92190 Meudon – France.

The Thales financial statements summary is as follows:

Balance sheet

(in EUR thousands)	**12/31/2023**	**12/31/2022**
Non-current assets	17,128,600	13,407,000
Current assets	21,657,100	21,013,500
of which cash and cash equivalents	*3,979,900*	*5,099,600*
Total assets	**38,785,700**	**34,420,500**
Equity attributable to the owners of the parent company	6,830,000	7,173,900
Non-controlling interests	139,000	207,600
Non-current liabilities	7,592,200	6,296,400
of which non-current financial liabilities	*5,720,300*	*3,992,100*
Current liabilities	24,224,500	20,742,600
of which current financial liabilities	*2,901,100*	*1,808,500*
Total equity and liabilities	**38,785,700**	**34,420,500**

Income statement

(in EUR thousands)	**2023**	**2022**
Net sales	18,428,400	17,568,800
Net income attributable to the owners of the parent company	1,023,400	1,120,600
of which amortization and depreciation allowances	*-1,045,100*	*-1,058,800*
of which financial interest on gross debt	*-159,600*	*-75,900*
of which financial interest related to cash and cash equivalents	*161,400*	*25,800*
of which income tax	*-252,200*	*-225,100*

Statement of recognized income and expense

(in EUR thousands)	**2023**	**2022**
Other items of comprehensive income, net of tax attributable to the shareholders of the parent company	-274,300	477,000
Total comprehensive income to the owners of the parent company	749,100	1,597,600

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)	**12/31/2023**	**12/31/2022**
Share of Thales equity, attributable to owners of the parent company	6,830,000	7,173,900
Homogenization restatements and PPA	-2,600,100	-2,587,490
Thales restated equity, attributable to owners of the parent company	**4,229,900**	**4,586,410**
Group share	1,120,501	1,146,603
Goodwill (1)	1,526,040	1,170,591
Share in net assets of Thales	**2,646,541**	**2,317,194**

(1) the change in goodwill in 2023 is a result of the acquisition by Dassault Aviation of an additionnal stake in Thales, as well as an 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)	**2023**	**2022**
Thales net income (100%)	**1,023,400**	**1,120,600**
Group share in Thales net income	**261,990**	**278,021**
Post-tax amortization of the purchase price allocation (1)	-3,228	-3,128
Dassault Aviation share in net income of equity associates	**258,762**	**274,893**

(1) amortization of identified assets for which the modes and periods of amortization are identical to those used for the year ended December 31, 2022.

5.4. Impairment

Based on the Thales share price as of December 31, 2023 (EUR 133.95 per share), Dassault Aviation's stake in Thales is valued at EUR 7,334 million. In the absence of any objective indication of impairment, the Thales investment was not subject to an impairment test as of December 31, 2023.

Note 6 - Other non-current financial assets

(in EUR thousands)	12/31/2022	Increase	Decrease	Change in fair value	Other	12/31/2023
Non-listed securities (1)	101,865	0	-36	-13,787	10	88,052
Embraer shares (1)	16,932	0	-21,735	4,803	0	0
Other financial assets (2)	59,666	12,483	-5,726	1,526	-2	67,947
Receivables related to investments	*22,996*	*1,076*	*-4,542*	*0*	*0*	*19,530*
Other receivables and loans	*18,014*	*1,712*	*-1,184*	*0*	*-2*	*18,540*
Investments measured at market value	*18,656*	*9,695*	*0*	*1,526*	*0*	*29,877*
Other non-current financial assets	**178,463**	**12,483**	**-27,497**	**-7,458**	**8**	**155,999**

(1) unconsolidated investments, non-listed, are measured at fair value against other income and expenses recognized directly through equity, which are not recyclable to income. The Embraer shares were sold in 2023.
(2) maturing at more than one year: EUR 46,983 thousand.

Historical costs of non-current assets and related unrealized gains/losses are presented below:

(in EUR thousands)	12/31/2023			12/31/2022		
	Historical cost	Capital gain or loss	**Asset value**	Historical cost	Capital gain or loss	**Asset value**
Non-listed securities	82,908	5,144	88,052	82,934	18,931	101,865
Embraer shares	0	0	0	32,120	-15,188	16,932
Other financial assets	66,449	1,498	67,947	59,694	-28	59,666
Other non-current financial assets	149,357	6,642	**155,999**	174,748	3,715	**178,463**

Note 7 - Inventories and work-in-progress

(in EUR thousands)	12/31/2023			12/31/2022
	Gross	Impairment	Net	Net
Raw materials	435,865	-82,077	353,788	242,287
Work-in-progress	3,555,436	-18,975	3,536,461	2,562,998
Semi-finished and finished goods	1,733,606	-365,582	1,368,024	1,116,873
Inventories and work-in-progress	**5,724,907**	**-466,634**	**5,258,273**	**3,922,158**

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)	12/31/2023			12/31/2022
	Gross	Impairment	Net	Net
Trade receivables (1)	900,223	-70,618	829,605	1,260,273
Corporate income tax receivables	81,688	0	81,688	82,662
Other receivables (2)	397,175	0	397,175	334,329
Prepaid expenses	136,170	0	136,170	103,621
Trade and other receivables	**1,515,256**	**-70,618**	**1,444,638**	**1,780,885**

(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 25,577 thousand in 2023 versus EUR 43,687 thousand in 2022 (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 23.2.

8.2. Schedule

(in EUR thousands)	12/31/2023			12/31/2022		
	Total	Within one year	In more than one year	Total	Within one year	In more than one year
Trade receivables (1)	900,223	851,491	48,732	1,342,220	1,265,051	77,169
Corporate income tax receivables	81,688	81,688	0	82,662	82,662	0
Other receivables	397,175	332,664	64,511	334,329	287,036	47,293
Prepaid expenses	136,170	58,985	77,185	103,621	52,475	51,146
Trade and other receivables	**1,515,256**	**1,324,828**	**190,428**	**1,862,832**	**1,687,224**	**175,608**

(1) see note 8.3 for receivables relating to finance leases.

8.3. Receivables relating to finance leases

(in EUR thousands)	12/31/2023	12/31/2022
Minimum lease receivables	32,733	61,869
Unearned financial income	-1,429	-5,390
Provisions for impairment	0	0
Receivables relating to finance leases	**31,304**	**56,479**

The amount of lease receivables due within one year is EUR 4,430 thousand as of December 31, 2023.

Note 9 - Cash

9.1. Net cash

(in EUR thousands)	12/31/2023	12/31/2022
Cash equivalents (1)	580,682	2,705,581
Cash at bank and in hand	876,898	1,274,946
Cash and cash equivalents	**1,457,580**	**3,980,527**
Bank overdrafts	0	0
Net cash in the cash flow statement	**1,457,580**	**3,980,527**

(1) primarily time deposits and cash equivalent marketable securities. The corresponding risk analysis is described in note 23.1.

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)	12/31/2023	12/31/2022
Current financial assets (1)	5,913,980	5,646,045
Cash and cash equivalents	1,457,580	3,980,527
Sub-total	**7,371,560**	**9,626,572**
Borrowings and financial debts, excluding lease liabilities (2)	-77,861	-97,947
Available cash	**7,293,699**	**9,528,625**

(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, 2023 (as was the case on December 31, 2022). The corresponding risk analysis is described in note 23.

9.2.1. Current financial assets

(in EUR thousands)	12/31/2023	12/31/2022
Time deposits > 3 months	4,532,694	4,309,009
Treasury notes	614,778	699,895
UCITS	766,508	637,141
Current financial assets	**5,913,980**	**5,646,045**

9.2.2. Cash equivalents

(in EUR thousands)	12/31/2023	12/31/2022
Time deposits < 3 months	73,901	2,355,392
UCITS	506,781	350,189
Cash equivalents	**580,682**	**2,705,581**

Note 10 - Equity

10.1. Share capital

Following the decision of the meetings of the board of directors on March 8, 2023, May 16, 2023 and July 20, 2023, the share capital was reduced through the cancellation of 2,684,664 treasury shares. As of December 31, 2023, the share capital stands at EUR 64,642 thousand and consists of 80,802,366 common shares of EUR 0.80 each. The distribution of share capital as of December 31, 2023 is as follows:

	Shares	% Capital	% Voting rights
GIMD (1)	51,960,760	64.3%	79.3%
Float	18,786,539	23.3%	14.4%
Airbus SE	8,275,290	10.2%	6.3%
Dassault Aviation (treasury shares)	1,779,777	2.2%	-
Total	**80,802,366**	**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)	2023	2022
Treasury shares as of January 1	**689,502**	**310,130**
Purchase of treasury shares	3,813,303	409,072
Share-based payments	-38,364	-29,700
Cancellation of shares	-2,684,664	0
Treasury shares at the closing date	**1,779,777**	**689,502**
Amount recognized in less from equity (in EUR thousands)	*-295,451*	*-80,855*

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

In 2023, Dassault Aviation acquired 3,813,303 shares for a total of EUR 660,312 thousand (average price of EUR 173.16 per share). In 2022, Dassault Aviation acquired 409,072 shares for a total of EUR 53,373 thousand (average price of EUR 130.47 per share).

Following the implementation of the share buyback programs authorized by the General Meetings of May 18, 2022 and May 16, 2023, 4,222,375 shares were purchased. 2,684,664 shares were canceled in 2023.

Of the remaining 1,779,777 shares held by the company as of December 31, 2023, 1,537,711 shares were allocated for cancellation by the board of directors on March 5, 2024, in addition to 242,066 shares previously allocated to potential performance share awards and to a potential liquidity contract to stimulate the market for the shares.

10.3. Dividend distribution

Dividends on ordinary shares	**2023**	**2022**
Paid during the year (in EUR thousands) (1)	245,585	207,184
i.e. per share (EUR)	3.00	2.49
Submitted to the AGM for approval, not recognized as a liability as of December 31 (in EUR thousands) (2)	266,068	249,234
i.e. per share (EUR)	3.37	3.00

(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, 2023, less shares canceled pursuant to the decrease in capital decided by the board of directors meeting on March 5, 2024.

10.4. 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 2023**	**Number of shares canceled (1)**	**Balance of performance shares as of 12/31/2023**
03/03/2022	from 03/03/2022 to 03/02/2023	34,500	EUR 130.60	38,364	0	0
03/08/2023	from 03/08/2023 to 03/07/2024	39,900	EUR 162.30	0	0	39,900

(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.

The impacts on the income statement are set out below:

(in EUR thousands - *unless otherwise indicated*)	**Fair value of the plan**	**IFRS value of the allocated share**	**2023 personnel expenses**	**2022 personnel expenses**
2022 plan	4,669	EUR 121.70	2,922	1,747
2023 plan	6,372	EUR 159.70	2,602	0

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, 2022	**0**	**135,705**	**97,947**	**233,652**
Increase	0	94,169	2,561	96,730
Decrease	0	-45,560	-22,647	-68,207
Other	0	262	0	262
As of December 31, 2023	**0**	**184,576**	**77,861**	**262,437**

(1) other financial liabilities mainly include 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 12/31/2023**	**Amount due within one year**	**Amount due in more than one year**		
			Total	*>1 year and <5*	*> 5 years*
Bank borrowings	0	0	0	*0*	*0*
Lease liabilities	184,576	31,743	152,833	*46,706*	*106,127*
Other borrowings and financial liabilities	77,861	22,883	54,978	*54,908*	*70*
Borrowings and financial debt	**262,437**	**54,626**	**207,811**	*101,614*	*106,197*

(in EUR thousands)	**Total as of 12/31/2022**	**Amount due within one year**	**Amount due in more than one year**		
			Total	*>1 year and <5*	*> 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*

As the difference between gross values and balance-sheet values is not material, maturity schedule is presented based on balance-sheet values.

The change in borrowings and financial debt between 2022 and 2023 breaks down as follows:

(in EUR thousands)	**12/31/2022**	Cash flow	Lease liabilities (1)	Other movements	**12/31/2023**
Bank borrowings	0	0	0	0	0
Lease liabilities	135,705	-38,523	87,132	262	184,576
Other borrowings and financial liabilities	97,947	-20,086	0	0	77,861
Borrowings and financial debt	**233,652**	**-58,609**	**87,132**	**262**	**262,437**

(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 for contingencies and charges

12.1. Provisions for contingencies and charges and for impairment

(in EUR thousands)	12/31/2022	Allocations	Reversals	Other (1)	12/31/2023
Provisions for contingencies and charges	1,726,111	241,115	-350,971	2,931	1,619,186
Provisions for impairment	536,744	551,918	-536,791	-4,371	547,500
Non-current financial assets	*194*	*0*	*-40*	*0*	*154*
Property, plant and equipment	*12,552*	*12,207*	*-14,314*	*-351*	*10,094*
Inventories and work-in-progress	*442,051*	*468,971*	*-440,599*	*-3,789*	*466,634*
Trade receivables	*81,947*	*70,740*	*-81,838*	*-231*	*70,618*
Provisions for contingencies and charges and for impairment	**2,262,855**	**793,033**	**-887,762**	**-1,440**	**2,166,686**

(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)	12/31/2022	Allocations	Reversals	Other	12/31/2023
Warranty (1)	972,742	101,966	-195,090	-1,050	878,568
Other risks related to contract (1)	625,453	94,197	-88,780	-1,351	629,519
Retirement severance payments (2)	115,481	42,410	-60,237	5,383	103,037
French companies	*115,481*	*30,468*	*-46,403*	*3,491*	*103,037*
US companies	*0*	*11,942*	*-13,834*	*1,892*	*0*
Other operational risks (3)	12,435	2,542	-6,864	-51	8,062
Provisions for contingencies and charges	**1,726,111**	**241,115**	**-350,971**	**2,931**	**1,619,186**

(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 increase in the provision for retirement severance payments in the amount of EUR 22,337 thousand. They are distributed as follows:

French companies	*3,491*
US companies	*18,846*
Total actuarial adjustments	*22,337*

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, 2023, the other long-term benefits relating to long-service awards amounted to EUR 3,208 thousand, compared with EUR 2,956 thousand at the end of 2022.

12.3. Provisions for retirement severance payments

12.3.1. Description of the plans

The plans set up are either defined-contribution plans or defined-benefit plans.

Defined-contribution plans

In certain countries, the Group pays contributions bases on salaries to state organizations overseeing basic pension schemes (e.g., *Securité Sociale* or the compulsory supplementary schemes ARRCO and AGIRC in France). These plans do not impose any obligations on the Group other than the payment of contributions: there is no related benefit obligation and contributions are expensed in the period they are incurred.

Amounts paid represent EUR -127,896 thousand in 2023 and EUR -112,942 thousand in 2022.

Defined-benefit plans

Defined-benefit plans relate to different types of benefits:
- pensions and end-of-career indemnities (legal or contractual), and other long-term benefits (jubilee awards, etc.), particularly in France;
- supplementary pension schemes, mainly in the United States providing the payment of an annuity. This plan was frozen as at December 31, 2021 and was replaced by a defined-contribution plan.

These commitments are partially covered by plan assets. A provision is recognized if the value of the assets is insufficient to cover the obligations.

12.3.2. Assumptions used

	French companies		US companies	
	2023	**2022**	**2023**	**2022**
Inflation rate	2.40%	3.20%	2.14%	2.19%
Discount rate	2.60%	3.40%	5.10%	5.30%
Average duration of commitments	13 years	13 years	15 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)	**2023**	**2022**	**2021**	**2020**	**2019**
Total commitment	734,208	745,271	996,513	1,029,185	965,305
Plan assets	656,748	673,477	767,391	694,085	621,028
Net commitment	**77,460**	**71,794**	**229,122**	**335,100**	**344,277**
underfunding	*103,037*	*115,481*	*229,122*	*335,100*	*344,277*
overfunding	*25,577*	*43,687*	*0*	*0*	*0*

Changes in commitments over the year break down as follows:

(in EUR thousands)	2023			2022		
	France	United States	**Total**	France	United States	**Total**
As of January 1	520,369	224,902	**745,271**	563,447	433,066	**996,513**
Current service cost (1)	27,870	0	27,870	37,470	0	37,470
Past services cost (2)	-47,855	0	-47,855	0	0	0
Interest expense	16,236	11,942	28,178	5,810	14,101	19,911
Benefits paid (3)	-28,113	-279	-28,392	-30,613	-136,012	-166,625
Actuarial adjustments	4,408	13,074	17,482	-55,745	-116,133	-171,878
Foreign exchange differences and other	0	-8,346	-8,346	0	29,880	29,880
As of December 31	492,915	241,293	**734,208**	520,369	224,902	**745,271**

(1) as of December 31, 2021, 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) the pension reform, on which the law was enacted on April 14, 2023, has resulted in a decrease of the provision by EUR 47,855 thousand, recorded under past services cost.
(3) in 2022, Dassault Falcon Jet transferred part of its obligations relating to pensions to an insurer.

The sensitivity of the commitment to a change in the discount rate as at December 31, 2023 is presented below:

Sensitivity in basis points	**+100 pts**	**+50 pts**	**+25 pts**	**-25 pts**	**-50 pts**	**-100 pts**
Reduction (increase) in the commitment	-92,677	-48,800	-25,053	26,453	54,381	115,067

Changes in plan assets during the period are as follows:

(in EUR thousands)	2023			2022		
	France	United States	**Total**	France	United States	**Total**
As of January 1	404,888	268,589	**673,477**	413,887	353,504	**767,391**
Expected return on plan assets	13,638	13,326	26,964	4,103	12,089	16,192
Actuarial adjustments	917	-5,772	-4,855	8,031	-38,945	-30,914
Employer contributions	15,000	508	15,508	20,000	54,652	74,652
Benefits paid (1)	-44,565	-279	-44,844	-41,133	-136,012	-177,145
Foreign exchange differences and other	0	-9,502	-9,502	0	23,301	23,301
As of December 31	389,878	266,870	**656,748**	404,888	268,589	**673,477**

(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)	2023			2022		
	France	United States	**Total**	France	United States	**Total**
Current service cost	27,870	0	27,870	37,470	0	37,470
Past services cost	-47,855	0	-47,855	0	0	0
Interest expense	16,236	11,942	28,178	5,810	14,101	19,911
Expected return on plan assets	-13,638	-13,326	-26,964	-4,103	-12,089	-16,192
Costs for defined benefit plans	-17,387	-1,384	**-18,771**	39,177	2,012	**41,189**

Plan assets are invested as follows:

	2023		2022	
	France	United States	France	United States
Bonds and debt securities	80%	77%	78%	100%
Real estate	11%	18%	15%	0%
Shares	9%	0%	7%	0%
Liquidities	0%	5%	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)	12/31/2023			12/31/2022		
	Total	**Within one year**	**In more than one year**	**Total**	**Within one year**	**In more than one year**
Trade payables	1,073,177	1,073,177	0	1,123,955	1,123,955	0
Other liabilities	159,494	159,494	0	227,710	227,710	0
Deferred income	1,083	663	420	2,095	1,500	595
Trade payables other payables	**1,233,754**	**1,233,334**	**420**	**1,353,760**	**1,353,165**	**595**
Corporate income tax	6,891	6,891	0	5,922	5,922	0
Other tax and social security liabilities	385,524	385,524	0	341,078	341,078	0
Tax and social security liabilities	**392,415**	**392,415**	**0**	**347,000**	**347,000**	**0**

Note 14 - Contract assets and liabilities

(in EUR thousands)	**12/31/2023**	**12/31/2022**
Unbilled receivables	142,495	25,205
Deferred income	0	0
Advances and progress payments received from customers	-105,513	-21,415
Contract assets	**36,982**	**3,790**
Unbilled receivables	440,881	418,718
Deferred income	-1,116,225	-1,054,320
Advances and progress payments received from customers	-13,530,921	-12,123,809
Contract liabilities	**-14,206,265**	**-12,759,411**

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 military contracts (including Rafale Indonesia contract).

The amount of revenue recognized in 2023 that was included in the opening balance of contract liabilities is EUR 2,078,479 thousand.

The amount of revenue recognized in 2023 relating to performance obligations that met in prior periods is not material.

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)	**12/31/2023**	**12/31/2022**
Advances and progress payments received	-13,636,434	-12,145,224
Advances and progress payments paid	4,566,732	2,938,414
Advances and progress payments received net of advances and progress payments paid	**-9,069,702**	**-9,206,810**

Note 15 - Net sales

By origin, net sales break down as follows:

(in EUR thousands)	**2023**	**2022**
France	3,826,212	5,925,334
United States	781,820	828,529
Other	196,859	196,053
Net sales	**4,804,891**	**6,949,916**

The breakdown of net sales by geographical area is as follows:

(in EUR thousands)	**2023**	**2022**
France (1)	1,540,294	1,238,868
Export (2)	3,264,597	5,711,048
Net sales	**4,804,891**	**6,949,916**

(1) mainly the government, with whom the Group realized more than 10% of its total net sales in 2023 and in 2022.
(2) in 2023, more than 5% of Group net sales were made with the United States and with Greece. In 2022, more than 5% of Group net sales were made with Qatar, India, Greece, the United Arab Emirates and in United States. 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)	**2023**	**2022**
Falcon	1,825,128	2,124,963
Defense	2,979,763	4,824,953
Defense France	*1,468,233*	*1,208,850*
Defense Export	*1,511,530*	*3,616,103*
Net sales	**4,804,891**	**6,949,916**

By revenue recognition method, net sales break down as follows:

(in EUR thousands)	**2023**	**2022**
At a point in time	3,254,737	5,510,405
Over time	1,550,154	1,439,511
Net sales	**4,804,891**	**6,949,916**

Note 16 - Other revenue

(in EUR thousands)	2023	2022
Research tax credits	33,835	33,250
Interest on arrears	494	975
Capitalized production	42,325	4,573
Other income (1)	117,006	112,641
Other revenue	**193,660**	**151,439**

(1) other income includes, but is not limited to, subsidies received for European development projects and as part of the support plan for the aerospace segment.

Note 17 - Other operating income and expenses

(in EUR thousands)	2023	2022
Income or losses from disposals of non-current assets	2,804	-2,284
Foreign exchange gains or losses from business transactions (1)	6,928	-6,295
Other operating expenses	-19,068	-4,908
Other operating income and expenses	**-9,336**	**-13,487**

(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, which are capitalized and subsequently amortized (see note 1.8.2).

(in EUR thousands)	2023	2022
Research and development costs	-483,018	-571,977

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

Note 19 - Net financial income/expense

(in EUR thousands)	2023	2022
Income from cash and cash equivalents	48,681	11,934
Cost of gross financial debt	-7,086	-4,128
Financial interest on leases	*-4,212*	*-3,053*
Other financial expenses	*-2,874*	*-1,075*
Cost of net financial debt	**41,595**	**7,806**
Dividends and other investment income	734	1,602
Income and expenses from other financial assets	221,703	35,526
Foreign exchange gain/loss (1)	6,151	-22,739
Financing component (2)	-58,538	-33,752
Other financial income and expenses	**170,050**	**-19,363**
Net financial income/expense	**211,645**	**-11,557**

(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) under IFRS 15, financing component recognized for long-term Defense contracts.

Note 20 - Taxes

20.1. Income tax

(in EUR thousands)	2023	2022
Corporate tax	-105,996	-178,019
Deferred tax	-28,268	32,049
Income tax	**-134,264**	**-145,970**

20.2. Taxes recognized directly through equity

(in EUR thousands)	12/31/2023	12/31/2022
Derivative financial instruments	-25,731	-256
Other non-current financial assets	253	3,021
Actuarial adjustments	5,306	-34,653
Taxes recognized directly through equity	**-20,172**	**-31,888**

20.3. Reconciliation between theoretical and recognized income tax expense

(in EUR thousands)	2023	2022
Net income	693,398	716,225
Less tax expense	*134,264*	*145,970*
Less share in net income of equity associates	*-266,540*	*-282,349*
Income before tax	561,122	579,846
Theoretical tax expenses calculated at the current rate (1)	**-144,910**	**-149,745**
Effect of tax credits (2)	10,371	10,507
Effect of differences in tax rates	816	386
Other	-541	-7,118
Income tax recognized	**-134,264**	**-145,970**

(1) the rate applied is the rate applicable in France (25.83%), as income before tax mainly relates to French entities.
(2) includes the impact of the research tax credits, recognized in other revenue. This amounted to EUR 33,835 thousand in 2023, compared with EUR 33,250 thousand in 2022.

20.4. Deferred tax sources

(in EUR thousands)	Consolidated balance sheet		Consolidated income statement	
	12/31/2023	12/31/2022	2023	2022
Provisions (profit-sharing, pensions, etc.)	266,228	282,893	-20,232	21,444
Other current and non-current financial assets and cash equivalents	-2,572	-1,319	-3,581	-1,491
Derivative financial instruments	-7,066	20,161	-1,496	429
Other temporary differences	85,278	88,136	-2,959	11,667
Net deferred taxes	**341,868**	**389,871**	**-28,268**	**32,049**
Deferred tax assets	*344,295*	*392,849*		
Deferred tax liabilities	*-2,427*	*-2,978*		

As of December 31, 2023, no deferred tax was recorded relating to Pillar 2. The expected impact is immaterial. Work is still in progress.

20.5. Deferred tax assets not recognized on the balance sheet

(in EUR thousands)	12/31/2023	12/31/2022
Deferred tax assets not recognized on the balance sheet	1,618	1,687

These are temporary differences for which reversal is not expected before 10 years.

Note 21 - Earnings per share

Earnings per share	**2023**	**2022**
Net income attributable to the owners of the parent company (in EUR thousands) (1)	693,398	716,225
Average number of shares outstanding	80,926,105	83,117,272
Diluted average number of shares outstanding	80,946,055	83,134,522
Earnings per share (in EUR)	**8.57**	**8.62**
Diluted earnings per share (in EUR)	**8.57**	**8.62**

(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 - Financial assets and liabilities

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.

22.1. Financial assets

(in EUR thousands)	Balance sheet value as of 12/31/2023				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	38,070	29,877	88,052	155,999	178,463
Current assets					
Trade and other receivables	1,444,638			1,444,638	1,780,885
Derivative financial instruments		11,758	46,936	58,694	23,086
Other current financial assets	5,147,472	766,508		5,913,980	5,646,045
Cash equivalents	73,901	506,781		580,682	2,705,581
Total financial instruments (assets)	**6,704,081**	**1,314,924**	**134,988**	**8,153,993**	**10,334,060**
Level 1		1,303,166	0		
Level 2		11,758	46,936		
Level 3		0	88,052		

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

22.2. Financial liabilities

(in EUR thousands)	Balance sheet value as of 12/31/2023				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	0
Lease liabilities	152,833			152,833	107,063
Other financial liabilities (2)	54,978			54,978	83,626
Current liabilities					
Bank borrowings	0			0	0
Lease liabilities	31,743			31,743	28,642
Other financial liabilities (2)	22,883			22,883	14,321
Trade and other payables	1,233,754			1,233,754	1,353,760
Derivative financial instruments		9,764	19,676	29,440	111,019
Total financial instruments (liabilities)	**1,496,191**	**9,764**	**19,676**	**1,525,631**	**1,698,431**
Level 1		0	0		
Level 2		9,764	19,676		
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 23 - Financial risk management

23.1. Cash and liquidity risks

23.1.1. Financial debts

The Group has no significant risk in relation to its financial debt. A description of the financial debts appears in note 11.

23.1.2. 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	5,990,274	81%
Investments in bonds and other debt securities	770,691	11%
Unspecified investments	610,595	8%
Total	**7,371,560**	**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, 2023 (as was the case on December 31, 2022).

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.

23.2. Credit and counterparty risks

23.2.1. 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.

23.2.2. 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, 2022.

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 24).

The manufacturing risk is also guaranteed with Bpifrance Assurance Export for major military export contracts.

23.3. Other market risks

23.3.1. Foreign exchange risk

The Group covers risks from exchange rates using derivative financial instruments whose book value is presented below:

(in EUR thousands)	12/31/2023		12/31/2022	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Exchange rate derivatives	58,694	29,440	23,086	111,019
Net derivative financial instruments	**29,254**			**87,933**

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 12/31/2023**	**Market value as of 12/31/2022**
Instruments which qualify for hedge accounting	39,018	-72,376
Instruments which do not qualify for hedge accounting	-9,764	-15,557
Exchange rate derivatives	**29,254**	**-87,933**

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	-13,138	42,392	**29,254**

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)	**12/31/2022**	**Impact on equity (1)**	**Impact on operating income**	**Impact on net financial income (2)**	**12/31/2023**
Exchange rate derivatives	-87,933	99,636	11,758	5,793	**29,254**

(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.”

At December 31, 2023, the market value of derivative financial instruments reflected an improvement in the portfolio hedging rate.

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)	**12/31/2023**	
Net balance sheet position	29,254	
Closing US dollar/euro exchange rate	$1.1050/€	
Closing US dollar/euro exchange rate +/-10 cents	$1.0050/€	$1.2050/€
Change in net balance sheet position (1)	-186,780	+155,779
Impact on net income	*-10,407*	*+8,679*
Impact on equity	*-176,373*	*+147,100*

(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.

23.3.2. Interest rate risk

The Group is exposed to changes in interest rates notably through its variable rate investments.

(in EUR thousands)	**12/31/2023**		
	Fixed rate	**Variable rate**	**Total**
Current financial assets, cash and cash equivalents	5,221,373	2,150,187	7,371,560
Financial debt (excluding lease liabilities)	0	-77,861	-77,861
Net exposure to interest rate risk	**5,221,373**	**2,072,326**	**7,293,699**

In 2023, a one-point increase in interest rates applied to the Group’s average cash would have had a positive impact on financial income of EUR 21,236 thousand.

Note 24 - 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)	**12/31/2023**	**12/31/2022**
Commitments given under commercial contracts	18,495,315	15,740,867
Guarantees and deposits	190,508	68,502
Commitments given secured by bank guarantees	4,381,718	3,617,843
Commitments given	**23,067,541**	**19,427,212**

(in EUR thousands)	**12/31/2023**	**12/31/2022**
Backlog	38,508,477	35,008,039
Other commitments received under commercial contracts	2,358,680	2,011,281
Collateral	31,659	56,605
Bpifrance Assurance Export guarantees	6,140	10,601
Commitments received secured by bank guarantees	81,012	44,637
Commitments received	**40,985,968**	**37,131,163**

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	17,759,858	9,630,464	11,118,155	**38,508,477**

The main contract type that constitutes the backlog is “Rafale Export” contract. The change in backlog over the period is therefore mainly due to the Rafale contracts with the Rafale France (42 Rafale) and Rafale Indonesia (18 Rafale) contracts coming into force during the year.

Note 25 - Contingent assets and liabilities

There are no contingent assets or liabilities as of December 31, 2023.

Note 26 - 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 2023, 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.

26.1. Details of transactions

(in EUR thousands)	2023	2022
Income	1,256	7,483
Expenses	648,882	1,615,416
Receivables	1,267,356	1,493,275
Payables	260,020	199,616

The majority of expenses and receivables are with Thales, co-contracted for the Rafale Export contracts on which Dassault Aviation acts as principal.

26.2. 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)	2023	2022
Fixed compensation	3,326	3,163
Directors' fees	452	487
Benefits in kind	20	19
Allocation of performance shares	4,669	2,614
Compensation of corporate officers and benefits in kind	**8,467**	**6,283**

Note 27 - Average headcount

The Group's average headcount was 13,174 in 2023. It was 12,461 in 2022.

Note 28 - Auditors' fees

The statutory auditors' fees certifying the Group's financial statements as of December 31, 2023, recognized as expenses for 2023 and 2022, are as follows:

(in EUR thousands)	PwC		Mazars	
	2023	2022	2023	2022
Certification of accounts (1)	356	347	653	626
Other audit services (2)	0	15	159	156
Auditors' fees	**356**	**362**	**812**	**782**

(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 29 - Subsequent events

No other events likely to have a material impact on the financial statements occurred between December 31, 2023 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, 2023

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, 2023.

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, 2023 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, 2023 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.821-53 and R.821-180 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***
Accounting for the revenue and the result to be recognized on Defense contracts *(Notes 1.8.12, 1.8.16, 12.2, 14 and 15 of the consolidated financial statements)* 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 1.8.16 "Net sales and income" to the consolidated financial statements Defense contracts' analysis, which as of December 31 2023 represent 2,979.7 million i.e. 62% 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). 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: • to measure the costs incurred on a contract, and • to reliably estimate the costs yet to be incurred until the end of the contract. 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. 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.	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. Our work consisted of : • 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: - 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. 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.

<table>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td>
Valuation of warranty provisions
(Note 1.8.12 and 12.2 of the notes to the consolidated financial statements)
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.
The estimated amount of the provisions is based on the data and expenses recorded by airplane model and type of transactions warrantied 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.
Management’s valuation of these commitments caused Dassault Aviation to recognize provisions for warranties of EUR 878.6 million as at December 31, 2023.
The valuation of these provisions is a key point of the audit due to:

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.

</td><td>
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.
In addition, our work consisted of:

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.

</td></tr>
</table>

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 2023, audit firm Mazars and audit firm PricewaterhouseCoopers Audit were in the 34th year and 4th 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. 821-55 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.821-27 to L.821-34 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 12, 2024

Les Commissaires aux comptes

PricewaterhouseCoopers Audit	Mazars
Edouard Demarcq	Erwan Candau

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.

Financial statements parent company as of December 31, 2023

Assets

(in EUR thousands)	Notes	12/31/2023			12/31/2022
		Gross	Depreciation, amortization and provisions	Net	Net
Intangible assets	2	153,559	-135,144	18,415	14,957
Property, plant and equipment	2	1,847,272	-906,858	940,414	820,566
Financial assets	3	3,025,230	-58,010	2,967,220	2,474,333
Total non-current assets		**5,026,061**	**-1,100,012**	**3,926,049**	**3,309,856**
Inventories and work-in-progress	4	5,212,714	-347,734	4,864,980	3,608,815
Advances and progress payments to suppliers		4,699,869	0	4,699,869	2,995,029
Trade receivables	6	1,215,141	-56,423	1,158,718	1,470,853
Other receivables and prepayments	6	651,859	0	651,859	559,865
Marketable securities and cash instruments	9	5,323,024	0	5,323,024	4,901,643
Cash at bank and in hand		522,026	0	522,026	3,168,126
Total current assets		**17,624,633**	**-404,157**	**17,220,476**	**16,704,331**
Total assets		**22,650,694**	**-1,504,169**	**21,146,525**	**20,014,187**

Equity and liabilities

(in EUR thousands)	Notes	12/31/2023	12/31/2022
Capital	10, 13	64,642	66,790
Share premiums		0	137,186
Reserves	12	3,185,360	3,193,426
Net income for the year		434,959	540,142
Investment subsidies		645	870
Regulated provisions	14	159,827	141,780
Total equity	13	**3,845,433**	**4,080,194**
Provisions for contingencies and charges	14	**1,563,505**	**1,662,895**
Borrowings and financial debt (1)	15	77,305	97,267
Advances and progress payments received on orders		13,459,406	11,856,291
Trade payables	16	986,645	1,059,364
Other liabilities, cash instruments, accruals and deferred income	17	1,214,231	1,258,176
Total liabilities		**15,737,587**	**14,271,098**
Total equity and liabilities		**21,146,525**	**20,014,187**
(1) including bank overdrafts:		0	0

Income statement

(in EUR thousands)	Notes	2023	2022
Net sales	20	**4,101,265**	**6,305,411**
Change in work-in-progress		902,177	126,917
Reversals of provisions, depreciation and amortization, charges transferred		729,670	704,287
Other income		106,520	99,985
Operating income		**5,839,632**	**7,236,600**
Purchases consumed		-3,362,227	-4,321,047
Personnel expenses		-942,963	-868,060
Other operating expenses		-455,562	-441,449
Taxes and other contributions		-54,582	-56,550
Depreciation and amortization	2	-95,364	-93,741
Allocations to provisions	14	-653,706	-742,493
Operating expenses		**-5,564,404**	**-6,523,340**
Net operating income		**275,228**	**713,260**
Net financial income/expense	22	**364,319**	**139,811**
Current income		**639,547**	**853,071**
Non-recurring items	23	-35,249	-17,762
Employee profit-sharing and incentive schemes		-134,455	-167,752
Income tax	24	-34,884	-127,415
Net income		**434,959**	**540,142**

Cash flow statement

(in EUR thousands)	Notes	2023	2022
I – Net cash flows from operating activities			
Net income		434,959	540,142
Elimination of gains and losses from disposals of non-current assets	23	17,164	487
Net allocations to and reversals of depreciation, amortization and provisions (excluding those related to Working Capital Requirement)	2, 14	8,652	148,761
Net cash from operating activities before working capital changes		**460,775**	**689,390**
Change in inventories and work-in-progress (net)	4	-1,256,165	-358,544
Change in advances and progress payments to suppliers		-1,704,840	-1,573,364
Change in trade receivables (net)	6	312,135	-215,527
Change in other receivables, cash instruments and prepayments	6	-91,190	767,354
Change in customer advances and progress payments received		1,603,115	6,356,041
Change in trade payables		-72,719	73,841
Change in other liabilities, cash instruments, accruals and deferred income	17	-43,945	-909,500
Increase (-) or decrease (+) in working capital requirement		**-1,253,609**	**4,140,301**
Total I		**-792,834**	**4,829,691**
II – Net cash flows from investing activities			
Purchases of intangible assets and property, plant and equipment	2	-221,828	-139,223
Increase in financial assets	3	-991,814	-73,430
Change in investment subsidies		-225	-273
Disposals of or reductions in non-current assets	2, 3, 23	490,290	51,731
Total II		**-723,577**	**-161,195**
III – Net cash flows from financing activities			
Change in capital	13	-2,148	0
Change in other equity items	13	-439,809	-15
Increase in financial debt	15	2,441	21,752
Repayment of financial debt	15	-22,403	-21,528
Dividends paid during the year	32	-245,585	-207,184
Total III		**-707,504**	**-206,975**
Change in net cash and cash equivalents (I + II + III)		**-2,223,915**	**4,461,521**
Opening net cash and cash equivalents (1)		8,066,648	3,605,127
Closing net cash and cash equivalents (1)		5,842,733	8,066,648

(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

DASSAULT AVIATION
9, Rond-Point des Champs-Élysées Marcel Dassault - 75008 Paris

A French société anonyme (Corp.) capitalized at EUR 64,641,892.80, 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, 2023 were closed by the board of directors on March 5, 2024, and will be submitted for approval to the Annual General Meeting on May 16, 2024. 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 global geopolitical context

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.

Initial useful lives are determined 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
Used property	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, 2023 the after-tax discount rate was 9.8% (9.9% as of December 31, 2022). 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. Associates and other investment 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 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.

1.2.5. 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

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 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 2023.
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 potential purchase or sale of options are recognized as income only at the expiration of these options.

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 deposits with over three months term 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)	12/31/2022	Acquisitions Allocations	Disposals Reversals	Other	12/31/2023
Gross value					
Software, patents, licenses and similar assets	141,208	10,470	-603	500	151,575
Assets in progress; advances and progress payments	539	1,945	0	-500	1,984
	141,747	**12,415**	**-603**	**0**	**153,559**
Depreciation, amortization					
Software, patents, licenses and similar assets	-126,790	-8,957	603	0	-135,144
	-126,790	**-8,957**	**603**	**0**	**-135,144**
Net value					
Software, patents, licenses and similar assets	14,418				16,431
Assets in progress; advances and progress payments	539				1,984
Total	**14,957**	**3,458**	**0**	**0**	**18,415**

2.2. Property, plant and equipment

(in EUR thousands)	12/31/2022	Acquisitions Allocations	Disposals Reversals	Other	12/31/2023
Gross value					
Land	137,783	9,401	-391	419	147,212
Buildings	655,967	22,905	-6,680	35,467	707,659
Plant, equipment and machinery	636,525	23,710	-30,474	23,266	653,027
Other property, plant and equipment	109,713	1,040	-4,658	1,830	107,925
Assets in progress; advances and progress payments	140,074	152,357	0	-60,982	231,449
	1,680,062	**209,413**	**-42,203**	**0**	**1,847,272**
Depreciation, amortization					
Land	-9,075	-1,274	54	0	-10,295
Buildings	-287,269	-37,698	5,674	0	-319,293
Plant, equipment and machinery	-479,280	-44,131	29,281	0	-494,130
Other property, plant and equipment	-83,872	-3,304	4,036	0	-83,140
	-859,496	**-86,407**	**39,045**	**0**	**-906,858**
Impairment (1)					
Other property, plant and equipment	0	0	0	0	0
	0	**0**	**0**	**0**	**0**
Net value					
Land	128,708				136,917
Buildings	368,698				388,366
Plant, equipment and machinery	157,245				158,897
Other property, plant and equipment	25,841				24,785
Assets in progress; advances and progress payments	140,074				231,449
Total	**820,566**	**123,006**	**-3,158**	**0**	**940,414**

(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, 2023.
- 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, 2023.

Note 3 - Financial assets

(in EUR thousands)	12/31/2022	Acquisitions Allocations	Disposals Reversals	Other	12/31/2023
Subsidiaries and associates (1)	2,392,664	319,024	-24,974	398	2,687,112
Receivables related to investments	22,996	1,076	-4,542	0	19,530
Other investment securities	106,378	670,007	-474,076	-398	301,911
Loans	1,386	0	-131	0	1,255
Other financial assets	14,288	1,707	-573	0	15,422
Total	**2,537,712**	**991,814**	**-504,296**	**0**	**3,025,230**
Impairment	-63,379	-57,856	63,225	0	-58,010
Net value	**2,474,333**	**933,958**	**-441,071**	**0**	**2,967,220**

(1) inc. Thales: EUR 2,285,868 thousand.

Thales share price and impairment test
Based on the Thales share price as of December 31, 2023 (EUR 133.95 per share), Dassault Aviation's stake in Thales is valued at EUR 7,334 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, 2023.

Maturity of financial assets

(in EUR thousands)	Total	Within one year	In more than one year
Receivables related to investments	19,530	18,851	679
Loans	1,255	105	1,150
Other financial assets	15,422	145	15,277
Total	**36,207**	**19,101**	**17,106**

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	233,015	217,015	0	188,244	734
Total	**352,171**	**336,171**	**0**	**188,244**	**734**
Associates and other investment securities					
French companies	2,589,446	2,587,552	0	0	161,286
Foreign companies	47,406	7,444	19,530	0	0
Total	**2,636,852**	**2,594,996**	**19,530**	**0**	**161,286**
Grand total	**2,989,023**	**2,931,167**	**19,530**	**188,244**	**162,020**

Note 4 - Inventories and work-in-progress

(in EUR thousands)	12/31/2023			12/31/2022
	Gross	Impairment	Net	Net
Raw materials	428,349	-79,528	348,821	238,473
Work-in-progress	3,308,926	0	3,308,926	2,406,749
Semi-finished and finished goods	1,475,439	-268,206	1,207,233	963,593
Total	**5,212,714**	**-347,734**	**4,864,980**	**3,608,815**

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 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)	12/31/2023			12/31/2022
	Gross	Impairment	Net	Net
Trade receivables				
Trade receivables	1,215,141	-56,423	1,158,718	1,470,853
	1,215,141	**-56,423**	**1,158,718**	**1,470,853**
Other receivables and prepayments				
Other receivables	373,207	0	373,207	317,204
Prepayments	271,167	0	271,167	224,311
Adjustment accounts	7,485	0	7,485	18,350
	651,859	**0**	**651,859**	**559,865**
Total	**1,867,000**	**-56,423**	**1,810,577**	**2,030,718**

The percentage of outstanding receivables not written-down at year-end is regularly monitored individually.

6.2. Aged debtor schedule

(in EUR thousands)	12/31/2023			12/31/2022		
	Total	Within one year	In more than one year	Total	Within one year	In more than one year
Trade receivables (1)	1,215,141	1,166,409	48,732	1,533,690	1,456,522	77,168
Other receivables	373,207	373,207	0	317,204	317,204	0
Prepayments (2)	271,167	193,982	77,185	224,311	173,165	51,146
Adjustment accounts	7,485	7,485	0	18,350	18,350	0
Total	**1,867,000**	**1,741,083**	**125,917**	**2,093,555**	**1,965,241**	**128,314**

(1) including receivables represented by commercial paper: EUR 6,463 thousand as of December 31, 2023, and EUR 11,159 thousand as of December 31, 2022.
(2) see Note 8.

Note 7 - Accrued income

Accrued income included in the following balance sheet items (in EUR thousands)	**12/31/2023**	**12/31/2022**
Receivables from equity investments	92	101
Trade receivables	518,175	624,880
Marketable securities and cash instruments	59,561	22,792
Cash at bank and in hand	19	620
Total	**577,847**	**648,393**

Note 8 - Prepaid expenses and deferred income

(in EUR thousands)	**12/31/2023**	**12/31/2022**
Operating income	723,021	730,452
Operating expenses (1)	271,167	224,311
(1) including income tax on unrealized capital gains	149,539	143,087

Note 9 - Difference in measurement of marketable securities

Marketable securities and cash instruments (in EUR thousands)	**12/31/2023**	**12/31/2022**
Marketable securities and cash instruments - gross balance sheet value (1)	5,299,302	4,874,161
Marketable securities and cash instruments - market value	5,707,371	5,257,245

(1) net of treasury shares recognized under marketable securities (see Note 10).

The item includes deposits with over three months term 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

Following the decision of the meetings of the Board of Directors of March 8, 2023, May 16, 2023, and July 20, 2023, the share capital was reduced through the cancellation of 2,684,664 treasury shares. The share capital stands at EUR 64,642 thousand and comprises 80,802,366 common shares with a par value of EUR 0.8 each as of December 31, 2023.

10.2. Treasury shares

Movements on treasury shares are detailed below:

(in number of shares)	2023	2022
Treasury shares as of January 1	**689,502**	**310,130**
Purchase of treasury shares	3,813,303	409,072
Cancellation of shares	-2,684,664	0
Share-based payments	-38,364	-29,700
Treasury shares as of December 31	**1,779,777**	**689,502**

In 2023, Dassault Aviation acquired 3,813,303 shares for a total of EUR 660,312 thousand (average price of EUR 173.16 per share). In 2022, Dassault Aviation acquired 409,072 shares for a total of EUR 53,373 thousand (average price of EUR 130.47 per share).

Since the implementation of the share buyback programs authorized by the General Meetings of May 18, 2022 and May 16, 2023, 4,222,375 shares were purchased and 2,684,664 of these shares were canceled in 2023. The remaining 1,537,711 shares held by the Company were allocated for cancellation by the Board of Directors at its meeting on March 5, 2024. These shares are recorded in other investment securities.

The 242,066 remaining treasury shares held as of December 31, 2023 stay 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 3, 2022 and March 8, 2023 (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 2023	Number of shares canceled (1)	Balance of performance shares as of 12/31/2023
03/03/2022	From 03/03/2022 to 03/02/2023	34,500	38,364	0	0
03/08/2023	From 03/08/2023 to 03/07/2024	39,900	0	0	39,900

(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	65.75%

Note 12 - Reserves

12.1. Reserves

(in EUR thousands)	12/31/2023	12/31/2022
Revaluation difference	4,121	4,121
Legal reserve	6,464	6,679
Retained earnings	3,174,775	3,182,626
Total	**3,185,360**	**3,193,426**

12.2. Revaluation reserves

(in EUR thousands)	Change in revaluation reserves			
	12/31/2022	2023 movements		12/31/2023
		Decreases due to disposals	Other changes	
Land	3,600	0	0	3,600
Equity investments	521	0	0	521
Total	**4,121**	**0**	**0**	**4,121**
Revaluation reserve (1976)	**4,121**	**0**	**0**	**4,121**

Note 13 - Statement of changes in equity during the year

13.1. Net income for the year

	2023		2022	
Net income				
In EUR thousands	434,959		540,142	
In EUR per share	5.38		6.47	
Change in equity excluding net income for the year				
In EUR thousands	-424,135		14,106	
In EUR per share	-5.25		0.17	
Dividends				
In EUR thousands	266,068	(1)	249,234	(2)
In EUR per share	3.37	(1)	3.00	(2)

(1) dividends were calculated on the basis of the number of shares making up the share capital as of December 31, 2023, less shares canceled pursuant to the decrease in capital decided by the board of directors meeting on March 5, 2024.
(2) dividends of EUR 245,585 thousand were paid for the year ended December 31, 2022, 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 2022 earnings 12/31/2023		After allocation of 2022 earnings 12/31/2023
A -			
1. 2022 closing equity excluding net income for the year	3,540,052		3,540,052
2. 2022 net income before appropriation	540,142		
3. Appropriation of 2022 net income to net equity by the AGM			294,557
4. 2023 equity at opening	4,080,194		3,834,609
B - Additional paid-in capital, effective retroactively to beginning of 2023			**0**
1. Change in capital		0	
2. Change in other items		0	
C - (= A4 + B) Equity at 2023 opening			**3,834,609**
D - Changes during the year excluding 2023 net income			**-424,135**
1. Change in capital		-2,148	
2. Change in additional paid-in capital, reserves, retained earnings		-439,809	
3. Revaluation offsetting entries – reserve		0	
4. Change in tax provisions and investment subsidies		17,822	
5. Other changes		0	
E - 2023 closing equity excluding 2023 net income before AGM (= C + D)			**3,410,474**
F - Total change in equity in 2023 excluding 2023 net income (= E - C)			**-424,135**

Note 14 - Provisions

14.1. Provisions

(in EUR thousands)	12/31/2022	Allocations		Reversals		Other	12/31/2023
Regulated provisions							
For price increases	63,190	17,978	(3)	-7,582	(3)	0	73,586
Depreciation by derogation	78,572	20,433	(3)	-12,782	(3)	0	86,223
Realized gains reinvested	18	0	(3)	0	(3)	0	18
	141,780	**38,411**		**-20,364**		**0**	**159,827**
Provisions for contingencies and charges							
Operating	1,662,895	249,549	(1)	-348,939	(1)	0	1,563,505
Financial	0	0	(2)	0	(2)	0	0
Non-recurring	0	0	(3)	0	(3)	0	0
	1,662,895	**249,549**		**-348,939**		**0**	**1,563,505**
Provisions for impairment							
On intangible assets	0	0	(1)	0	(1)	0	0
On property, plant and equipment	0	0	(1)	0	(1)	0	0
On financial assets	63,379	57,856	(2)	-63,225	(2)	0	58,010
On inventories and work-in-progress	317,894	347,734	(1)	-317,894	(1)	0	347,734
Trade receivables	62,837	56,423	(1)	-62,837	(1)	0	56,423
On marketable securities	0	0	(2)	0	(2)	0	0
	444,110	**462,013**		**-443,956**		**0**	**462,167**
Total	**2,248,785**	**749,973**		**-813,259**		**0**	**2,185,499**

Allocations and reversals	{ - Operating	653,706	(1)	-729,670	(1)
	{ - Financial	57,856	(2)	-63,225	(2)
	{ - Non-recurring	38,411	(3)	-20,364	(3)
		749,973		**-813,259**	

14.2. Details of provisions for contingencies and charges

(in EUR thousands)	12/31/2022	Allocations	Reversals	Other	12/31/2023
Operating					
Retirement payments and related benefits (1)	108,649	96,491	-108,137	0	97,003
Early retirement	951	256	-461	0	746
Warranties (2)	932,000	87,800	-180,600	0	839,200
Other contract risks (2)	612,849	64,506	-51,295	0	626,060
Foreign exchange losses	8,446	496	-8,446	0	496
	1,662,895	**249,549**	**-348,939**	**0**	**1,563,505**
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	**1,662,895**	**249,549**	**-348,939**	**0**	**1,563,505**

(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 2.6% and inflation rate of 2.4%.
As of December 31, 2023, the balance of the provision for long-service awards was EUR 3.1 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)	12/31/2023	12/31/2022
Bank borrowings	0	0
Other borrowings and financial debt (1)	77,305	97,267
Total	**77,305**	**97,267**

(1) as of December 31, 2023, and December 31, 2022, other financial debt mainly includes locked-in employee profit-sharing funds.

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)	77,305	22,362	54,847	96
Trade payables (2)	986,645	986,645	0	0
Tax and social security liabilities	314,738	314,738	0	0
Liabilities on fixed assets and related accounts	28,656	28,656	0	0
Other liabilities	136,946	136,946	0	0
Total	**1,544,290**	**1,489,347**	**54,847**	**96**

(1) see Note 15.
(2) including liabilities represented by commercial paper: EUR 107,045 thousand.

Note 17 - Other liabilities, cash instruments, accruals and deferred income

(in EUR thousands)	12/31/2023	12/31/2022
Tax and social security liabilities	314,738	274,161
Liabilities on fixed assets and related accounts	28,656	26,512
Other liabilities	136,946	200,256
Deferred income (1)	723,021	730,452
Accruals and deferred income	7,118	10,481
Cash instruments	3,752	16,314
Total	**1,214,231**	**1,258,176**

(1) see Note 8.

Note 18 - Accrued expenses

Accrued expenses included in the following balance sheet items (in EUR thousands)	**12/31/2023**	**12/31/2022**
Borrowings and financial debt	1,323	566
Trade payables	541,271	561,907
Other payables and deferred income	338,743	357,722
Total	**881,337**	**920,195**

Note 19 - Notes on affiliated companies

All affiliated company transactions were concluded under normal market conditions.

Note 20 - Net sales

(in EUR thousands)	**2023**	**2022**
A) By product:		
Finished goods	2,352,960	3,289,345
Services	1,748,305	3,016,066
Total	**4,101,265**	**6,305,411**
B) By geographic region:		
France	1,486,683	1,208,258
Export (1)	2,614,582	5,097,153
Total	**4,101,265**	**6,305,411**

(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)	**2023**	**2022**
Research and development costs	-498,592	-545,623

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

Note 22 - Net financial income/expense

(in EUR thousands)	**2023**	**2022**
Equity investment income (1)	162,321	140,232
Income from other securities and assets	746	1,618
Other interest and similar income	187,668	34,561
Reversals of provisions for equity investments	44,962	20,000
Reversals of provisions for other investment securities	18,263	11,433
Reversals of provisions for marketable securities	0	2,813
Net income on sales of marketable securities	13,392	7
Financial income	**427,352**	**210,664**
Allocations to provisions for equity investments	-55,962	-44,962
Allocations to provisions for other investment securities	-1,894	-18,263
Allocations to provisions for marketable securities	0	0
Interest and similar expenses	-5,177	-806
Net losses on sales of marketable securities	0	-6,822
Financial expenses	**-63,033**	**-70,853**
Net financial income/expense	**364,319**	**139,811**

(1) in 2023, Thales paid the Company EUR 117,670 thousand in dividends for fiscal year 2022 and EUR 43,616 thousand in interim dividends for fiscal year 2023. In 2022, Thales paid EUR 36,772 thousand in interim dividends for fiscal year 2022 and EUR 102,962 thousand in dividends for fiscal year 2021.

Note 23 - Non-recurring items

(in EUR thousands)	2023	2022
Gains on sales of assets		
- Intangible assets	0	1
- Property, plant and equipment	6,921	50,841
- Financial assets	36,167	0
	43,088	**50,842**
Other non-recurring income	**52**	**116**
Reversals of regulated provisions		
- For price increases	7,582	8,560
- Depreciation by derogation	12,782	19,160
	20,364	**27,720**
Non-recurring income	**63,504**	**78,678**
Non-recurring expenses on operating activities	**-90**	**-18**
Carrying value of assets sold		
- Intangible assets	0	-9
- Property, plant and equipment	-3,158	-51,320
- Financial assets	-57,094	0
	-60,252	**-51,329**
Other non-recurring expenses	**0**	**-2,979**
Allocations to regulated provisions		
- For price increases	-17,978	-16,728
- Depreciation by derogation	-20,433	-25,386
	-38,411	**-42,114**
Other non-recurring provisions	**0**	**0**
Non-recurring expenses	**-98,753**	**-96,440**
Non-recurring items	**-35,249**	**-17,762**

Note 24 - Analysis of corporate income tax

(in EUR thousands)	Income before tax	Corporate income tax		Income after tax
Current income	639,547	-86,259		553,288
Non-recurring items (including profit-sharing and incentive schemes)	-169,704	51,375		-118,329
Net income	469,843	-34,884	(1)	434,959

(1) including Research Tax Credit: EUR 33,014 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)	**12/31/2023**	**12/31/2022**
Commitments in connection with the performance of operating contracts	18,712,224	15,878,461
Guarantees and deposits	188,244	68,502
Commitments secured by bank guarantees	4,381,718	3,614,750
Total	**23,282,186**	**19,561,713**

Commitments received (in EUR thousands)	**12/31/2023**	**12/31/2022**
Backlog	33,925,891	31,237,010
Other commitments in connection with the performance of operating agreements	2,358,680	2,011,281
Collateral	31,659	56,605
Bpifrance Assurance Export guarantees	6,140	10,601
Commitments secured by bank guarantees	81,012	44,637
Total	**36,403,382**	**33,360,134**

Operating leases (in thousands of euros)	**Total**	**Within one year**	**In more than one year**
Minimum future payments not subject to cancellation (not discounted)	**46,051**	22,688	23,363

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, 2023.

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 hedging is carried out.

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.

	12/31/2023		**12/31/2022**	
Market value	In USD thousands	In EUR thousands	In USD thousands	In EUR thousands
Foreign exchange options	-10,789	-9,764	-16,593	-15,557
Forward transactions	43,115	39,018	-77,196	-72,376
Total	**32,326**	**29,254**	**-93,789**	**-87,933**

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)	**12/31/2023**	
Market value	29,254	
Closing US dollar/euro exchange rate	1.1050 $/€	
Closing US dollar/euro exchange rate +/-10 cents	1.0050 $/€	1.2050 $/€
Change in net balance sheet position (1)	-186,780	+155,779

(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)	**12/31/2023**	**12/31/2022**
Net income for the year	434,959	540,142
Income tax	34,884	127,415
Income before tax	**469,843**	**667,557**
Depreciation by derogation	7,651	6,226
Provision for price increases	10,396	8,168
Change in regulated provisions	**18,047**	**14,394**
Net income excluding tax valuations by derogation (before tax)	**487,890**	**681,951**

Note 29 - Increases and reductions in deferred tax

(in EUR thousands)	12/31/2023	12/31/2022
Regulated provisions:		
- For price increases	73,586	63,190
- Depreciation by derogation	86,223	78,572
- Realized gains reinvested	18	18
Basis for increases	**159,827**	**141,780**
Increases in deferred tax	***41,283***	***36,622***
Items not deductible in the current year:		
- Employee profit-sharing	114,455	147,752
- Retirement payments and related benefits	91,686	103,904
Other temporary timing differences	1,061,518	1,036,871
Basis for reductions	**1,267,659**	**1,288,527**
Reductions in deferred tax	***327,436***	***332,827***
Long-term capital losses	0	0

Tax rate at December 31, 2023 and December 31 , 2022 was 25.83%.

Note 30 - Compensation of corporate officers

Total compensation received by corporate officers amounted to EUR 7,465,247 for 2023.

Note 31 - Average headcount

The Company’s average headcount was 9,481 in 2023. It was 8,954 in 2022.

Note 32 - Financial summary over the last five fiscal years

Nature of information (in thousands of euros except for point 3, stated in EUR/share)	2019	2020	2021	2022	2023
1/ Financial position at year-end					
a. Share capital	66,790	66,790	66,790	66,790	64,642
b. Number of shares outstanding	83,487,030	83,487,030	83,487,030	83,487,030	80,802,366
2/ Summary of operating results					
a. Net sales, excluding tax	6,976,456	4,816,505	6,357,665	6,305,411	4,101,265
b. Earnings before tax, depreciation, amortization and provisions	929,034	81,763	989,954	842,877	501,921
c. Corporate income tax	194,812	-34,285	139,883	127,415	34,884
d. Earnings after tax, depreciation, amortization and provisions	490,290	175,761	364,323	540,142	434,959
e. Dividends paid (1)	0	102,689	207,883	249,234	266,068 (2)
3/ Earnings per share in euros					
a. Earnings after tax, but before depreciation, amortization and provisions	8.79	1.39	10.18	8.57	5.78
b. Earnings after tax, depreciation, amortization and provisions	5.87	2.11	4.36	6.47	5.38
c. Dividend paid per share	0	1.23	2.49	3.00	3.37 (2)
4/ Personnel					
a. Average number of employees during the year	8,563	8,811	8,731	8,954	9,481
b. Total wages and salaries	517,276	514,106	539,291	556,323	604,529
c. Social security and other staff benefits	288,862	265,718	293,254	311,737	338,434
5/ Employee profit-sharing	**127,306**	**47,990**	**88,362**	**147,752**	**114,455**
6/ Incentive payments	**20,000**	**16,909**	**20,000**	**20,000**	**20,000**

(1) dividends of EUR 245,585 thousand were paid for the year ended December 31, 2022, of EUR 207,184 thousand for the year ended December 31, 2021, and of EUR 102,308 thousand for the year ended December 31, 2020, 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, 2023, less shares canceled pursuant to the decrease in capital decided by the Board of Directors' meeting on March 5, 2024.

Note 33 - Subsequent events

No other events likely to have a material impact on the financial statements occurred between December 31, 2023, and the date the financial statements were approved by the Board of Directors.

Statutory auditors' report on the financial statements

Year ended December 31, 2023

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, 2023.

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, 2023 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, 2023 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. 821-53 and R. 821-180 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.

<table>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td>
Accounting for net sales and the recognition of revenue on Defense contracts

(Notes 1.2 .8, 1.2.11, 14.2 and 20 to the annual financial statements)

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:
• to measure the costs incurred on a contract, and
• to reliably estimate the costs yet to be incurred until the end of the contract.

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.

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.
</td><td>
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

Our work consisted of:
• 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:
- 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;

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.

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.
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</table>

<table>
<tr><th>Risk identified</th><th>Our response</th></tr>
<tr><td>
Valuation of warranty provisions

(Note 1.2.8 and 14.2 to the annual financial statements)

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.

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.

Management’s valuation of these commitments caused Dassault Aviation to recognize warranty provisions of EUR 839 million as at December 31, 2023.

The valuation of these provisions is a key point of the audit due to:
• 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.
</td><td>

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.

In addition, our work consisted of:
• 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.
</td></tr>
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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 June 19, 1990 for Mazars and held on May 12, 2020 for PricewaterhouseCoopers Audit.

As at December 31, 2023, audit firm Mazars and audit firm PricewaterhouseCoopers Audit were in the 34th year and 4th 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. 821-55 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. 821-27 to L. 821-34 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.

Fait à Neuilly-sur-Seine et Paris-La Défense, March 12, 2024

Les Commissaires aux comptes

PricewaterhouseCoopers Audit	Mazars
Edouard Demarcq	Erwan Candau

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