

KEY FIGURES OF DASSAULT AVIATION GROUP

| | H1 2023 | H1 2022 |
|---|---|--|
| Order intake <i>(new aircraft in units)</i> | €1,682 million 12 Falcon | €16,290 million 80 Rafale UAE 6 Rafale Greece 41 Falcon |
| <u>Adjusted</u> net sales ^(*) | €2,295 million 2 Rafale Export 2 Rafale France 9 Falcon | €3,098 million 7 Rafale Export 14 Falcon |
| | as of June 30, 2023 | as of December 31, 2022 |
| Backlog <i>(new aircraft in units)</i> | €34,417 million 160 Rafale <i>of which</i> 123 Rafale Export 37 Rafale France 90 Falcon | €35,008 million 164 Rafale <i>of which</i> 125 Rafale Export 39 Rafale France 87 Falcon |
| | H1 2023 | H1 2022 |
| <u>Adjusted</u> operating income ^(*) | €151 million | €200 million |
| <u>Adjusted</u> operating margin | 6.6% of net sales | 6.5% of net sales |
| Research & Development | €247 million 10.8% of net sales | €278 million 9.0% of net sales |
| <u>Adjusted</u> net income ^(*) | €405 million | €318 million |
| <u>Adjusted</u> net margin | 17.6% of net sales | 10.3% of net sales |
| | as of June 30, 2023 | as of December 31, 2022 |
| Available cash | €7,682 million | €9,529 million |

Note: 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 2,297 million | EUR 3,107 million |
| ^(*) Consolidated operating income | EUR 152 million | EUR 218 million |
| ^(*) Consolidated net income | EUR 362 million | EUR 272 million |

Saint-Cloud, July 20th, 2023 - The Board of Directors, which met today, under the chairmanship of Mr. Éric Trappier, approved the 2023 half year financial statement. The Statutory Auditors have performed a limited review of these consolidated financial statements and have expressed an unqualified opinion.

“The global context remains marked by the war in Ukraine and the associated instability.

In the business jet market, the post-Covid upturn in growth witnessed in 2022 began to ease off in the last quarter of 2022, a slowdown that continued in the 1st half of this year.

The Rafale’s success is still generating new prospects for Export. Post-closing, the announcement on July 13th by the Indian Government of the selection of the Navy Rafale to equip the Indian Navy with a latest generation fighter illustrates this success.

Following an international competition launched by the Indian authorities, this decision comes after a successful trial campaign held in India, during which the Navy Rafale demonstrated that it fully met the Indian Navy’s operational requirements and was perfectly suited to the specificities of its aircraft carrier.

The Indian Navy’s 26 Rafale will eventually join the 36 Rafale already in service, making India the first country to make the same military choice as France by operating both versions of the aircraft (Navy and Air Force).

This selection confirms the excellence of the Rafale, the exceptional quality of the link between Dassault Aviation and the Indian Forces, and the importance of the strategic relationship between India and France.

In France, the Military Programming Law (“LPM”) voted on July 13th includes the 42 aircraft of the 5th batch of the Rafale (out of which 20 are to be delivered between 2027 and 2030, which will make the fleet of the French Air and Space Force reach 137 Rafale), the Rafale F5 standard which includes the development of a drone derived from the works of the nEUROn demonstrator, the pursuit of FCAS/NGF, the decision for the launch of a successor to the ATL2 in 2024, and the activation of the options for 5 Falcon 2000 AVSIMAR and for a 3rd Falcon 8X Archange.

Like most other players in the sector, we face supply chain issues. The situation has deteriorated further since 2022. We are striving to limit the negative impact of this by keeping a closer eye on our suppliers’ production.

This situation has an impact on the development and production of our aircraft, while we need to ramp up to meet our commitments.

The Paris Air Show was highly appreciated with an important visitor numbers on trade and general public days. It was an opportunity for meetings and discussions with government and foreign delegations. The popularity of our aircraft was illustrated by the success of the Rafale: in flight (demonstration), at the static display (new simulator) and on the stand (Rafale Export mock-ups), the impact of the multi-mission Falcon (Albatros, Japan Coast Guards, Archange, Falcon Fire Fighter, etc.), the strong impression made by the Falcon 6X (in flight and on static display) and by the Falcon 10X mock-up, with prospects from all around the world. The airshow has been the opportunity to disclose our actions toward decarbonation (SAF, etc.) and to lead ambitious recruitment operations: « L’Avion des métiers », « l’aéro recrute », JobDating, HR spaces and Academic Relations.

In a tight job market, the Group keeps on having an ambitious recruitment policy, with a target of 1,400 person hired, out of which 1,000 for the parent company. The sharing value remains at the heart of Dassault Aviation DNA. For the parent company, the salary increase was 6.2%, with a uniform general increase of €140 gross/month on January 1, 2023. Due to the profit-sharing agreement, 93% of employees has received a minimum of 4 months of extra wage in 2023.

The environment remains a major issue for the Group, which is working to reduce the carbon impact of its industrial processes and aircraft. The use of Sustainable Aviation Fuels (SAF), the energy saving plan and the development of tools to improve flight plans are levers to be among the first in the aviation industry to become carbon neutral. Business aviation is not included in the EU taxonomy, unlike commercial aviation.

This is particularly disappointing given that business aviation is paving the way: Falcon flights operated by Dassault Aviation already fly on 30% SAF; they could fly on 50% SAF today if those blends were available. Falcon 10X will be the first 100% SAF compatible Falcon. In the United States, industries are receiving subsidies and making rapid progress; Europe is putting less money on the table and imposing standards. We are considering legal actions for breach of the principle of equality while business aviation has begun its decarbonization.

In the military sector, during the 1st half, we delivered 4 Rafale (2 Export and 2 France) and 4 pre-owned Rafale to Greece, and provided support to the French and export fleets. We also continued the development work on the F4 standard and negotiations and business development for the Rafale.

Regarding the FCAS, for which Dassault Aviation is lead contractor for the New Generation Fighter demonstrator, work on phase 1B has begun in March. The teams of German and Spanish manufacturers are on site, alongside the Group's employees, at the dedicated physical workspace created in Saint-Cloud.

For multi-mission aircraft, we delivered the 1st of the 4 Falcon 2000 ordered by Republic of Korea in 2022, and the 7th and last ATL2 modernized by Dassault Aviation to France. We continued the development works on the Archange and Albatros programs, and began working on the architectural design based on the Falcon 10X for a future maritime patrol aircraft, a project on which we are competing with Airbus. We also unveiled the mock-up at the Paris Air Show of a firefighting specialized Falcon project: the "Falcon Fire Fighter".

In the civil sector, in the 1st half of 2023, we recorded 12 Falcon orders, compared with 41 in the 1st half of 2022 and we delivered 9 Falcon, compared with 14 in the 1st half of 2022.

Test flights for the Falcon 6X have been completed. The aircraft was showcased with its cabin fitted out at EBACE and at the Paris Air Show; its demo flight was one of the highlights of the Paris Air Show. We are awaiting its certification to start the deliveries.

Development of the Falcon 10X is ongoing (the detailed technical specification phase has been completed) and we are now in the industrialization and early manufacturing phase.

In a challenging supply chain environment, our 2023 guidance remains unchanged: delivery of 15 Rafale and 35 Falcon (including Falcon 6X); decrease in net sales compared with last year."

Éric TRAPPIER, Chairman and Chief Executive Officer of Dassault Aviation.

1. ORDER INTAKE

Order intake for the first half of 2023 was **EUR 1,682 million**, vs. EUR 16,290 million in the first half of 2022. **Export** order intake stood at **88%**.

Order intake was as follows, **in millions of euros**:

| | H1 2023 | % | H1 2022 | % |
|---------------------------|--------------|------------|---------|-----|
| Defense | 739 | 44% | 14,318 | 88% |
| <i>Defense Export</i> | 572 | | 13,897 | |
| <i>Defense France</i> | 167 | | 421 | |
| Falcon | 943 | 56% | 1,972 | 12% |
| Total order intake | 1,682 | | 16,290 | |
| <i>% Export</i> | 88% | | 97% | |

The order intake is entirely composed of firm orders.

Defense programs

Defense Export order intake totaled **EUR 572 million** in the 1st half of 2023, vs. EUR 13,897 million in the 1st half of 2022. Order intake for the 1st half of 2022 notably included 80 Rafale for the UAE, as well as the additional order for 6 new Rafale for Greece.

Defense France order intake totaled **EUR 167 million** in the 1st half of 2023, vs. EUR 421 million in the 1st half of 2022. The order intake for the 1st half of 2022 included an additional order for the Rafale F4 standard.

Falcon programs

During the 1st half of 2023, **12 Falcon orders** were recorded, compared with 41 orders in the 1st half of 2022. This explains the decrease in Falcon order intake, amounting to **EUR 943 million** in the 1st half of 2023, vs. EUR 1,972 million in the 1st half of 2022, a decrease partially offset by the increase in order intake for parts and support.

2. ADJUSTED NET SALES

Adjusted net sales for the 1st half of 2023 totaled **EUR 2,295 million**, compared with EUR 3,098 million for the 1st half of 2022. **Export** net sales stood at **71%** in the 1st half of 2023.

Consolidated sales were as follows, in **millions of euros**:

| | H1 2023 | % | H1 2022 | % |
|---------------------------------|--------------|------------|---------|-----|
| Defense | 1,468 | 64% | 2,137 | 69% |
| <i>Defense Export</i> | 851 | | 1,452 | |
| <i>Defense France</i> | 617 | | 685 | |
| Falcon | 827 | 36% | 961 | 31% |
| Total adjusted net sales | 2,295 | | 3,098 | |
| <i>% Export</i> | 71% | | 77% | |

Defense programs

2 Rafale Export were delivered to Greece during the 1st half of 2023, compared with 7 Rafale Export for the 1st half of 2022. In addition, 4 pre-owned Rafale were delivered to Greece in the 1st half of 2023.

This led to a decrease in **Defense Export** net sales, which totaled **EUR 851 million** in the 1st half of 2023, vs. EUR 1,452 million in the 1st half of 2022.

2 Rafale were delivered to France in the 1st half of 2023, whereas no Rafale was delivered to France in the 1st half of 2022.

Defense France net sales totaled **EUR 617 million** in the 1st half of 2023, vs. EUR 685 million in the 1st half of 2022.

Falcon programs

9 Falcon were delivered in the 1st half of 2023, compared with 14 in the 1st half of 2022.

Falcon net sales for the 1st half of 2023 amounted to **EUR 827 million**, vs. EUR 961 million for the 1st half of 2022. This decrease was mainly due to the number of Falcon delivered, partially offset by the increase in net sales of parts and support.

The “book-to-bill ratio” (order intake/net sales) is **0.73** for the 1st half of 2023.

3. BACKLOG

The consolidated backlog (determined in accordance with IFRS 15) was **EUR 34,417 million** as of June 30, 2023, compared with EUR 35,008 million as of December 31, 2022. The backlog trend is as follows:

| | 06/30/2023 | % | 12/31/2022 | % |
|-----------------------|---------------|------------|------------|-----|
| Defense | 29,589 | 86% | 30,318 | 87% |
| <i>Defense Export</i> | 21,636 | | 21,915 | |
| <i>Defense France</i> | 7,953 | | 8,403 | |
| Falcon | 4,828 | 14% | 4,690 | 13% |
| Total backlog | 34,417 | | 35,008 | |
| % Export | 73% | | 72% | |

The **Defense Export backlog** stood at **EUR 21,636 million** as of June 30, 2023 vs. EUR 21,915 million as of December 31, 2022. This figure notably includes **123 new Rafale and 2 pre-owned Rafale**, compared with 125 new Rafale and 6 pre-owned Rafale as of December 31, 2022.

The **Defense France backlog** stood at **EUR 7,953 million** as of June 30, 2023, vs. EUR 8,403 million as of December 31, 2022. This figure includes **37 Rafale**, the support contracts for the Rafale (Ravel), Mirage 2000 (Balzac) and ATL2 (OCEAN), and the Rafale F4 standard.

The **Falcon backlog** stood at **EUR 4,828 million** as of June 30, 2023, vs. EUR 4,690 million as of December 31, 2022. It includes **90 Falcon**, compared with 87 as of December 31, 2022.

4. ADJUSTED RESULTS

Adjusted operating income

Adjusted operating income for the 1st half of 2023 came to **EUR 151 million**, compared with EUR 200 million in the 1st half of 2022.

R&D expenses in the 1st half of 2023 totaled EUR 247 million, equivalent to 10.8% of net sales, compared with EUR 278 million and 9.0% of net sales in the 1st half of 2022. These figures reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

Operating margin was **6.6%**, compared with 6.5% in the 1st half of 2022.

The hedging rate for the first half of 2023 was **USD 1.20/EUR**, vs. USD 1.19/EUR in the 1st half of 2022.

Adjusted net financial income

Adjusted financial income for the 1st half of 2023 was **EUR 110 million**, vs. EUR -13 million for the same period in the previous year. This sharp rise is due to the net financial proceeds generated by the Group's cash in a favorable interest rate environment.

Adjusted net income

Adjusted net income for the 1st half of 2023 was **EUR 405 million**, compared with EUR 318 million in the 1st half of 2022. The contribution of Thales to the Group's net income was EUR 206 million, compared with EUR 180 million during the 1st half of 2022.

Adjusted net margin thus stood at **17.6%** for the 1st half of 2023, vs. 10.3% for the 1st half of 2022. This significant increase was mainly due to the rise in net financial income and to the contribution of equity affiliates.

Adjusted net income per share for the 1st half of 2023 was **EUR 4.92**, vs. EUR 3.82 for the 1st half of 2022.

5. 1ST HALF 2023 CONSOLIDATED RESULTS (UNDER IFRS)

Consolidated operating income (IFRS)

Consolidated operating income for the 1st half of 2023 came to **EUR 152 million**, compared with EUR 218 million in the 1st half of 2022.

R&D expenses amounted to EUR 247 million in the 1st half of 2023 and accounted for 10.8% of consolidated net sales, vs. EUR 278 million and 9.0% of consolidated net sales in the 1st half of 2022. These figures reflect the self-funded R&D effort focused on the Falcon 6X and Falcon 10X programs.

Consolidated operating margin stood at **6.6%**, vs. 7.0% for the 1st half of 2022.

Consolidated net financial income (IFRS)

Consolidated net financial income for the 1st half of 2023 came to **EUR 111 million** vs. EUR -37 million in the 1st half of 2022. This sharp rise is mainly due to the net financial income generated by the Group's cash in a favorable interest rate environment.

Consolidated net income (IFRS)

Consolidated net income for the 1st half of 2023 was **EUR 362 million**, compared with EUR 272 million in the 1st half of 2022. The contribution of Thales to the Group's net income was EUR 161 million, compared with EUR 139 million during the 1st half of 2022.

Consolidated net margin thus stood at **15.7%** for the 1st half of 2023, vs. 8.7% for the 1st half of 2022.

Consolidated net income per share for the 1st half of 2023 was **EUR 4.40**, vs. EUR 3.26 for the 1st half of 2022.

6. AVAILABLE CASH

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

The Group's available cash stands at **EUR 7,682 million** as of June 30, 2023 vs. EUR 9,529 million as of December 31, 2022. This decrease is mainly due to an increase in inventories and work-in-progress, the reduction in advance payments received on orders net of advance payments to suppliers.

7. BALANCE SHEET (IFRS)

Total equity stood at **EUR 5,761 million** as of June 30, 2023 vs. EUR 6,006 million as of December 31, 2022.

Borrowings and financial debt amounted to EUR 233 million as of June 30, 2023, compared with EUR 234 million as of December 31, 2022. Borrowings and financial debt are composed of locked-in employee profit-sharing funds for EUR 81 million and lease liabilities recognized for EUR 152 million.

Inventories and work-in-progress increased by EUR 863 million to stand at EUR 4,785 million as of June 30, 2023. The increase is due to the ramp-up on the Falcon 6X and Rafale.

Advance payments received on orders net of advance payments to suppliers were down EUR 706 million to stand at EUR 8,501 million. This decrease is mainly due to the transfer to our co-contractors of Rafale Export downpayments received at the end of 2022.

The derivative financial instruments market value stood at EUR -44 million as of June 30, 2023, vs. EUR -88 million as of December 31, 2022. The increase is mainly due to the change in the US dollar exchange rate between June 30, 2023 and December 31, 2022 (USD 1.087/EUR vs. USD 1.067/EUR).

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

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APPENDIX

FINANCIAL REPORTING

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

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

DEFINITION OF ALTERNATIVE PERFORMANCE INDICATORS

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

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

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

- cash and cash equivalents;
- other current financial assets (essentially available-for-sale marketable securities at their market value);
- financial debt, excluding lease liabilities.

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

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

IMPACT OF ADJUSTMENTS

The impact of the adjustments of income statement aggregates for the 1st half of 2023 is set out below:

| <i>(in EUR thousands)</i> | Consolidated income statement H1 2023 | Foreign exchange derivatives | | PPA | Adjustments applied by Thales | Adjusted income statement H1 2023 |
|---|--|----------------------------------|-------------------------|-------|-------------------------------------|--|
| | | Foreign exchange gain/loss | Change in fair value | | | |
| Net sales | 2,297,181 | -1,941 | | | | 2,295,240 |
| Operating income | 151,593 | -1,941 | | 1,465 | | 151,117 |
| Net financial income | 110,957 | 1,941 | - 3,397 | | | 109,501 |
| Share in net income of equity associates | 165,514 | | | 1,489 | 42,720 | 209,723 |
| Income tax | -66,360 | | 877 | -288 | | -65,771 |
| Net income | 361,704 | 0 | -2,520 | 2,666 | 42,720 | 404,570 |
| <i>Group share of net income</i> | 361,704 | | -2,520 | 2,666 | 42,720 | 404,570 |
| Group share of net income per equity <i>(in euros)</i> | 4.40 | | | | | 4.92 |

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

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