POWERED BY TRUST

CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

June 31, 2024

SAFRAN

The Board of Directors' meeting of July 30, 2024 adopted and authorized the publication of Safran's consolidated financial statements and adjusted income statement for the six-month period ended June 30, 2024.

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Foreword

To reflect the Group's actual economic performance and enable it to be monitored and benchmarked against competitors, Safran prepares an adjusted income statement in addition to its consolidated financial statements.

Readers are reminded that Safran:

- is the result of the May 11, 2005 merger of Sagem SA and Snecma, accounted for in accordance with IFRS 3, "Business Combinations" in its consolidated financial statements;

- recognizes, as of July 1, 2005, all changes in the fair value of its foreign currency derivatives in "Financial income (loss)", in accordance with the provisions of IFRS 9 applicable to transactions not qualifying for hedge accounting (see Note 3.f of the 2023 Universal Registration Document).

Accordingly, Safran's consolidated income statement has been adjusted for the impact of:

- purchase price allocations with respect to business combinations. Since 2005, this restatement concerns the amortization charged against intangible assets relating to aircraft programs remeasured at the time of the Sagem-Snecma merger. With effect from the first-half 2010 interim financial statements, the Group decided to restate:
  - the impact of purchase price allocations for business combinations, particularly amortization and depreciation charged against intangible assets and property, plant and equipment recognized or remeasured at the time of the transaction and amortized or depreciated over extended periods due to the length of the Group's business cycles, and the impact of remeasuring inventories, as well as
  - gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;

- the mark-to-market of foreign currency derivatives, in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy:
  - revenue net of purchases denominated in foreign currencies is measured using the effective hedged rate, i.e., including the costs of the hedging strategy,
  - all mark-to-market changes on instruments hedging future cash flows are neutralized.

The resulting changes in deferred tax have also been adjusted.

RECONCILIATION OF THE CONSOLIDATED INCOME STATEMENT WITH THE ADJUSTED INCOME STATEMENT

The impact of these adjustments on first-half 2024 income statement items is as follows:

(in € millions)	First-half 2024 consolidated data	Currency hedges		Business combinations		First-half 2024 adjusted data
		Remeasurement of revenue (1)	Deferred hedging gain/loss (2)	Amortization of intangible assets from Sagem-Snecma merger (3)	PPA impacts – other business combinations (4)	
Revenue	**13,204**	**(157)**	**-**	**-**	**-**	**13,047**
Other recurring operating income and expenses	(11,287)	(4)	1	21	134	(11,135)
Share in profit from joint ventures	51	-	-	-	11	62
Recurring operating income	**1,968**	**(161)**	**1**	**21**	**145**	**1,974**
Other non-recurring operating income and expenses	(24)	-	-	-	-	(24)
Profit from operations	**1,944**	**(161)**	**1**	**21**	**145**	**1,950**
Cost of net debt	84	-	-	-	-	84
Foreign exchange gain/loss	(1,961)	161	1,681	-	-	(119)
Other financial income and expense	1	-	-	-	-	1
Financial income (loss)	**(1,876)**	**161**	**1,681**	**-**	**-**	**(34)**
Income tax benefit (expense)	38	-	(434)	(5)	(34)	(435)
Profit for the period	**106**	**-**	**1,248**	**16**	**111**	**1,481**
Profit (loss) for the period attributable to non-controlling interests	**(49)**	**-**	**-**	**-**	**-**	**(49)**
Profit for the period attributable to owners of the parent	**57**	**-**	**1,248**	**16**	**111**	**1,432**

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a positive €1,681 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a positive €1 million at June 30, 2024).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem SA-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €91 million excluding deferred tax, and cancellation of amortization/impairment of assets identified during other business combinations.

Readers are reminded that the condensed interim consolidated financial statements are subject to review by the Group's Statutory Auditors. The condensed interim consolidated financial statements include the revenue and operating profit indicators set out in the adjusted data in Note 5, "Segment information".

Adjusted financial data other than the data provided in Note 5, "Segment information" are subject to the verification procedures applicable to all of the information provided in the interim report.

The impact of these adjustments in first-half 2023 was as follows:

(in € millions)	First-half 2023 consolidated data	Currency hedges		Business combinations		First-half 2023 adjusted data
		Remeasurement of revenue (1)	Deferred hedging gain/loss (2)	Amortization of intangible assets from Sagem-Snecma merger (3)	PPA impacts – other business combinations (4)	
Revenue	**11,129**	**(184)**	**-**	**-**	**-**	**10,945**
Other recurring operating income and expenses	(9,772)	14	(5)	19	135	(9,609)
Share in profit from joint ventures	49	-	-	-	12	61
Recurring operating income	**1,406**	**(170)**	**(5)**	**19**	**147**	**1,397**
Other non-recurring operating income and expenses	(57)	-	-	-	-	(57)
Profit from operations	**1,349**	**(170)**	**(5)**	**19**	**147**	**1,340**
Cost of net debt	42	-	-	-	-	42
Foreign exchange gain/loss	1,123	170	(1,272)	-	-	21
Other financial income and expense	-	-	-	-	-	-
Financial income	**1,165**	**170**	**(1,272)**	**-**	**-**	**63**
Income tax benefit (expense)	(609)	-	329	(5)	(33)	(318)
Profit for the period	**1,905**	**-**	**(948)**	**14**	**114**	**1,085**
Profit (loss) for the period attributable to non-controlling interests	**(42)**	**-**	**-**	**-**	**-**	**(42)**
Profit for the period attributable to owners of the parent	**1,863**	**-**	**(948)**	**14**	**114**	**1,043**

(1) Remeasurement of foreign-currency denominated revenue net of purchases (by currency) at the hedged rate (including premiums on unwound options) through the reclassification of changes in the fair value of instruments hedging cash flows recognized in profit or loss for the period.

(2) Changes in the fair value of instruments hedging future cash flows that will be recognized in profit or loss in future periods (a negative €1,272 million excluding tax), and the impact of taking into account hedges when measuring provisions for losses on completion (a negative €5 million at June 30, 2023).

(3) Cancellation of amortization/impairment of intangible assets relating to the remeasurement of aircraft programs resulting from the application of IFRS 3 to the Sagem SA-Snecma merger.

(4) Cancellation of the impact of remeasuring assets at the time of the Zodiac Aerospace acquisition for €104 million excluding deferred tax, and cancellation of amortization/impairment of assets identified during other business combinations.

Comparative adjusted interim consolidated income statement and segment information

Adjusted interim income statement

(in € millions)	First-half 2023 Adjusted data	First-half 2024 Adjusted data
Revenue	**10,945**	**13,047**
Other income	226	208
Income from operations	**11,171**	**13,255**
Change in inventories of finished goods and work-in-progress	707	871
Capitalized production	214	235
Raw materials and consumables used	(6,696)	(7,819)
Personnel costs	(3,363)	(3,939)
Taxes	(173)	(194)
Depreciation, amortization and increase in provisions, net of use	(460)	(614)
Asset impairment	(104)	57
Other recurring operating income and expenses	40	60
Share in profit from joint ventures	61	62
Recurring operating income	**1,397**	**1,974**
Other non-recurring operating income and expenses	(57)	(24)
Profit from operations	**1,340**	**1,950**
Cost of net debt	42	84
Foreign exchange gain/loss	21	(119)
Other financial income and expense	-	1
Financial income (loss)	**63**	**(34)**
Profit before tax	**1,403**	**1,916**
Income tax expense	(318)	(435)
Profit for the period	**1,085**	**1,481**
Attributable to:		
owners of the parent	1,043	1,432
non-controlling interests	42	49
Earnings per share attributable to owners of the parent (in €)		
Basic earnings per share	2.48	3.37
Diluted earnings per share	2.40	3.27

Segment information

The operating segments and key indicators shown below are defined in Note 5.

At June 30, 2024

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	**Total operating segments**	Holding company and other	**Total adjusted data**	Currency hedges	Impacts of business combinations	**Total consolidated data**
Revenue	**6,461**	**5,170**	**1,411**	**13,042**	**5**	**13,047**	**157**	**-**	**13,204**
Recurring operating income	**1,285**	**657**	**10**	**1,952**	**22**	**1,974**	**160**	**(166)**	**1,968**
Other non-recurring operating income and expenses	1	(12)	(9)	**(20)**	(4)	**(24)**	-	-	**(24)**
Profit from operations	**1,286**	**645**	**1**	**1,932**	**18**	**1,950**	**160**	**(166)**	**1,944**
Free cash flow	**1,355**	**105**	**(135)**	**1,325**	**138**	**1,463**	**-**	**-**	**1,463**

At June 30, 2023

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	**Total operating segments**	Holding company and other	**Total adjusted data**	Currency hedges	Impacts of business combinations	**Total consolidated data**
Revenue	**5,677**	**4,100**	**1,163**	**10,940**	**5**	**10,945**	**184**	**-**	**11,129**
Recurring operating income (loss)	**1,051**	**466**	**(100)**	**1,417**	**(20)**	**1,397**	**175**	**(166)**	**1,406**
Other non-recurring operating income and expenses	(5)	(7)	(38)	**(50)**	(7)	**(57)**	-	-	**(57)**
Profit (loss) from operations	**1,046**	**459**	**(138)**	**1,367**	**(27)**	**1,340**	**175**	**(166)**	**1,349**
Free cash flow	**1,498**	**(42)**	**(192)**	**1,264**	**199**	**1,463**	**-**	**-**	**1,463**

Revenue (adjusted data)

(in € millions)		First-half 2023	First-half 2024
Aerospace Propulsion			
Original equipment and related products and services		2,244	2,274
Services		3,292	4,030
Sales of studies		68	88
Other		73	69
	Sub-total	5,677	6,461
Aircraft Equipment, Defense and Aerosystems			
Original equipment and related products and services		2,251	2,952
Services		1,674	2,018
Sales of studies		121	139
Other		54	61
	Sub-total	4,100	5,170
Aircraft Interiors			
Original equipment and related products and services		754	862
Services		400	531
Sales of studies		9	18
Other		-	-
	Sub-total	1,163	1,411
Holding company and other			
Sales of studies and other		5	5
	Sub-total	5	5
Total		**10,945**	**13,047**

Information by geographic area

First-half 2024

(in € millions)		France	Europe (excl. France)	Americas[1]	Asia and Oceania	Africa & Middle East	**Total adjusted data**	Currency hedges	**Total consolidated data**
Revenue by location of customers		2,493	3,030	4,365	2,019	1,140	**13,047**	157	**13,204**
	%	19%	23%	34%	15%	9%			

(1) Revenue in the United States amounted to €3,445 million, representing 26% of total Group revenue.

First-half 2023

(in € millions)		France	Europe (excl. France)	Americas	Asia and Oceania	Africa & Middle East	**Total adjusted data**	Currency hedges	**Total consolidated data**
Revenue by location of customers		2,270	2,651	3,911	1,283	830	**10,945**	184	**11,129**
	%	21%	24%	36%	11%	8%			

Group condensed interim consolidated financial statements

Consolidated income statement

(in € millions)	Note	First-half 2023	First-half 2024
Revenue	*6*	**11,129**	**13,204**
Other income	*7*	226	208
Income from operations		**11,355**	**13,412**
Change in inventories of finished goods and work-in-progress		707	867
Capitalized production		214	235
Raw materials and consumables used	*7*	(6,706)	(7,822)
Personnel costs	*7*	(3,367)	(3,932)
Taxes		(173)	(194)
Depreciation, amortization and increase in provisions, net of use	*7*	(609)	(765)
Asset impairment	*7*	(104)	56
Other recurring operating income and expenses	*7*	40	60
Share in profit from joint ventures	*16*	49	51
Recurring operating income		**1,406**	**1,968**
Other non-recurring operating income and expenses	*7*	(57)	(24)
Profit from operations		**1,349**	**1,944**
Cost of net debt		42	84
Foreign exchange gain (loss)		1,123	(1,961)
Other financial income and expense		-	1
Financial income (loss)	*8*	**1,165**	**(1,876)**
Profit before tax		**2,514**	**68**
Income tax benefit (expense)	*9*	(609)	38
Profit for the period		**1,905**	**106**
Attributable to:			
owners of the parent		1,863	57
non-controlling interests		42	49
Earnings per share attributable to owners of the parent (in €)	*10*		
Basic earnings per share		4.43	0.13
Diluted earnings per share		4.29	0.13

Consolidated statement of comprehensive income

(in € millions)	Note	First-half 2023	First-half 2024
Profit for the period		**1,905**	**106**
Other comprehensive income			
Items to be reclassified to profit		**(76)**	**182**
Translation adjustments		(57)	155
Remeasurement of hedging instruments		(8)	(3)
Income tax related to components of other comprehensive income to be reclassified to profit		2	1
Share in other comprehensive income (expense) of equity-accounted companies to be reclassified to profit (net of tax)	16	(13)	29
Items not to be reclassified to profit		**15**	**57**
Actuarial gains and losses on post-employment benefits		19	76
Income tax related to components of other comprehensive income not to be reclassified to profit		(5)	(19)
Share in other comprehensive income of equity-accounted companies not to be reclassified to profit (net of tax)		1	-
Other comprehensive income (expense) for the period		**(61)**	**239**
Total comprehensive income for the period		**1,844**	**345**
Attributable to:			
- owners of the parent		1,802	293
- non-controlling interests		42	52

In first-half 2024, other comprehensive income relating to translation adjustments includes €155 million in translation gains (€52 million in translation losses in first-half 2023) arising in the period on foreign operations.

In first-half 2024, other comprehensive income resulting from the remeasurement of hedging instruments includes negative fair value adjustments totaling €3 million (negative fair value adjustments of €8 million in first-half 2023) relating to cash flow hedges of interest payments on senior unsecured notes (i) as of the end of first-quarter 2019 and (ii) as of July 2020. The outstanding balance of the ongoing cash flow hedging reserve is a negative €2 million (see the consolidated statement of changes in shareholders' equity).

Other comprehensive income relating to equity-accounted companies (net of tax) includes (see Note 16, "Investments in equity-accounted companies"): €29 million in foreign exchange gains (losses of €13 million in first-half 2023) arising in the period on foreign joint ventures.

In accordance with the amended IAS 19, changes in actuarial gains and losses are shown in "Other comprehensive income" and are not subsequently reclassified to profit.

The discount rates used to calculate post-employment benefit obligations are determined by reference to the yield on private investment-grade bonds (AA), using the Iboxx index. The main discount rate assumptions used to calculate post-employment benefit obligations at the dates shown were revised as follows:

	Dec. 31, 2022	**June 30, 2023**	Dec. 31, 2023	**June 30, 2024**
Eurozone	3.70%	**3.60%**	3.20%	**3.70%**
UK	4.70%	**5.25%**	4.50%	**5.20%**

The inflation rate assumption used to calculate obligations in the United Kingdom was as follows:

	Dec. 31, 2022	**June 30, 2023**	Dec. 31, 2023	**June 30, 2024**
UK inflation rate	3.25%	**3.25%**	3.00%	**3.20%**

Consolidated statement of changes in shareholders' equity

(in € millions)	Share capital	Additional paid-in capital	Treasury shares	Remeasurement of hedging instruments	Translation adjustments	Consolidated reserves and retained earnings	Actuarial gains and losses on post-employment benefits	Profit (loss) for the period	Other		**Equity attributable to owners of the parent**	Non-controlling interests	**Total**
At December 31, 2022	**85**	**4,688**	**(310)**	**23**	**668**	**7,658**	**(208)**	**(2,459)**	**266**		**10,411**	**455**	**10,866**
Comprehensive income (expense) for the period	-	-	-	(8)	(70)	-	20	1,863	(3)	(a)	**1,802**	42	**1,844**
Acquisitions/disposals of treasury shares	-	-	(933)	-	-	5	-	-	-		**(928)**	-	**(928)**
Dividends	-	-	-	-	-	(564)	-	-	-		**(564)**	(19)	**(583)**
Other movements, including appropriation of profit	-	-	-	-	-	(2,459)	-	2,459	23	(b)	**23**	(1)	**22**
At June 30, 2023	**85**	**4,688**	**(1,243)**	**15**	**598**	**4,640**	**(188)**	**1,863**	**286**		**10,744**	**477**	**11,221**
Comprehensive income (expense) for the period	-	-	-	(14)	(98)	-	(100)	1,581	27		**1,396**	33	**1,429**
Acquisitions/disposals of treasury shares	-	-	(605)	-	-	-	-	-	-		**(605)**	-	**(605)**
Dividends	-	-	-	-	-	-	-	-	-		**-**	-	**-**
Other movements, including appropriation of profit	-	-	-	-	-	-	-	-	42		**42**	1	**43**
At December 31, 2023	**85**	**4,688**	**(1,848)**	**1**	**500**	**4,640**	**(288)**	**3,444**	**355**		**11,577**	**511**	**12,088**
Comprehensive income (expense) for the period	-	-	-	(3)	182	-	75	57	(18)	(a)	**293**	52	**345**
Acquisitions/disposals of treasury shares	-	-	(512)	-	-	(44)	-	-	-		**(556)**	-	**(556)**
Dividends	-	-	-	-	-	(911)	-	-	-		**(911)**	(54)	**(965)**
Treasury shares delivered through conversion of 2027 OCEANE bonds	-	-	1,201	-	-	(177)	-	-	-		**1,024**	-	**1,024**
Share buyback commitments	-	-	-	-	-	(250)	-	-	-		**(250)**	-	**(250)**
Other movements, including appropriation of profit	-	-	-	-	-	3,444	-	(3,444)	41	(b)	**41**	-	**41**
At June 30, 2024	**85**	**4,688**	**(1,159)**	**(2)**	**682**	**6,702**	**(213)**	**57**	**378**		**11,218**	**509**	**11,727**

(a) Other comprehensive income (expense) for first-half 2024 (attributable to owners of the parent) includes a negative tax impact of €18 million, of which a negative €19 million arising on actuarial gains and losses and a positive €1 million on foreign exchange differences (a negative impact of €5 million and a positive impact of €2 million, respectively, in first-half 2023).

(b) Including a share-based payment expense (IFRS 2) net of tax amounting to €40 million in first-half 2024 (€24 million in first-half 2023).

Consolidated balance sheet

ASSETS *(in € millions)*	*Note*	Dec. 31, 2023	June 30, 2024
Goodwill	*11*	4,706	4,687
Intangible assets	*12*	7,830	7,968
Property, plant and equipment	*13*	4,121	4,362
Right-of-use assets	*14*	582	659
Non-current financial assets	*15*	997	1,212
Investments in equity-accounted companies	*16*	1,928	1,923
Non-current derivatives (positive fair value)	*23*	-	-
Deferred tax assets		1,122	2,024
Other non-current financial assets		7	4
Non-current assets		**21,293**	**22,839**
Current financial assets	*15*	270	225
Current derivatives (positive fair value)	*23*	1,577	1,690
Inventories and work-in-progress		7,903	9,344
Contract costs		753	855
Trade and other receivables		9,417	9,558
Contract assets		2,157	2,290
Tax assets		422	515
Cash and cash equivalents	*17*	6,676	5,699
Current assets		**29,175**	**30,176**
Total assets		**50,468**	**53,015**

EQUITY AND LIABILITIES *(in € millions)*	*Note*	Dec. 31, 2023	June 30, 2024
Share capital	*18*	85	85
Consolidated reserves and retained earnings	*18*	8,048	11,076
Profit for the period		3,444	57
Equity attributable to owners of the parent		**11,577**	**11,218**
Non-controlling interests		**511**	**509**
Total equity		**12,088**	**11,727**
Provisions	*19*	1,547	1,704
Borrowings subject to specific conditions	*20*	292	287
Non-current interest-bearing financial liabilities	*21*	4,691	3,786
Non-current derivatives (negative fair value)	*23*	8	8
Deferred tax liabilities		1,022	1,387
Other non-current financial liabilities	*22*	33	-
Non-current liabilities		**7,593**	**7,172**
Provisions	*19*	1,064	1,082
Current interest-bearing financial liabilities	*21*	1,608	1,018
Trade and other payables		8,097	8,923
Contract liabilities		15,029	15,749
Tax liabilities		104	433
Current derivatives (negative fair value)	*23*	4,735	6,519
Other current financial liabilities	*22*	150	392
Current liabilities		**30,787**	**34,116**
Total equity and liabilities		**50,468**	**53,015**

Consolidated statement of cash flows

(in € millions)	*Note*	First-half 2023	First-half 2024
I. Cash flow from operating activities			
Profit attributable to owners of the parent		**1,863**	**57**
Depreciation, amortization, impairment and provisions[(1)]		752	766
Share in profit/loss from equity-accounted companies (net of dividends received)	*16*	(39)	(37)
Change in fair value of currency and interest rate derivatives[(2)]	*23*	(1,260)	1,680
Capital gains and losses on asset disposals		2	(13)
Profit attributable to non-controlling interests		42	49
Other[(3)]		622	(142)
Cash flow from operations, before change in working capital		**1,982**	**2,360**
Change in inventories and work-in-progress		(1,019)	(1,297)
Change in operating receivables and payables		153	731
Change in contract costs		(79)	(84)
Change in contract assets and liabilities		1,144	585
Change in other receivables and payables		(118)	(75)
Change in working capital		**81**	**(140)**
	TOTAL I	**2,063**	**2,220**
II. Cash flow used in investing activities			
Capitalization of R&D expenditure[(4)]	*12*	(152)	(152)
Payments for the purchase of intangible assets, net[(5)]		(100)	(93)
Payments for the purchase of property, plant and equipment, net[(6)]		(348)	(512)
Payments for the acquisition of investments or businesses, net		(104)	(189)
Proceeds arising from the sale of investments or businesses, net		154	18
Proceeds (payments) arising from the sale (acquisition) of investments and loans,		(265)	(57)
Other movements		-	-
	TOTAL II	**(815)**	**(985)**
III. Cash flow used in financing activities			
Change in share capital – owners of the parent		2	-
Change in share capital – non-controlling interests		-	-
Acquisitions and disposals of treasury shares	*18.b*	(931)	(574)
Repayment of borrowings and long-term debt[(8)]	*21*	(243)	(744)
Increase in borrowings	*21*	9	11
Change in repayable advances	*20*	(6)	(9)
Change in short-term borrowings	*21*	(37)	49
Dividends and interim dividends paid to owners of the parent	*18.e*	(564)	(911)
Dividends paid to non-controlling interests		(19)	(54)
	TOTAL III	**(1,789)**	**(2,232)**
Effect of changes in foreign exchange rates	**TOTAL IV**	**1**	**20**
Net increase (decrease) in cash and cash equivalents	**I+II+III+IV**	**(540)**	**(977)**
Cash and cash equivalents at beginning of period		6,687	6,676
Cash and cash equivalents at end of period	*17*	6,147	5,699
Net increase (decrease) in cash and cash equivalents		**(540)**	**(977)**

(1) Including in first-half 2024: depreciation and amortization for €692 million (€653 million in first-half 2023), impairment reversals for €37 million (€136 million in impairment charges in first-half 2023), and provision charges for €111 million (provision charges for €37 million in first-half 2023).

(2) Including in first-half 2024: a negative €1,673 million arising on currency derivatives (a positive €1,257 million in first-half 2023) (see Note 23, "Management of market risks and derivatives").

(3) Including in first-half 2024: cancellation of a €38 million tax expense (€609 million tax expense in first-half 2023), €157 million in taxes paid (€31 million in first-half 2023), €64 million in interest paid (€74 million in first-half 2023), and €136 million in interest received (€102 million in first-half 2023).

(4) Including in first-half 2024: capitalized interest of €1 million (€3 million in first-half 2023).

(5) Including in first-half 2024: €66 million in disbursements for acquisitions of intangible assets (€56 million in first-half 2023), €1 million in proceeds from disposals (€4 million in first-half 2023), changes in amounts payable on acquisitions of non-current assets representing a negative €31 million (a negative €52 million in first-half 2023), and changes in amounts receivable on disposals of non-current assets representing a positive €3 million (a positive €4 million in first-half 2023).

(6) Including in first-half 2024: €510 million in disbursements for acquisitions of property, plant and equipment (€353 million in first-half 2023), changes in amounts payable on acquisitions of non-current assets representing a negative €5 million (a positive €1 million in first-half 2023), €4 million in proceeds from disposals (€4 million in first-half 2023), and changes in amounts receivable on disposals of non-current assets representing a negative €1 million (nil in first-half 2023).

(7) Including in first-half 2023: an outflow of €200 million relating to investments that do not qualify as cash and cash equivalents.

(8) Including in first-half 2024: an outflow of €200 million relating to the redemption of the Euro private placement and an outflow of €448 million relating to the redemption of the final tranche of the 2012 USPP (€180 million outflow relating to the redemption of the second tranche of the 2012 USPP in first-half 2023).

Notes to the Group condensed interim consolidated financial statements

Safran (2, boulevard du Général Martial-Valin – 75724 Paris Cedex 15, France) is a *société anonyme* (joint-stock corporation) incorporated in France and permanently listed on Compartment A of the Euronext Paris Eurolist market.

The condensed interim consolidated financial statements reflect the accounting position of Safran SA and the subsidiaries that it controls, directly or indirectly and jointly or exclusively, as well as entities over which it exercises significant influence (the "Group").

The accounting rules and methods applied by the Group in accordance with international financial reporting standards are presented in Note 2, "Accounting policies".

The condensed interim consolidated financial statements and accompanying notes are drawn up in euros and all amounts are rounded to the nearest million unless otherwise stated.

Rounding to the nearest million euros may, in some cases, result in insignificant differences in the totals, subtotals and percentages shown in the tables.

The Board of Directors' meeting of July 30, 2024 adopted and authorized for issue the 2024 condensed interim consolidated financial statements.

Note 1 - *Financial impacts of climate change*

The decarbonization of air transport is Safran's main climate challenge. The 2015 Paris Climate Agreement set the goal of capping the increase in the Earth's average temperature at 2°C, or even 1.5°C, by the end of the century compared with pre-industrial levels. Safran is fully committed to this objective and has set itself the following targets in this regard:

- Reducing emissions from its operations (Scopes 1 and 2) by 30% by 2025 and by 50.4% by 2030 compared to a 2018 baseline
- Reducing emissions related to the use of its products (Scope 3 product use) by 42.5% per seat-kilometer by 2035 compared with 2018, or an average of 2.5% per year, thereby contributing to achieving net zero emissions for the aviation sector by 2050
- Reducing emissions related to employee travel (Scope 3 business travel and commuting) by 50% by 2030 compared with 2018
- Mobilizing its 400 main suppliers in meeting the commitments under the Paris Agreement

In early 2023, the independent Science-Based Targets initiative (SBTi) validated the first two greenhouse gas (GHG) emissions reduction targets set by Safran, showing they are aligned with the goals of the Paris Agreement adopted at COP21 in December 2015.

Climate change-related challenges are reflected in the Group's financial statements.

At the reporting date, the Group does not consider that its commitments in relation to the transition to a low-carbon economy have a material impact on its financial statements, with the exception of its R&T expenditure.

- **Measurement of assets**

The air traffic growth assumptions used by management in the Group's medium-term business plan and strategy (3.2% growth in average annual revenue passenger kilometers [RPK] over the next 20 years) take into account environment-related constraints in different regions (impact of the use of sustainable fuels and of higher taxes on ticket prices, changes in consumer behavior owing to increased environmental concerns – especially in Europe, a decline in business travel, and the occurrence of periods of extreme weather) that could slow down air traffic growth.

The 2.5% perpetual growth rate used to determine the terminal value of cash-generating units (see Note 11, "Goodwill") is therefore lower than the market assumptions used by the Group.

The depreciation periods of the main programs take into account decarbonization initiatives.

- **Property, plant and equipment – Sustainable investments and other expenses relating to the climate and protecting the environment**

Safran is continuing to implement its strategy of producing solar energy at its French sites to reduce their carbon footprint. By the end of 2025, 17 of its French sites will be equipped with photovoltaic panels.
The Group is rolling out the same initiative in the rest of the world, with PV installation projects completed in various countries (Morocco, Belgium, the United Kingdom, China, Thailand, Singapore, Australia, Mexico, Tunisia, India, Malaysia and Poland).

The power purchase agreements (PPA) have been analyzed to determine the appropriate accounting treatment, and have been recognized either as property, plant and equipment or as binding commitments to purchase energy and services associated with the power generation facilities.

Safran has also set up virtual power purchase agreements (VPPA) to help decarbonize its electricity consumption. After signing a contract in the US at the end of 2023, Safran signed a new VPPA in Malaysia in February 2024, scheduled to come on stream at the end of 2025 (see Note 23, "Risk management and derivatives").

The depreciation periods of the main assets take into account decarbonization initiatives and have not been revised.

- **Financial assets**

Safran Corporate Ventures, Safran's investment subsidiary, is stepping up its investments in line with the Group's strategic priorities, including decarbonization.
Its investments are mainly in startups developing disruptive technologies.

After investing in 2022 in German startup Ineratec, specialized in technologies for the development and production of carbon-neutral synthetic fuels, in February 2024 Safran Corporate Ventures invested in US startup Avnos, which is developing a technology to capture CO_2 from ambient air while reducing energy consumption and using zero water.

At the end of June 2024, Safran Corporate Ventures participated in a funding round to support startup Estuaire in further developing its flight data analysis platform to help airlines and airports minimize CO_2 and non-CO_2 emissions in a cost-effective way.

Safran has committed to investing in an investment fund specializing in carbon offsetting, generating both a financial return and voluntary carbon credits. It will invest USD 25 million, with the initiatives planned in this area expected to generate a reduction of almost 900 ktCO_2 over 15 years.
The first call for funds is slated for 2024. At June 30, 2024, this investment was classified as an off-balance sheet commitment.

- **Liabilities and commitments received**

On March 4, 2021, Safran signed a €500 million loan agreement with the European Investment Bank (EIB), which was drawn down in full on February 21, 2022 for ten years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon free air transportation by 2050.

On May 4, 2022 Safran set up a €2 billion revolving credit facility (RCF), with an original maturity of May 2027. Following the exercise of the two one-year extension options, the maturity has been extended to May 2029.

The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives.

- **Research and Technology**

The R&T priorities set by Safran are fully in line with the priorities defined in the French recovery plan, which has set a goal of developing a low-carbon aircraft by 2035.

Over 85% of self-funded R&T spend has been allocated to environmental efficiency.

Gross R&T costs represented approximately €426 million in first-half 2024, mainly invested in projects aiming to develop key technologies for carbon-free aviation.

- **Compensation policy**

In recent years, the Group's commitment to carbon neutrality has been reinforced by the inclusion of CSR objectives in the criteria used to determine executive long-term compensation and new profit-sharing agreements.

Note 2 - Accounting policies

The consolidated financial statements of Safran and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union at the date the condensed interim consolidated financial statements were approved by the Board of Directors. They include standards approved by the IASB, namely IFRS, International Accounting Standards (IAS), and interpretations issued by the IFRS Interpretations Committee (IFRS IC) or its predecessor, the Standing Interpretations Committee (SIC).

The condensed interim consolidated financial statements at June 30, 2024 have been prepared in accordance with IAS 34, “Interim Financial Reporting” and with all the standards and interpretations adopted by the European Union and applicable to accounting periods beginning on or after January 1, 2024.

In preparing these condensed interim consolidated financial statements at June 30, 2024, Safran applied the same accounting rules and methods as those applied in the preparation of its consolidated financial statements for the year ended December 31, 2023 (see section 3.1, Note 2 of the 2023 Universal Registration Document), except as regards the specific requirements of IAS 34 (use of projected annual rates in calculating the Group’s income tax, adjusted for the main permanent differences) and the changes described below.

Changes in accounting policies

New IFRS standards, amendments and interpretations effective as of January 1, 2024

- Amendments to IAS 1, “Presentation of Financial Statements” – Classification of Liabilities as Current and Non-current and Non-current Liabilities with Covenants.
- Amendments to IFRS 16, “Leases” – Lease Liability in a Sale and Leaseback.
- Amendments to IAS 7, “Statement of Cash Flows” and IFRS 7, “Financial Instruments: Disclosures” – Supplier Finance Arrangements.

The standards, amendments and interpretations effective for reporting periods beginning on or after January 1, 2024 do not have a material impact on the Group’s consolidated financial statements.

New published IFRS standards, amendments and interpretations early adopted by the Group as of January 1, 2024

None.

Standards, amendments and interpretations not adopted by the European Union as of June 30, 2024 or not yet effective as of January 1, 2024

- Amendments to IAS 21, “The Effects of Changes in Foreign Exchange Rates” – Lack of Exchangeability.
- IFRS 18, “Presentation and Disclosure in Financial Statements”.
- IFRS 19, “Subsidiaries without Public Accountability: Disclosures”.
- Amendments to IFRS 9 and IFRS 7, “Amendments to the Classification and Measurement of Financial Instruments”.

Note 3 - Main sources of estimates

The preparation of consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) described above requires management to make certain estimates and assumptions that affect the reported amounts of consolidated assets, liabilities, income and expenses.

The assumptions used vary from one business to the next, but are considered reasonable and realistic in all cases. The resulting estimates are based on the Group's past experience and factor in the economic conditions prevailing at the end of the reporting period and any information available as of the date of preparation of the financial statements, in particular of a contractual or commercial nature.

Estimates and underlying assumptions are reviewed on an ongoing basis. They take into account the direct and indirect consequences of the situation in Ukraine and the sanctions imposed on Russia and Belarus.

When unforeseen developments in events and circumstances occur, particularly as regards global economic trends and the Group's own business environment, actual results may differ from these estimates. In such cases, the assumptions and, where appropriate, the reported amounts of assets and liabilities concerned are adjusted accordingly.

The Group also tests its sensitivity to changes in the assumptions underlying its main estimates in order to analyze the impact of volatility and lack of visibility in the global economic environment and particularly in certain Group segments. These analyses are regularly reviewed by management.

The main accounting policies which require the use of estimates are described below.

a) Estimates relating to programs and contracts

The main material estimates used by the Group to prepare its financial statements relate to forecasts of future cash flows under programs and contracts (business plans). Forecast future total cash flows under programs and contracts represent management's best estimate of the rights and obligations expected to derive from the program or contract.

The assumptions applied and resulting estimates used for programs and contracts cover periods that are sometimes very long (up to several decades), and take into account the technological, commercial and contractual constraints as well as the impacts of the climate strategy of each such program and contract.

These estimates primarily draw on assumptions about the volumes, output and selling prices of products sold and associated production costs, including inflation assumptions. They also draw on exchange rates for foreign-currency denominated sales and purchases as well as normal risks and uncertainties in respect of forecast cost overruns and, for discounted future cash flows, the discount rate adopted for each program and contract.

The Group's volume assumptions are prepared internally for each market in which Group companies are present (e.g., commercial, business and military aviation, helicopters, etc.). For short-term estimates, these assumptions are based on available inputs (programs, orders, etc.), while external inputs (publications, airframer press releases, IATA announcements, market surveys, etc.) are used for estimates covering the medium to long term. The assumptions are regularly revised, particularly those used for short-term estimates, in order to reflect the latest developments in the Group's programs, and all assumptions used for medium- to long-term forecasts are validated by management at least once a year.

Cash flow forecasts, which may or may not be discounted, are used to determine the following:

- **impairment of non-current assets**: goodwill and assets allocated to programs (aircraft programs, development expenditure and property, plant and equipment used in production) are tested for impairment as described in section 3.1, Note 3.m of the 2023 Universal Registration Document. The recoverable amount of these assets is generally determined using cash flow forecasts;

- **capitalization of development expenditures**: the conditions for capitalizing development expenditure are set out in section 3.1, Note 3.j of the 2023 Universal Registration Document. Determining whether future economic benefits are expected to flow to the Group is instrumental in deciding whether project costs can be capitalized. This analysis is carried out based on future cash flow forecasts. The Group also uses estimates when determining the useful life of its projects;

- **profit (loss) on completion of contracts accounted for on a percentage-of-completion basis:** the Group accounts for contracts on a percentage-of-completion basis (cost-to-cost method). Under this method, revenue is recognized based on the percentage of work completed, calculated by reference to the costs incurred. This method requires an estimate of results on completion using future cash flow forecasts that take into account contractual indexes and commitments as well as other factors inherent to the contract based on historical and/or forecast data. This method also requires an estimate of the contract's stage of completion.

Estimates of maintenance costs can incorporate uncertainties. Assumptions are updated in line with technical milestones and with the experience acquired in terms of maintenance costs.

When the total costs that are necessary to cover the Group's risks and obligations under the contract are likely to exceed total contract revenue, the expected loss (i) is recognized within provisions for losses on completion or (ii) leads to the write-down of contract fulfillment costs (if any) and to the subsequent recognition of a provision for losses on completion for the remaining amount of the loss;

- **timing of revenue recognition:** the recognition of revenue under certain contracts is based on delivery volume assumptions. These assumptions therefore influence the timing of revenue recognition;

- **variable consideration:** the transaction price may be comprised of both a fixed amount and a variable amount. This variable amount may, in particular, depend on volume assumptions which therefore require the use of estimates;

- **losses arising on delivery commitments:** sales contracts (or combinations of contracts) may be onerous. For all sales contracts or combinations of contracts, the Group estimates the volume of goods to be delivered as well as spare parts and services directly related to the delivery commitment, which may be contractual or highly probable. Accordingly, the Group recognizes a provision for losses arising on delivery commitments when the combination of contracts is onerous, and a loss is likely to be incurred. It uses estimates, notably as regards the volume of goods to be produced and delivered under the sales contracts or combinations of contracts, as well as the volume of directly-related spare parts and services, projected production costs and the expected economic benefits;

- **repayable advances:** the forecast repayment of advances received from public bodies is based on revenue from future sales of engines, equipment and spare parts, as appropriate. As a result, the forecasts are closely related to the business plans prepared by the operating divisions.

Any changes in estimates and assumptions underlying cash flow forecasts for programs and contracts could have a material impact on the Group's future earnings and/or the amounts reported in its balance sheet. Consequently, the sensitivity of key estimates and assumptions to such changes is systematically tested and the results of these tests reviewed by management on a regular basis.

b) Provisions

Provisions reflect management's best estimates using available information, past experience and, in some cases, estimates by independent experts.

When estimating provisions relating to the Group's contractual commitments on timeframes and technical specifications in connection with the development phase, the general stage of development of each of the Group's programs is taken into account, particularly as regards any changes made to specifications during the development phase. Contractually defined liability limits are also taken into account.

Contractual provisions relating to performance warranties given by the Group take into account factors such as the frequency and estimated cost of repairs. The value of these commitments may be based on a statistical assessment.

Provisions relating to financial guarantees given by the Group are based on the estimated value of the underlying assets, the probability that the customers concerned will default, and, where appropriate, the discount rate applied to cash flows.

The costs and penalties actually incurred or paid may differ significantly from these initial estimates when the obligations unwind, and this may have a material impact on the Group's future earnings.

At the date of this report, the Group has no information suggesting that these inputs are not appropriate taken as a whole.

Provisions for restructuring costs represent the best estimate of the costs at the end of the reporting period.

c) Post-employment benefits

The Group uses statistical data and other forward-looking inputs to determine assets and liabilities relating to post-employment benefits. These inputs include actuarial assumptions such as the discount rate, salary increase rate, retirement age, and employee turnover and mortality. Actuarial calculations are performed by independent actuaries. At the date of preparation of the consolidated financial statements, the Group considers that the assumptions used to measure its commitments are appropriate and justified.

However, if circumstances or actuarial assumptions – especially the discount rate – prove significantly different from actual experience, the amount of post-employment liabilities shown in the balance sheet could change significantly, along with equity.

d) Trade receivables, contract assets and other receivables

The Group estimates any collection risks based on commercial information, prevailing economic trends, and information concerning the solvency of each customer, in order to determine any necessary write-downs on a case-by-case basis. These write-downs are in addition to any allowances recognized for expected losses, which are calculated on a collective basis for all customers except major customers deemed low risk and the government.

The specific nature of any receivables from government-backed entities is taken into account when determining bad debt risk for each receivable and therefore when estimating the amount of any impairment loss.

e) Allocation of the cost of business combinations

Business combinations are recorded using the acquisition (purchase) method. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at fair value at the date control is acquired.

One of the most important areas in which estimates are used in accounting for a business combination concerns the calculation of the fair value of assets acquired and liabilities assumed, and the underlying assumptions applied. The fair value of certain items acquired in a business combination can be measured reliably, for example property, plant and equipment using market prices. However, the fair value of other items such as intangible assets or contingent liabilities may prove more difficult to establish. These complex measurements are usually performed by independent experts based on a series of assumptions. These experts are generally required to estimate the impact of future events that are uncertain at the date of the combination.

f) Disputes and litigation

Certain Group subsidiaries may be party to regulatory, legal or arbitration proceedings which, because of their inherent uncertainty, could have a material impact on the Group's financial position (see Note 26, "Disputes and litigation").

The Group's management takes stock of any outstanding proceedings and monitors their progress on a regular basis. It also decides whether to book a provision or adjust the amount of any existing provision if events arise during the proceedings that require a reassessment of the risk involved. The Group consults legal experts both within and outside the Group in estimating the risk and determining the costs that may be incurred.

The decision to book a provision in respect of a given risk and the amount of any such provisions are based on an assessment of the risk associated with each individual case, management's estimate of the likelihood that an unfavorable decision will be issued in the proceedings in question, and the Group's ability to estimate the amount of the provision reliably.

g) Recurring operating income (loss)

To make the Group's operating performance more transparent, it includes an intermediate operating indicator known as "Recurring operating income (loss)" in its reporting.

This sub-total includes the share of profit from joint ventures accounted for under the equity method, since all joint ventures are involved in businesses directly related to the Group's core activities.

This sub-total excludes income and expenses which are largely unpredictable because of their unusual, infrequent and/or material nature, such as:

- impairment losses recognized against goodwill, impairment losses or reversals of impairment losses recognized against intangible assets relating to programs, projects or product families as a result of an event that substantially alters the economic profitability of such programs, projects or product families (e.g., significant decrease in forecast volumes, difficulties encountered during the development phase, renegotiated sales agreements, changes in the production process, etc.), including for equity-accounted companies;
- capital gains and losses on disposals of operations;
- gains on remeasuring any previously held equity interests in the event of step acquisitions or asset contributions to joint ventures;
- other unusual and/or material items not directly related to the Group's ordinary operations, in particular restructuring costs.

Note 4 - Scope of consolidation

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION IN 2024

ACQUISITIONS

- Acquisition of Air Liquide’s aeronautical oxygen and nitrogen activities

On February 27, 2024, Safran finalized the acquisition of Aerospace & Defense Oxygen System SAS (ADOS), combining Air Liquide's oxygen and nitrogen aerospace technology activities.

This acquisition rounds out Safran Aerosystems’ range of products. In particular, acquiring Air Liquide’s on-board oxygen generation systems (OBOGS) would see Safran Aerosystems become a leading player through systems integration.

The acquisition was fully consolidated (100%) by Safran in its financial statements as from March 1, 2024 within the Aircraft Equipment, Defense and Aerosystems segment.

Since their consolidation, these activities have contributed €23 million to consolidated revenue and €4 million to profit from operations.

The purchase price allocation is currently underway, with the assistance of our external experts. This resulted in the recognition of provisional goodwill for €29 million.

The provisional allocation of the purchase price is as follows:

(in € millions)	**Fair value at acquisition date**
Non-current assets	27
Inventories	23
Other current and non-current assets and liabilities	7
Cash and cash equivalents	2
Borrowings	(9)
ADOS net assets	**50**
Purchase price of shares	**79**
Provisional goodwill	**29**

TRANSACTIONS IN PROGRESS

- Acquisition of Collins Aerospace's actuation and flight control business

Safran announced on July 21, 2023, the contemplated acquisition of Collins Aerospace’s high-technology actuation and flight control activities, which are mission critical for commercial & military aircraft and helicopters by cash offer based on a USD 1.8 billion enterprise value.

The business has around 3,700 employees across eight facilities in Europe (France, Italy and the United Kingdom) and in Asia, and also benefits from MRO and engineering capabilities. It is expected to generate annual revenue of approximately USD 1.5 billion.

On November 20, 2023, Safran was informed of the Italian government's decision to exercise its “Golden Power“, thus opposing the sale to Safran of Microtecnica S.r.I, the company holding the assets located in Italy.

On June 6, 2024, Safran was informed of the Italian government's decision to approve the sale to Safran of Microtecnica S.r.l, the company holding the assets located in Italy. The Group made a number of commitments, compatible with the targeted objectives of this acquisition, which address the concerns expressed in the initial Italian decree of November 16, 2023 and provide adequate safeguards of Italian national interests.

Furthermore, in the UK, the Secretary of State has reviewed the notification made under the National Security and Investment Act and has informed Safran that he will take no further action in relation to the proposed acquisition. This constitutes an unconditional clearance.

The completion of this proposed acquisition remains subject to obtaining other regulatory approvals, particularly with regard to merger control and to customary closing conditions.

MAIN CHANGES IN THE SCOPE OF CONSOLIDATION IN 2023

DISPOSALS

- Disposal of Safran Cabin Catering and Safran Cabin Cargo

The Safran Cabin Catering and Safran Cabin Cargo businesses, which were classified as assets held for sale at December 31, 2022, were sold on May 31, 2023.

The capital loss on the disposal was recognized in non-recurring operating income in the amount of €10 million, taking into account the final contingent consideration in the second half of the year (see Note 7, “Breakdown of the other main components of profit from operations”).

ACQUISITIONS

- Acquisition of Aubert & Duval

On April 28, 2023, AD Holding, owned equally by Airbus, Safran and Tikehau Ace Capital, completed the acquisition of Aubert & Duval from the Eramet group.

At December 31, 2023, the purchase price allocation was underway, with the assistance of our external experts. The preliminary allocation of the purchase price to the assets acquired and liabilities assumed as measured at fair value generated provisional goodwill of zero.

This goodwill was confirmed during the first half of 2024.

The final allocation of the purchase price is as follows:

(in € millions)	**Fair value at acquisition date**
Non-current assets	96
Inventories	526
Trade receivables	66
Other assets	37
Provisions	(178)
Trade payables	(282)
Other liabilities	(132)
Net debt	45
Aubert & Duval net assets – Group share (100%)	**176**
Share of Aubert & Duval net assets excluding goodwill (33.33%)	58
Purchase price (Safran share 33.33%)	**58**
Goodwill	**-**

- Acquisition of Thales' aeronautical electrical systems business

On October 2, 2023 Safran completed the acquisition of 100% of Thales's aeronautical electrical systems business, which covers electric conversion, power generation and motors for civil and military aircraft.

This acquisition included Thales Avionics Electrical Systems and Thales Avionics Electrical Motors in France, with sites at Chatou, Meru and Conflans-Ste Honorine. It also included the support, maintenance and production activities for aeronautical electrical equipment in Orlando (US) and Singapore.

Control of the business activities in France has been transferred. Control of the business activities in the US and Singapore will be transferred at the end of a transition period, during which the necessary certification approvals will be obtained. The price paid in advance for these activities was recorded within financial assets for €26.1 million.

At December 31, 2023, the preliminary allocation of the purchase price to the assets and liabilities measured at fair value generated provisional goodwill of €109 million.

During the first half of 2024, the Group continued to work with its experts on the allocation of the purchase price of these activities in accordance with IFRS 3, "Business Combinations".

Following the purchase price allocation, goodwill was recognized in an amount of €27 million at June 30, 2024.

The allocation of the purchase price is as follows:

(in € millions)	**Fair value at acquisition date**
Intangible assets	199
Property, plant and equipment, and right-of-use assets	38
Inventories	63
Other current and non-current assets and liabilities	(182)
Net debt	5
Deferred tax liabilities	(24)
Net assets	**99**
Purchase price of shares	**126**
Goodwill	**27**

Note 5 - Segment information

Segments presented

In accordance with IFRS 8, “Operating Segments”, segment information reflects Safran’s different businesses.

The Group’s operating segments reflect the organization of subsidiaries around tier-one entities (“consolidation sub-groups”).

For monitoring purposes, Safran has three operating segments which are organized based on the type of products and services they sell and the markets they serve.

Aerospace Propulsion

The Group designs, develops, produces and markets propulsion and mechanical power transmission systems for commercial aircraft, military transport, training and combat aircraft, civil and military helicopters, and drones. This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

Aircraft Equipment, Defense and Aerosystems

Safran covers the full life cycle of systems and equipment for civil and military aircraft and helicopters. The Group is involved in landing gear and brakes, nacelles and reversers, avionics (flight controls and onboard information systems), security systems (evacuation slides and oxygen masks), onboard computers and fuel systems.

It also operates at the different phases of the electrical cycle and provides electrical power management systems and associated engineering services.

It includes all activities serving the naval and land defense markets, including optronic equipment and sights, navigation equipment and sensors, modernized infantry, and drones.

This segment also includes maintenance, repair and overhaul (MRO) activities and the sale of spare parts.

Aircraft Interiors

The Aircraft Interiors business includes all operations related to the buyer-furnished equipment (BFE) market, whose direct customers are mostly airline companies. The Group designs, develops, manufactures and markets, for example, aircraft seats for passengers (First, Business and Economy Class) and crew, as well as cabin equipment, overhead bins, class dividers, passenger service units, cabin interior solutions, chilling systems, galleys, and electrical inserts and trolleys.

This segment also includes complex cabin equipment and passenger comfort-focused solutions such as water distribution, lavatories, air systems, and in-flight entertainment and connectivity (IFEC).

Holding company and other

In “Holding company and other”, the Group includes Safran SA’s activities and holding companies in various countries.

Business segment performance indicators

To make it easier to track and compare its operating and financial performance, the Group prepares an adjusted income statement in addition to its consolidated financial statements and presents key indicators in its management report, defined as follows:

- **Adjusted revenue** corresponds to revenue adjusted for the revaluation by currency of revenue net of purchases in foreign currencies at the hedged rate, incorporating the exchange rate effectively obtained over the period under hedging strategies and including premiums on settled options.

- **Adjusted recurring operating income (ROI)** corresponds to recurring operating income adjusted for (i) entries recorded in connection with business combinations (impact of asset remeasurements and the depreciation, amortization and impairment of assets measured as part of the purchase price allocation in accordance with IFRS 3), (ii) the impact of the mark-to-market of foreign currency derivatives in order to better reflect the economic substance of the Group's overall foreign currency risk hedging strategy (revenue net of purchases in foreign currencies is therefore valued at the exchange rate effectively obtained over the period, including the cost of implementing the hedging strategy).

- **Adjusted profit** corresponds to consolidated profit for the period attributable to owners of the parent adjusted for the above-mentioned items and for the neutralization of all mark-to-market changes on foreign currency derivatives hedging future cash flows.
  The resulting changes in deferred tax have also been adjusted.

Segment information presented in the tables on page 8 is included within the information presented to the Chief Executive Officer who – in accordance with the Group’s governance structure – has been designated as the “Chief Operating Decision Maker” for the assessment of the performance of business segments and the allocation of resources between the different businesses.

The assessment of each business segment’s performance by the Chief Executive Officer is based on adjusted contribution figures as explained in the Foreword (see page 3).

Data for each business segment are prepared in accordance with the same accounting principles as those used for the consolidated financial statements (see section 3.1, Note 2 of the 2023 Universal Registration Document), except for the restatements made in respect of adjusted data (see Foreword).

Inter-segment sales are performed on an arm’s length basis.

Free cash flow represents cash flow from operating activities less any disbursements relating to acquisitions of property, plant and equipment and intangible assets.

Quantified segment information for 2023 and 2024 is presented on pages 8 to 10.

Note 6 - Revenue

BREAKDOWN OF REVENUE BY BUSINESS

First-half 2024

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
Description of products/services					
Sales of original equipment and other equipment	2,317	2,970	863	-	**6,150**
Services	4,107	2,030	532	-	**6,669**
Sales of studies	90	140	18	1	**249**
Other	70	61	1	4	**136**
Total revenue	**6,584**	**5,201**	**1,414**	**5**	**13,204**
Timing of revenue recognition					
At a point in time	5,201	4,623	1,402	5	**11,231**
Over time	1,383	578	12	-	**1,973**
Total revenue	**6,584**	**5,201**	**1,414**	**5**	**13,204**

First-half 2023

(in € millions)	Aerospace Propulsion	Aircraft Equipment, Defense and Aerosystems	Aircraft Interiors	Holding company and other	Total
Description of products/services					
Sales of original equipment and other equipment	2,291	2,265	755	-	**5,311**
Services	3,359	1,683	403	-	**5,445**
Sales of studies	70	122	8	1	**201**
Other	97	67	4	4	**172**
Total revenue	**5,817**	**4,137**	**1,170**	**5**	**11,129**
Timing of revenue recognition					
At a point in time	4,742	3,636	1,160	5	**9,543**
Over time	1,075	501	10	-	**1,586**
Total revenue	**5,817**	**4,137**	**1,170**	**5**	**11,129**

Revenue is broken down into four categories which best reflect the Group's main businesses:

- Sales of original equipment and other equipment

These sales reflect quantities delivered under contracts or aircraft, helicopter and defense programs as well as contractual financing received from customers to develop these products.

- Services, which include deliveries of spare parts and maintenance contracts

These sales are contingent on repairs and maintenance requested by airline or helicopter companies and correspond to services and volumes that are less predictable since they depend on the condition of fleets.

- Sales of studies, research and development

Contracts are drawn up for all such development work, which represents separate performance obligations. This category relates to specific work carried out for a given project or program.

- Miscellaneous activities, which are included in "Other".

In terms of revenue recognition, it should be noted for each of the business segments that:

Most revenue within the Group is recognized "at a point in time".

Revenue recognized on a percentage-of-completion basis ("over time") mainly concerns service and after-sales support contracts in the Propulsion segment and aerospace activities in the Aircraft Equipment, Defense and Aerosystems segment.

Revenue from contract-related activities accounted for as an overall performance obligation is also recognized on a percentage-of-completion basis.

Note 7 - Breakdown of the other main components of profit from operations

OTHER INCOME

(in € millions)	First-half 2023	First-half 2024
Research tax credit	77	88
Other operating subsidies[(1)]	136	100
Other operating income	13	20
Other income	**226**	**208**

(1) Including €93 million in research and technology subsidies in first-half 2024 (€128 million in first-half 2023).

RAW MATERIALS AND CONSUMABLES USED

This caption breaks down as follows for the period:

(in € millions)	First-half 2023	First-half 2024
Raw materials, supplies and other	(2,526)	(2,953)
Bought-in goods	(95)	(117)
Changes in inventories	312	426
Contract costs	79	85
Sub-contracting	(2,607)	(2,800)
Purchases not held in inventory	(355)	(380)
External service expenses	(1,514)	(2,083)
Raw materials and consumables used	**(6,706)**	**(7,822)**

PERSONNEL COSTS

(in € millions)	First-half 2023	First-half 2024
Wages and salaries	(2,167)	(2,493)
Social security contributions	(830)	(973)
Statutory employee profit-sharing	(96)	(125)
Optional employee profit-sharing	(98)	(107)
Additional contributions	(44)	(49)
Corporate social contribution	(44)	(69)
Other employee costs	(88)	(116)
Personnel costs	**(3,367)**	**(3,932)**

DEPRECIATION, AMORTIZATION AND INCREASE IN PROVISIONS, NET OF USE

(in € millions)	First-half 2023	First-half 2024
Net depreciation and amortization expense		
- intangible assets	(322)	(341)
- property, plant and equipment	(279)	(291)
- right-of-use assets	(52)	(60)
Total net depreciation and amortization expense[(1)]	**(653)**	**(692)**
Net reversals from provisions	**44**	**(73)**
Depreciation, amortization and increase in provisions, net of use	**(609)**	**(765)**

(1) Of which depreciation and amortization of assets measured at fair value at the time of the Sagem SA-Snecma merger: €21 million in first-half 2024 and €19 million in first-half 2023; during the acquisition of the former Zodiac Aerospace: €91 million in first-half 2024 and €104 million in first-half 2023; and during other acquisitions: €43 million in first-half 2024 and €31 million in first-half 2023.

ASSET IMPAIRMENT

	Impairment expense		Reversals	
(in € millions)	First-half 2023	First-half 2024	First-half 2023	First-half 2024
Intangible assets, property, plant and equipment, and right-of-use assets	(2)	(1)	8	1
Financial assets	(2)	-	1	2
Contract costs	(13)	-	-	9
Inventories and work-in-progress	(213)	(298)	142	372
Receivables	(60)	(43)	35	14
Contract assets	-	-	-	-
Asset impairment	**(290)**	**(342)**	**186**	**398**

OTHER RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	First-half 2023	First-half 2024
Capital gains and losses on asset disposals	(5)	2
Royalties, patents and licenses	(4)	(9)
Losses on irrecoverable receivables	(6)	(1)
Other operating income and expenses	55	68
Other recurring operating income and expenses	**40**	**60**

OTHER NON-RECURRING OPERATING INCOME AND EXPENSES

(in € millions)	First-half 2023	First-half 2024
Capital gains and losses on asset disposals	(1)	-
Asset impairment net of reversals	(35)	(10)
Other non-recurring items	(21)	(14)
Other non-recurring operating income and expenses	**(57)**	**(24)**

The write-down of €10 million taken against an intangible asset in first-half 2024 concerns an aircraft program in the Aircraft Equipment, Defense and Aerosystems segment.

Other non-recurring items, representing an expense of €14 million, relate to:

- restructuring costs including adaptation plans and costs relating to site closures totaling €8 million;
- transaction and integration costs totaling €6 million.

Note 8 - *Financial income (loss)*

(in € millions)	First-half 2023	First-half 2024
Financial expense on interest-bearing financial liabilities	(61)	(57)
Financial income on cash and cash equivalents	103	141
Cost of net debt	**42**	**84**
Gain (loss) on foreign currency hedging instruments	1,272	(1,681)
Foreign exchange gain (loss)	(162)	(255)
Net foreign exchange gain (loss) on provisions	13	(25)
Foreign exchange gain (loss)	**1,123**	**(1,961)**
Gain (loss) on interest rate hedging instruments	-	1
Capital gain (loss) on financial asset disposals	(1)	9
Change in the fair value of assets at fair value through profit or loss	6	3
Dividends received	-	1
Interest component of IAS 19 expense	(9)	(9)
Impact of unwinding the discount	(1)	(1)
Other	5	(3)
Other financial income and expense	**-**	**1**
Financial income (loss)	**1,165**	**(1,876)**
Of which financial expense	(234)	(2,031)
Of which financial income	1,399	155

In first-half 2024, the €1,681 million loss on foreign currency hedging instruments reflects changes in the fair value of these instruments attributable to operating cash flows that will be recognized in profit or loss in future periods.

The fair value of the portfolio reflects the immediate liquidation value of the portfolio at the closing rate for the period (USD 1.0695 to €1) compared with the average rate of the portfolio. The change in the fair value is theoretical for the Group, as currency hedges are unwound when future dollar inflows are received.

The €255 million foreign exchange loss includes:

- a €161 million foreign exchange loss, reflecting the loss on unwinding currency derivatives hedging operating cash flows recognized in profit or loss in the period. This foreign exchange loss represents the difference between the EUR/USD exchange rate guaranteed by the currency derivatives unwound in the period (USD 1.12 to €1) and the actual EUR/USD exchange rate observed during the period;
- a net foreign exchange loss of €94 million primarily attributable to the remeasurement of monetary items at the closing exchange rate.

Net foreign exchange losses amounting to €25 million on provisions carried in USD were recorded in the Propulsion segment and result from the impact of fluctuations in the EUR/USD exchange rate between the start of the period (USD 1.0855 to €1 at December 31, 2023) and the end of the period (USD 1.0695 to €1 at June 30, 2024) on the opening amount of the provision.

Note 9 - Income tax

Group tax (current and deferred) is calculated by using the projected annual rates in each of the Group's tax jurisdictions, adjusted for the main permanent differences identified.

A projected income tax rate of 25.83% was used to calculate the effective tax rate applicable to French entities in first-half 2024.

The tax income in first-half 2024 amounts to €38 million.

In first-half 2024, changes in the fair value of outstanding currency derivatives generated deferred tax income of €440 million.

In first-half 2023, changes in the fair value of outstanding currency derivatives generated a deferred tax expense of €323 million.

Note 10 - Earnings per share

	Index	First-half 2023	First-half 2024
Numerator (in € millions)			
Profit for the period attributable to owners of the parent	(a)	1,863	57
Diluted profit for the period attributable to owners of the parent	(a')	1,863	58
Denominator (in shares)			
Total number of shares	(b)	427,260,541	427,260,541
Number of treasury shares held	(c)	9,635,407	6,881,845
Number of shares excluding treasury shares	(d)=(b-c)	417,625,134	420,378,696
Weighted average number of shares (excluding treasury shares)	(d')	420,447,865	424,913,983
Potentially dilutive ordinary shares	(e)	14,086,486	12,866,187
Weighted average number of shares after dilution	(f)=(d'+e)	434,534,351	437,780,170
Ratio: earnings per share (in €)			
Basic earnings per share*	(g)=(a*1million)/(d')	4.43	0.13
Diluted earnings per share*	(h)=(a'*1million)/(f)	4.29	0.13

* In accordance with IAS 33, when basic earnings per share are negative, basic and diluted earnings per share are identical.

Basic earnings per share are calculated by dividing profit attributable to equity holders of the Company by the weighted average number of shares outstanding during the period. Treasury shares are not considered as outstanding shares and therefore reduce the number of shares used to calculate earnings per share.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding for the effects of dilutive options and other dilutive potential shares.

At June 30, 2024, the only potentially dilutive instruments for the Group are the bonds convertible into new shares and/or exchangeable for existing shares (2021-2028 OCEANEs: see Note 18.d, “Convertible bond issues”) and the free share grant (see Note 18 c. “Share-based payment”).

Note 11 - Goodwill

Goodwill breaks down as follows:

(in € millions)	**Dec. 31, 2023** Net	Changes in scope of consolidation[1]	Impairment	Price adjustments and allocation to identifiable assets and liabilities[2]	Effect of changes in foreign exchange rates and other	**June 30, 2024** **Net**
Safran Aircraft Engines	392	-	-	-	-	392
Safran Helicopter Engines	306	-	-	-	-	306
Safran Aero Boosters	47	-	-	-	-	47
Other Propulsion	1	-	-	-	-	1
Safran Electronics & Defense	613	-	-	-	-	613
Safran Nacelles	213	-	-	-	-	213
Safran Engineering Services	74	-	-	-	-	74
Safran Electrical & Power	811	-	-	(82)	9	738
Safran Landing Systems	190	-	-	-	-	190
Safran Aerosystems	725	29	-	-	-	754
Safran Seats	588	-	-	-	-	588
Safran Cabin	746	-	-	-	25	771
Goodwill	**4,706**	**29**	**-**	**(82)**	**34**	**4,687**

(1) The acquisition of ADOS resulted in the recognition of provisional goodwill for €29 million (see Note 4, “Scope of consolidation”).

(2) The allocation of the purchase price of Thales Avionics Electrical Systems led to an €82 million reduction in goodwill for the Safran Electrical & Power CGU (see Note 4, “Scope of consolidation”).

At June 30, 2024, Safran reviewed its cash-generating units (CGUs) for any internal or external indications of impairment.

Although certain supply chain tensions persist, the Group did not identify any indications of impairment, except for the Safran Seats CGU.

In first-half 2024, the Safran Seats CGU reported earnings from operations close to break-even but deviated from its cash generation trajectory due to delays in production and certification. An impairment test was therefore carried out.

Gaps between actual figures and the annual budget identified in first-half 2024 were analyzed using the information available to date.

With no new medium-term business plan available at June 30, 2024, cash flows were revised to take into account these delays.

The cash generation contingencies taken into account in the cash flow forecasts under the 2023 impairment tests were maintained in order to cover risks in executing turnaround plans.

The measurement method used to determine the value in use of the CGU was consistent with that used at December 31, 2023.

The value in use of the CGU at June 30, 2024 was determined based on the following assumptions:

- Expected future cash flows are determined over a period consistent with the useful life of the assets in each CGU, estimated at 10 years.

- The projections are drawn from the medium-term business plan, as prepared in the second half of 2023 for the next four years, and for the following six years are based on the best estimate of the long-term scenario. They take into account orders and delivery schedules, airframers' production rates, IATA forecasts, the impacts of decarbonization and any other available information.

- The projections take into account general economic data, specific inflation rates for each geographic area, a USD exchange rate based on available market information and mid- to long-term macroeconomic assumptions.

- The growth rate used to calculate the terminal value was set at 2.5% (2.5% in 2023).

- The benchmark post-tax discount rate used is 8.5% (8.5% in 2023) and is applied to post-tax cash flows.

- The hedged USD exchange rates adopted for 2024-2027 are between USD 1.12 and USD 1.14 to €1. This exchange rate assumption takes into account the available foreign currency hedging portfolio (see Note 23, "Management of market risks and derivatives"). For an intermediate period covering the three years following the medium-term business plan, a rate of 1.20 – corresponding to the best estimate of Safran's hedging ability for that period – is adopted. A rate of 1.25 is adopted thereafter.

Based on this test, the recoverable amount of the Safran Seats CGU is equivalent to its net asset value, including the goodwill balances recorded in Group assets.

Sensitivity to the following changes in main assumptions was tested:
- a 5% increase or decrease in the EUR/USD exchange rate;
- a 0.5% increase in the benchmark discount rate;
- a 0.5% decrease in the perpetual growth rate.

The worst-case scenario would be a 0.5% increase in the discount rate, leading to the recognition of impairment before tax of €115 million against the value of the Safran Seats CGU.

At December 31, 2023, impairment had been recognized in the financial statements against goodwill allocated to the Safran Seats CGU in an amount of €177 million.

At December 31, 2023, an impairment loss of €150 million was recognized for the Safran Cabin CGU. The turnaround plan for the business is in line with the 2024 budget, with no indications of impairment at June 30, 2024.

Note 12 - Intangible assets

Other intangible assets break down as follows:

(in € millions)	Dec. 31, 2023			June 30, 2024		
	Gross	Amortization /impairment	Net	Gross	Amortization /impairment	Net
Aircraft programs	2,325	(1,953)	372	2,325	(1,987)	338
Development expenditure	7,528	(3,605)	3,923	7,724	(3,770)	3,954
Commercial agreements	913	(297)	616	916	(316)	600
Software	831	(738)	93	876	(757)	119
Trademarks[1]	721	-	721	721	-	721
Commercial relationships	1,924	(847)	1,077	2,105	(924)	1,181
Technology	1,264	(828)	436	1,323	(885)	438
Other	984	(392)	592	1,025	(408)	617
Other intangible assets	**16,490**	**(8,660)**	**7,830**	**17,015**	**(9,047)**	**7,968**

(1) As trademarks are not amortized, they are tested for impairment based on their respective CGUs.

Movements in other intangible assets break down as follows:

(in € millions)	**Gross**	**Amortization/ impairment**	**Net**
Other intangible assets at Dec. 31, 2023	**16,490**	**(8,660)**	**7,830**
Capitalization of R&D expenditure[1]	152	-	152
Capitalization of other intangible assets	34	-	34
Acquisitions of other intangible assets	32	-	32
Disposals and retirements	(7)	4	(3)
Amortization	-	(341)	(341)
Impairment losses recognized in profit or loss	-	(9)	(9)
Reclassifications	12	-	12
Changes in scope of consolidation	227	-	227
Foreign exchange differences	75	(41)	34
Other intangible assets at June 30, 2024	**17,015**	**(9,047)**	**7,968**

(1) Including €1 million in capitalized interest on R&D expenditure at June 30, 2024 (€3 million at June 30, 2023).

Research and development expenditure recognized in recurring operating income for the period totaled €728 million including amortization (€678 million in first-half 2023). This amount does not include the research tax credit or other operating subsidies recognized in the income statement within “Other income” (see Note 7, “Breakdown of the other main components of profit from operations”).

Amortization recognized in the period includes €150 million relating to the remeasurement of intangible assets in connection with business combinations.

The impairment tests carried out at June 30, 2024 on assets allocated to programs, projects or product families were based on the approach described in Note 2.m, section 3.1 of the 2023 Universal Registration Document.

Expected future cash flows were updated to reflect the latest information available at the reporting date. An 8.5% discount rate was used, plus a risk premium depending on the programs tested.

As a result of the impairment tests carried out at June 30, 2024, an intangible asset relating to an aircraft program was written down by €10 million. The write-down was recognized in non-recurring operating income.

As a result of the impairment tests carried out at June 30, 2023, intangible assets relating to various aircraft programs were written down by €35 million, mainly due to sanctions in Russia. The write-down was recognized in non-recurring operating income.

Note 13 - *Property, plant and equipment*

Property, plant and equipment break down as follows:

	Dec. 31, 2023			June 30, 2024		
(in € millions)	Gross	Depreciation /impairment	Net	Gross	Depreciation /impairment	Net
Land	230	-	230	232	-	232
Buildings	2,398	(1,367)	1,031	2,455	(1,429)	1,026
Technical facilities, equipment and tooling	6,993	(5,121)	1,872	7,273	(5,305)	1,968
Assets in progress, advances	766	(44)	722	891	(43)	848
Site development and preparation costs	89	(52)	37	92	(55)	37
Buildings on land owned by third parties	90	(48)	42	93	(50)	43
Computer hardware and other equipment	751	(564)	187	799	(591)	208
Property, plant and equipment	**11,317**	**(7,196)**	**4,121**	**11,835**	**(7,473)**	**4,362**

Movements in property, plant and equipment break down as follows:

(in € millions)	**Gross**	**Depreciation/ impairment**	**Net**
Property, plant and equipment at Dec. 31, 2023	**11,317**	**(7,196)**	**4,121**
Internally produced assets	50	-	50
Additions	460	-	460
Disposals and retirements	(35)	32	(3)
Depreciation[(1)]	-	(291)	(291)
Reclassifications	(25)	9	(16)
Changes in scope of consolidation	21	(1)	20
Foreign exchange differences	47	(26)	21
Property, plant and equipment at June 30, 2024	**11,835**	**(7,473)**	**4,362**

(1) Including a negative €5 million relating to the remeasurement of property, plant and equipment within the scope of the acquisition of the former Zodiac Aerospace.

Note 14 - Leases

14.a. Right-of-use assets

Right-of-use assets break down as follows:

	Dec. 31, 2023			June 30, 2024		
(in € millions)	Gross	Depreciation /impairment	Net	Gross	Depreciation /impairment	Net
Right-of-use assets relating to property	934	(367)	567	1,021	(410)	611
Right-of-use assets relating to transport equipment	13	(5)	8	16	(5)	11
Right-of-use assets relating to other assets	21	(14)	7	51	(14)	37
Right-of-use assets	**968**	**(386)**	**582**	**1,088**	**(429)**	**659**

Movements in right-of-use assets break down as follows:

(in € millions)	**Gross**	**Depreciation/ impairment**	**Net**
Right-of-use assets at Dec. 31, 2023	**968**	**(386)**	**582**
Increases	129	-	129
Disposals and retirements	(22)	19	(3)
Depreciation	-	(60)	(60)
Reclassifications	(1)	-	(1)
Changes in scope of consolidation	8	-	8
Foreign exchange differences	6	(2)	4
Right-of-use assets at June 30, 2024	**1,088**	**(429)**	**659**

14.b. Lease liabilities

The maturity of lease liabilities can be analyzed as follows at June 30, 2024:

(in € millions)	**Dec. 31, 2023**	**June 30, 2024**
Maturing in:		
1 year or less	111	121
More than 1 year and less than 5 years	296	345
Beyond 5 years	173	193
Total	**580**	**659**

14.c. Lease items presented in the income statement

In first-half 2024, rental expenses recognized in “Profit from operations” (see Note 7, “Breakdown of the other main components of profit from operations”) under “External services” totaled €90 million. These expenses have not been restated due to the application of the practical expedients allowed under IFRS 16 (exemption for short-term leases, leases of low-value assets or licensing agreements, such as for IT equipment).

Interest expense on lease liabilities recognized in “Financial income (loss)” under “Cost of net debt” amounted to €6 million in first-half 2024 (see Note 8, “Financial income (loss)”).

14.d. Lease items presented in the cash flow statement

In first-half 2024, disbursements under leases recognized in the cash flow statement and relating to the repayment of lease liabilities represented €67 million and are shown within "Cash flow used in financing activities". They are increased by payments of interest on lease liabilities, which are included within "Cash flow from operating activities".

Note 15 - Current and non-current financial assets

Financial assets include:

	Dec. 31, 2023			June 30, 2024		
(in € millions)	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated investments			383			458
Other financial assets	960	(76)	884	1,055	(76)	979
Financial assets			**1,267**			**1,437**

Equity investments in non-consolidated companies are classified at fair value through profit or loss.

Other financial assets are measured at amortized cost.

The Group reviewed the value of its other financial assets in order to determine whether any items needed to be written down based on available information.

Other financial assets

Other financial assets break down as follows:

(in € millions)	Dec. 31, 2023	June 30, 2024
Loans to non-consolidated companies	142	206
Loans to employees	33	35
Deposits and guarantees	21	23
Investments that do not qualify as cash and cash equivalents	415	415
Other	273	300
Other financial assets	**884**	**979**
Non-current	**614**	**754**
Current	**270**	**225**

Loans to non-consolidated companies correspond to revolving credit agreements.

The table below shows movements in other financial assets:

(in € millions)	
Other financial assets at Dec. 31, 2023	**884**
Increase	85
Decrease	(28)
Effect of changes in foreign exchange rates	2
Reclassifications	38
Changes in scope of consolidation	(2)
Other financial assets at June 30, 2024	**979**

The fair value of other financial assets approximates their carrying amount.

Note 16 - Investments in equity-accounted companies

The Group's share in the net equity of equity-accounted companies breaks down as follows:

(in € millions)	Dec. 31, 2023	June 30, 2024
ArianeGroup	1,240	1,202
Other joint ventures	688	721
Investments in equity-accounted companies	**1,928**	**1,923**

Movements in this caption during the period break down as follows:

(in € millions)	
Investments in equity-accounted companies at Dec. 31, 2023	**1,928**
Share in profit (loss) from ArianeGroup	(38)
Share in profit from other joint ventures	89
Dividends received from joint ventures	(14)
Foreign exchange differences	33
Other movements[(1)]	(75)
Investments in equity-accounted companies at June 30, 2024	**1,923**

(1) Mainly related to the elimination of the share in intragroup transactions.

The Group's off-balance sheet commitments with joint ventures are described in Note 24, "Related parties".

The Group has interests in the following joint ventures which are accounted for using the equity method. The breakdown by operating segment is as follows:

Aerospace Propulsion:
- CFM Materials LP: sale of used CFM56 parts;
- Shannon Engine Support Ltd: leasing of CFM56 and LEAP engines, modules, equipment and tooling to airline companies;
- Initium Aerospace: design and manufacture of auxiliary power units;
- ArianeGroup and its subsidiaries: space launchers and military activities;
- AD Holding and its subsidiaries: specialty steels and superalloys;
- Roxel SAS: holding company;
- Roxel France SA: motors for tactical missiles;
- Roxel Ltd: motors for tactical missiles.

Aircraft Equipment, Defense and Aerosystems:

- Fadec International LLC: digital engine control systems;
- HMS Laser: holding company and its subsidiary CILAS: manufacture of military lasers;
- Lynred: manufacture of infrared detectors;
- Safran Martin-Baker France: manufacture of ejectable seating;
- SAIFEI: electrical wiring;
- Xi'an Cea Safran Landing Systems Co., Ltd: landing gear maintenance;
- A-Pro: repair of landing gear for regional and business jets.

Aircraft Interiors:

- EZ Air Interior Ltd: cabin interiors.

ArianeGroup is the Group's sole material joint venture.

Financial information for ArianeGroup can be summarized as follows:

(in € millions)	**Dec. 31, 2023**	**June 30, 2024**
Non-current assets	1,667	1,629
Current assets	7,362	8,004
of which: cash and cash equivalents	1,219	1,068
Non-current liabilities	(1,116)	(1,093)
of which: non-current financial liabilities	(334)	(323)
Current liabilities	(8,155)	(8,841)
of which: current financial liabilities	(85)	(61)
Non-controlling interests	16	21
Net assets of ArianeGroup (excl. goodwill and PPA) – Attributable to owners of the parent (based on a 100% interest)	**(226)**	**(280)**
Equity share in net assets of ArianeGroup (excl. goodwill and PPA) (based on a 50% interest)	(113)	(140)
Purchase price allocation, net of deferred taxes	179	168
Safran equity share – Net assets of ArianeGroup	**66**	**28**
Goodwill	**1,174**	**1,174**
Carrying amount of investment in ArianeGroup	**1,240**	**1,202**

(in € millions)	**First-half 2023**	**First-half 2024**
Profit (loss) for the period attributable to ArianeGroup	**(9)**	**(54)**
Other comprehensive income	1	-
Total comprehensive income (expense) attributable to ArianeGroup	**(8)**	**(54)**
Safran equity share – Profit (loss) for the period	(4)	(27)
Amortization of purchase price allocation, net of deferred taxes	(12)	(11)
Safran equity share – Profit (loss) of ArianeGroup	**(16)**	**(38)**
Safran equity share – Other comprehensive income	-	-
Safran equity share – Comprehensive income (expense) of ArianeGroup	**(16)**	**(38)**

ArianeGroup did not pay any dividends in first-half 2024.

The inaugural flight of its Ariane 6 launcher took place on July 9, 2024.

The impairment test on the equity-accounted investments was updated at June 30, 2024, using the information available at that date.

The growth rate used to calculate the terminal value was set at 2%, unchanged from 2023. The benchmark discount rate used was 8.5%.

Based on this test, no write-down was recognized.

The Group analyzed the sensitivity of the investments to a 0.5% increase in the benchmark discount rate used (i.e., a rate of 9%). Under this assumption, the recoverable amount of the investments would be slightly above their carrying amount in the Group's consolidated financial statements.

The contribution of other joint ventures to the Group's comprehensive income was as follows:

(in € millions)	First-half 2023	First-half 2024
Profit for the period	65	89
Other comprehensive income (expense)	(12)	29
Total comprehensive income	**53**	**118**

Note 17 - Cash and cash equivalents

The main types of investments used by Safran are summarized in the table below:

(in € millions)	Dec. 31, 2023	June 30, 2024
Money-market funds and marketable securities(1)	842	1,397
Term deposits	4,108	2,992
Sight deposits	1,726	1,310
Cash and cash equivalents	**6,676**	**5,699**

(1) Including €97 million in money-market funds at June 30, 2024 (€92 million at December 31, 2023).

Money-market funds are classified within Level 1 of the IFRS 13 fair value hierarchy.

Term deposits at June 30, 2024 include €1,050 million in investments falling within the scope of master agreements governing the subscription of OTC derivatives with bank counterparties (see section 3.1, Note 22 of the 2023 Universal Registration Document).

The table below presents changes in cash and cash equivalents:

(in € millions)	
Cash and cash equivalents at Dec. 31, 2023	**6,676**
Movements during the period	(1,002)
Changes in scope of consolidation	5
Foreign exchange differences	20
Cash and cash equivalents at June 30, 2024	**5,699**

Note 18 - Consolidated shareholders' equity

18.a. SHARE CAPITAL

At June 30, 2024, Safran's share capital amounted to €85,452,108.20, comprising 427,260,541 fully paid-up shares with a par value of €0.20 each, all in the same class.

Safran's equity does not include any equity instruments issued other than its shares.

18.b. BREAKDOWN OF SHARE CAPITAL AND VOTING RIGHTS

Changes in the breakdown of share capital and voting rights are as follows:

December 31, 2023

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	339,335,048	79.42%	380,742,136	72.11%
French State	47,983,131	11.23%	95,966,262	18.18%
Employees(2)	26,208,937	6.13%	51,256,826	9.71%
Treasury shares	13,733,425	3.22%	-	-
Share capital	**427,260,541**	**100.00%**	**527,965,224**	**100.00%**

(1) Exercisable voting rights.

(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code (*Code de commerce*).

June 30, 2024

Shareholders	Number of shares	% share capital	Number of voting rights(1)	% voting rights(1)
Free float	346,062,878	81.00%	389,496,924	72.72%
French State	49,050,846	11.48%	97,033,977	18.12%
Employees(2)	25,264,972	5.91%	49,055,621	9.16%
Treasury shares	6,881,845	1.61%	-	-
Share capital	**427,260,541**	**100.00%**	**535,586,522**	**100.00%**

(1) Exercisable voting rights.

(2) Employee shareholding within the meaning of Article L.225-102 of the French Commercial Code.

Each share carries entitlement to one vote. Shares held in registered form for over two years have double voting rights.

The 6,881,845 treasury shares have no voting rights.

Treasury shares

The number of treasury shares has decreased since December 31, 2023 following:

- the purchase of 2,128,201 shares in connection with the implementation of a new share buyback program aimed at neutralizing the potential dilutive effect of convertible bonds (2028 OCEANEs);
- the delivery of 9,314,154 shares in respect of the conversion of 2027 OCEANE convertible bonds;
- the purchase of 727,600 shares in connection with the implementation of a share buyback program for allocation or sale to employees or corporate officers of Group companies;
- the delivery of 438,438 shares under employee shareholding plans;
- the acquisition of 45,211 shares under the Group's liquidity agreement, net of shares purchased.

At June 30, 2024, Safran held 6,881,845 of its own shares.

The Annual General Meeting has authorized the Board of Directors to buy and sell shares in the Company in accordance with the applicable laws and regulations.
An authorization granted by the Annual General Meeting of May 23, 2024 and valid for 18 months set the maximum purchase price at €300 per share, thereby superseding the authorization granted by the Annual General Meeting of May 25, 2023.

Liquidity agreement:

In February 2019, Safran entered into a new liquidity agreement with Oddo BHF SCA for a period of 12 months, automatically renewable from year to year.
Under this liquidity agreement, in the first half of 2024 Safran:

- purchased 520,295 shares for €95 million; and
- sold 475,084 shares for €85 million.

At June 30, 2024, 139,642 treasury shares were held in connection with the liquidity agreement.

Share buyback tranches:

- Agreement with an investment services provider dated January 12, 2024 to buy back its own shares

Maximum total purchase price under this tranche: €450 million.
Period: from January 16, 2024 to March 1, 2024 at the latest.
Purpose of the tranche: allocation or sale to employees or corporate officers of Safran or Safran Group companies and hedging of debt securities carrying rights to shares.
Number of shares bought back under the tranche: 828,201 shares.
Total purchase price for the tranche: €140 million.
Partial completion of the tranche after the share price exceeded the maximum buyback price of €175 per share set by the Annual General Meeting of May 25, 2023.

- Agreement with an investment services provider dated May 29, 2024 to buy back its own shares

Maximum total purchase price under this tranche: €420 million.
Period: from May 30, 2024 to June 26, 2024 at the latest.
Purpose of the tranche: allocation or sale to employees or corporate officers of Safran or Safran Group companies and hedging of debt securities carrying rights to shares (convertible bonds maturing in 2028).
Number of shares bought back under the tranche: 2,027,600 shares.

At the time of its 2023 first-half results, Safran had announced the launch of a €1 billion share buyback program with a view to subsequently reducing its capital.
On June 28, 2024, Safran entered into an agreement with an investment services provider for the first tranche of this buyback of shares earmarked for cancellation. This first tranche for up to €250 million will therefore run from July 1, 2024 to September 13, 2024 at the latest.

Safran recognized this €250 million contractual obligation as a deduction from shareholders' equity, with a matching entry to other financial liabilities (see Note 22, "Other current and non-current financial liabilities").

18.c. SHARE-BASED PAYMENT

Performance shares

The Board of Directors periodically grants performance shares to Group employees and corporate officers.

The plans set up are considered equity-settled under IFRS 2, as they are settled in shares.

The vesting of these performance shares is subject to the achievement of internal and external performance conditions, which are assessed over three full consecutive fiscal years, including the year in which the performance shares are granted. In addition, the shares will only vest if the beneficiaries still form part of the Group at the vesting date (see section 6.6.5.2 of the 2023 Universal Registration Document).

The rights to the free shares were measured at fair value at the grant date. The Black & Scholes model was used to model the fair value of the free shares subject to the performance condition linked to trends in the Safran share price over the three-year vesting period. In accordance with IFRS 2, the fair value measurement takes into account the opportunity cost of not receiving dividends during the vesting period.

Safran periodically reviews the number of free shares to be delivered in light of the continuing service conditions and internal and external performance conditions.

In the Group's consolidated financial statements, the payroll cost relating to plans not yet fully vested is recognized against equity on a straight-line basis over the vesting period (i.e., 36 months). The expense is determined on the basis of previous valuations and revised assumptions concerning internal conditions and the number of shares still outstanding.

The Group set up a performance share plan on March 21, 2024 covering 436,816 shares. Shares under this plan will only vest if certain internal and external performance conditions are met, as assessed over three fiscal years, and provided the beneficiaries still form part of the Group at the vesting date.

Key details of outstanding performance share plans at June 30, 2024 are shown below:

	2022 performance shares	2023 performance shares	2024 performance shares
Shareholder authorization	May 26, 2021	May 26, 2021	May 25, 2023
Grant date by the Board of Directors	March 24, 2022	March 23, 2023	March 21, 2024
Vesting date	March 25, 2025	March 23, 2026	March 23, 2027
Share price at the grant date	€104.56	€134.70	€206.65
Number of beneficiaries at the grant date	964	1,127	942
Number of performance shares granted	784,171	799,866	436,816
Number of shares canceled or forfeited	(39,302)	(22,913)	(870)
Number of shares delivered	(1,920)	-	-
Number of performance shares outstanding at June 30, 2024	**742,949**	**776,953**	**435,946**

The share-based payment expense for these performance share plans, recognized within personnel costs under "Other employee costs", totaled €33 million in first-half 2024 (€28.1 million in first-half 2023).

Free share grant

In accordance with the authorization granted by the Annual General Meeting of May 25, 2023, the Board of Directors decided at its meeting on the same date to grant free Company shares to Safran Group employees.

Under the grant, employees of Group companies worldwide and on the payroll at February 25, 2023, i.e., 85,519 employees, each received 10 shares.

The shares granted are subject to a two-year vesting period. They do not include any specific performance conditions, other than beneficiaries forming part of the Group during the vesting period (continuing service condition).

All the free shares granted by Safran will be equity-settled, except in countries where regulatory, tax or labor conditions do not allow for free share grants. In such countries, plan beneficiaries (1,384 employees outside France identified at the grant date) will receive a cash amount valued at the average price of the Safran share over the 20 trading days preceding the delivery date of the shares.

The rights to the free shares were measured at fair value at the grant date. The value of the shares at the grant date was reduced by the estimated present value of the future dividends that will not be paid to employees during the vesting period.
As the plan is paid out in the form of equity instruments, the total cost of the plan is calculated and fixed at the grant date.
The number of instruments that Safran expects to deliver to beneficiaries includes the impact of employee turnover.
As the vesting of the free shares is subject to a continuing service condition, the payroll cost is recognized on a straight-line basis over the vesting period (i.e., 24 months), with an offsetting entry in equity. Safran will periodically review the number of free shares to be delivered according to employee turnover assumptions. Where appropriate, the impact of revised estimates will be reflected in the income statement.

The expense recognized in respect of these shares, included within personnel costs under "Other employee costs", totaled €21 million in first-half 2024.

Terms and conditions of the free share grant

	France	International
Date of the Annual General Meeting	May 25, 2023	May 25, 2023
Grant date(1)	May 25, 2023	May 25, 2023
Vesting date(2)	May 28, 2025	May 28, 2025
Estimated number of beneficiaries at the grant date	45,954	39,565
Number of shares per employee	10	10
Total number of shares approved at the grant date	459,540	395,650
Probable number of shares to be delivered including impact of employee turnover	391,495	232,150
Share price at the grant date	€137.14	€137.14
Fair value of the shares at the grant date(3)	€134.04	€134.04

(1) Date of the Board of Directors' decision to grant the shares.

(2) The shares will vest subject to the beneficiary forming part of the Group at the vesting date.

(3) The fair value of the shares is determined on the basis of the share price at the grant date, as adjusted for dividends expected during the vesting period.

18.d. CONVERTIBLE BOND ISSUES

2020-2027 OCEANEs

On May 15, 2020, Safran issued 7,391,665 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") (the "initial bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €800 million. The issue price of the initial bonds was 100% of par.

On October 12, 2020, Safran carried out a tap issue of 1,847,916 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") (the "additional bonds"), each with a par value of €108.23, i.e., representing a total nominal amount of €200 million. The additional bonds were issued at a price of €118 per bond, representing a total issue price of €218 million.

The additional bonds carried the same terms and conditions (with the exception of the issue price) as the initial bonds, with which they were fully fungible and with which they formed a single series.

The bonds bore interest at an annual rate of 0.875%, payable annually in arrears.

Following the May 30, 2024 dividend payment and in accordance with the terms and conditions of the bonds, the bond conversion ratio has been 1.029 shares for one bond since May 30, 2024. This conversion ratio was previously 1.019 Safran shares for one 2027 OCEANE bond.

On May 29, 2024, Safran announced that it would redeem these bonds (originally maturing on May 15, 2027) ahead of term on June 28, 2024. Bondholders had the option of requesting the exercise of their conversion right up to and including June 18, 2024.

A total of 729,306 OCEANE bonds were converted at a conversion ratio of 1.019 shares, and 8,329,456 OCEANE bonds were converted at a conversion ratio of 1.029 shares, representing 9,314,154 Safran shares delivered in total.

On June 28, 2024, the 180,819 bonds still outstanding were redeemed at par plus interest accrued since the most recent coupon payment date, i.e., €108.34416 per bond, for a total of €19.6 million.

2021-2028 OCEANEs

On June 14, 2021, Safran issued 4,035,601 bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs"), each with a par value of €180.89, i.e., representing a total nominal amount of €730 million. The bonds do not carry any coupon.
The bonds were issued at a price of €187.22 per bond, representing a total issue price of €756 million.

Bondholders have the option of converting their bonds into shares. This option can be exercised at any point from the issue date and up to the seventh trading day (exclusive) preceding the standard or early redemption date.

Following the May 30, 2024 dividend payment and in accordance with the terms and conditions of the bonds, the bond conversion ratio has been 1.009 shares for one bond since May 30, 2024. This conversion ratio, which was previously 1.003 shares for one bond, was calculated by the bond calculation agent in accordance with the calculation formula stipulated in the terms and conditions of the bonds based on the following inputs:

- previous bond conversion ratio: 1.003 shares for one bond;
- share price: €217.4075;
- dividend per share paid in 2024 in respect of 2023: €2.20.

The bonds come with an early redemption option that the bearer may trigger in the event of a change of control and that the issuer may trigger (i) as from April 1, 2025, if the share price multiplied by the bond conversion ratio exceeds 130% of the par value of the bonds or (ii) at any time, if the number of bonds outstanding represents less than 20% of the number of bonds originally issued.

Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028.

OCEANEs are deemed a hybrid instrument comprising equity and debt.

After deducting issuance fees, a total of €712 million was recognized under interest-bearing financial liabilities, corresponding to the present value of cash flows from a similar bond with no conversion rights (see Note 21, "Interest-bearing financial liabilities").

The effective annual interest rate on the liability component is 0.376% including issuance fees.

The option component recognized in equity was valued at €39 million on the issue date, or €29 million after the deferred tax impact.

18.e. DIVIDEND DISTRIBUTION

At the Annual General Meeting of May 23, 2024, the shareholders approved a dividend payment of €2.20 per share in respect of 2023. The dividend was paid on May 30, 2024, entirely in cash.

The total dividend (€940 million) approved by the Annual General Meeting was based on the total number of shares comprising the Company's share capital.

At the payment date, Safran held 13.3 million of its own shares. As the shares bought back were not entitled to dividends, the dividend payment amounted to €911 million (see the consolidated statement of cash flows).

Note 19 - Provisions

Provisions break down as follows:

(in € millions)	Dec. 31, 2023	Additions	Reversals: Utilizations (1)	Reversals: Reclassifications (1)	Reversals: Surplus (2)	Changes in scope of consolidation	Other	June 30, 2024
Performance warranties	1,034	95	(64)	-	(14)	-	3	1,054
Financial commitments on the sale of Group products	2	-	-	-	(1)	-	-	1
Post-employment benefits(3)	690	41	(45)	-	-	4	(46)	644
Sales agreements	174	58	(7)	-	(8)	-	1	218
Provisions for losses on completion and losses arising on delivery commitments	277	55	(12)	-	(1)	93	1	413
Disputes and litigation	41	11	(2)	-	(2)	2	1	51
Other	393	100	(86)	-	(7)	2	3	405
Provisions	**2,611**	360	(216)	-	(33)	101	(37)	**2,786**
Non-current	1,547							**1,704**
Current	1,064							**1,082**

(1) These reversals in respect of expenses for the period or reclassifications had no impact on profit for the period.

(2) Including the foreign exchange difference resulting from fluctuations in the EUR/USD exchange rate in first-half 2024.

(3) Of which a negative €46 million within "Other", corresponding to the impact of changes in the discount and inflation rates, which is recorded through equity.

The impacts on the income statement of overall movements in provisions can be analyzed as follows:

(in € millions)	**June 30, 2024**
Additions (-)/Reversals (+) recognized in recurring operating income with income statement impact	***(286)***
Utilization of provisions against operating expenses and therefore with no income statement impact	***213***
Additions (-)/Reversals (+) recognized in non-recurring operating income	***(4)***
Additions (-)/Reversals (+) recognized in financial income (loss)	***(34)***
Total	**(111)**

Note 20 - Borrowings subject to specific conditions

This caption includes repayable advances granted by public bodies.

Movements in this caption break down as follows:

(in € millions)	
Borrowings subject to specific conditions at Dec. 31, 2023	**292**
New advances received	1
Advances repaid	(10)
Sub-total: changes with a cash impact	**(9)**
Cost of borrowings and discounting	5
Foreign exchange differences	-
Adjustments to the probability of repayment of advances	(1)
Sub-total: changes with no cash impact	**4**
Borrowings subject to specific conditions at June 30, 2024	**287**

Estimates as to the repayable amounts and the timing of repayments are made regarding borrowings subject to specific conditions.
Adjustments to the probability of repayment of advances mainly concern civil aircraft programs.

Note 21 - Interest-bearing financial liabilities

Breakdown of interest-bearing financial liabilities:

(in € millions)	Dec. 31, 2023	June 30, 2024
Bond issue	1,396	1,394
Convertible bonds (OCEANEs)	1,701	720
Senior unsecured notes (USPP)	568	579
Lease liabilities	469	538
Long-term borrowings	557	555
Total non-current interest-bearing financial liabilities (portion maturing in more than 1 year at inception)	**4,691**	**3,786**
Bond issue	197	-
Senior unsecured notes (USPP)	453	-
Lease liabilities	111	121
Long-term borrowings	251	281
Accrued interest not yet due	9	5
Current interest-bearing financial liabilities, long-term at inception	**1,021**	**407**
Negotiable European Commercial Paper (NEU CP)	200	200
Short-term bank facilities and equivalent	387	411
Current interest-bearing financial liabilities, short-term at inception	**587**	**611**
Total current interest-bearing financial liabilities (less than 1 year)	**1,608**	**1,018**
Total interest-bearing financial liabilities[1]	**6,299**	**4,804**

(1) The fair value of interest-bearing financial liabilities amounts to €4,703 million (€6,098 million at December 31, 2023).

Movements in this caption break down as follows:

(in € millions)	
Interest-bearing financial liabilities at Dec. 31, 2023	**6,299**
Increase in long-term borrowings at inception (excluding lease liabilities)	11
Decrease in long-term borrowings at inception[1]	(744)
Change in short-term borrowings	49
Sub-total: changes with a cash impact	**(684)**
Net increase in lease liabilities	129
Accrued interest	(5)
Changes in scope of consolidation	8
Foreign exchange differences	15
Conversion and redemption of 2027 OCEANEs	(961)
Change in the fair value of borrowings hedged with interest rate instruments[2]	7
Reclassifications and other	(4)
Sub-total: changes with no cash impact	**(811)**
Interest-bearing financial liabilities at June 30, 2024	**4,804**

(1) Including €20 million relating to 2027 OCEANEs not converted and redeemed.

(2) See Note 23, “Management of market risks and derivatives”.

Analysis by maturity:

(in € millions)	Dec. 31, 2023	June 30, 2024
Maturing in:		
1 year or less	1,608	1,018
More than 1 year and less than 5 years	3,043	2,066
Beyond 5 years[1]	1,648	1,720
Interest-bearing financial liabilities	**6,299**	**4,804**

(1) Mainly OCEANEs, other bonds and the USPP 2030 and 2032.

Analysis by currency before hedging:

	Dec. 31, 2023		June 30, 2024	
(in millions of currency units)	**Currency**	**EUR**	**Currency**	**EUR**
EUR	5,190	5,190	4,082	4,082
USD	1,054	954	595	555
CAD	6	4	7	5
GBP	19	22	18	21
Other	N/A	129	N/A	141
Interest-bearing financial liabilities		**6,299**		**4,804**

Analysis by currency after hedging:

	Dec. 31, 2023		June 30, 2024	
(in millions of currency units)	**Currency**	**EUR**	**Currency**	**EUR**
EUR	5,926	5,926	4,377	4,377
USD	240	218	280	261
CAD	6	4	7	5
GBP	19	22	18	21
Other	N/A	129	N/A	140
Interest-bearing financial liabilities		**6,299**		**4,804**

Analysis by type of interest rate:

- Analysis by type of interest rate (fixed/floating), before hedging:

<table>
<tr><th></th><th colspan="2">Total</th><th colspan="4">Non-current</th><th colspan="4">Current</th></tr>
<tr><th></th><th>Dec. 31, 2023</th><th>June 30, 2024</th><th colspan="2">Dec. 31, 2023</th><th colspan="2">June 30, 2024</th><th colspan="2">Dec. 31, 2023</th><th colspan="2">June 30, 2024</th></tr>
<tr><th>(in € millions)</th><th>Base</th><th>Base</th><th>Base</th><th>Average interest rate</th><th>Base</th><th>Average interest rate</th><th>Base</th><th>Average interest rate</th><th>Base</th><th>Average interest rate</th></tr>
<tr><td>Fixed rate</td><td>5,950</td><td>4,434</td><td>4,601</td><td>0.90%</td><td>3,699</td><td>0.99%</td><td>1,349</td><td>3.60%</td><td>735</td><td>3.52%</td></tr>
<tr><td>Floating rate</td><td>349</td><td>370</td><td>90</td><td>2.70%</td><td>87</td><td>3.11%</td><td>259</td><td>3.82%</td><td>283</td><td>3.77%</td></tr>
<tr><td>Interest-bearing financial liabilities</td><td>6,299</td><td>4,804</td><td>4,691</td><td>0.93%</td><td>3,786</td><td>1.04%</td><td>1,608</td><td>3.64%</td><td>1,018</td><td>3.59%</td></tr>
</table>

- Analysis by type of interest rate (fixed/floating), after hedging:

	Total		Non-current				Current			
	Dec. 31, 2023	**June 30, 2024**	Dec. 31, 2023		**June 30, 2024**		Dec. 31, 2023		**June 30, 2024**	
(in € millions)	Base	**Base**	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate	Base	Average interest rate
Fixed rate	5,753	**4,434**	4,601	0.84%	3,699	0.91%	1,152	2.68%	735	3.52%
Floating rate	546	**370**	90	2.69%	87	3.11%	456	4.55%	283	3.77%
Interest-bearing financial liabilities	**6,299**	**4,804**	**4,691**	**0.88%**	**3,786**	**0.96%**	**1,608**	**3.21%**	**1,018**	**3.59%**

The Group's net debt position is as follows:

(in € millions)	**Dec. 31, 2023**	**June 30, 2024**
Cash and cash equivalents (A)	6,676	5,699
Interest-bearing financial liabilities (B)	6,299	4,804
Fair value of interest rate derivatives used as fair value hedges of borrowings (C)	(3)	-
Net financial position (A) - (B) + (C)	**374**	**895**

The Group's gearing ratio is shown below:

(in € millions)	**Dec. 31, 2023**	**June 30, 2024**
Net debt	374	895
Total equity	12,088	11,727
Gearing ratio	**-3.09%**	**-7.63%**

MAIN LONG-TERM BORROWINGS AT INCEPTION

- US private placement (USPP) of senior unsecured notes issued by the Group on June 29, 2020 for a nominal amount equivalent to €564 million, comprising:
  - USD 181 million of 10-year notes due June 2030 at a 3.10% fixed-rate coupon (tranche A);
  - USD 133 million of 12-year notes due June 2032 at a 3.30% fixed-rate coupon (tranche B);
  - €122 million of 10-year notes due June 2030 at a 2.00% fixed-rate coupon (tranche C);
  - €164 million of 12-year notes due June 2032 at a 2.05% fixed-rate coupon (tranche D).

A EUR/USD cross currency swap (EUR fixed-rate borrower and USD fixed-rate lender) was set up on tranches A and B on July 21, 2020, swapping USD fixed-rate debt for EUR fixed-rate debt.
After taking this hedge into account, tranche A bears fixed-rate interest at 2.04% and has a notional amount of €158 million, while tranche B bears fixed-rate interest at 2.22% and has a notional amount of €116 million.
After taking this hedge into account, the 10-year notes (tranches A and C) of the USPP carry an effective coupon of 2.02% and have a notional amount of €280 million, while the 12-year notes (tranches B and D) carry an effective coupon of 2.12% and have a notional amount of €280 million.

- Issuance on March 16, 2021 of:
  - 5-year, 0.125% fixed-rate bonds for €700 million (maturing on March 16, 2026). The bonds were issued at 99.231% of par;
  - 10-year, 0.750% fixed-rate bonds for €700 million (maturing on March 17, 2031). The bonds were issued at 99.349% of par;

- since their issuance, the bonds have been rated by Standard & Poor's in line with Safran's long-term credit rating (BBB+ when the bonds were issued and A- since December 2, 2022).

- Bonds convertible into new shares and/or exchangeable for existing shares ("OCEANEs") on June 14, 2021 for a nominal amount of €730 million. The bonds do not carry a coupon and were offered at an issue price representing 103.5% of par, or a gross negative yield to maturity at the issue date of 0.50%. Unless converted, redeemed or repurchased and canceled prior to maturity, the bonds are redeemable at par on April 1, 2028. The effective annual interest rate on the liability component of the OCEANEs is 0.38% including issuance fees (see Note 18.d, "Convertible bond issues").

- A bank loan from the European Investment Bank (EIB) for €500 million, at a fixed rate of 1.091%. It was signed on March 4, 2021 and drawn down in full on February 21, 2022 for 10 years (maturing in February 2032). The loan is being used to finance some of the Group's research into innovative propulsion systems for the next generation of single-aisle commercial aircraft, marking a major step forward in Safran's roadmap towards achieving carbon free air transportation.

- Negotiable European Commercial Paper (NEU CP) subscribed by a corporate mutual fund of the Group employee savings plan and amounting to €300 million at June 30, 2024. The average interest rate payable by Safran on this commercial paper was 3.84% at June 30, 2024. The sums managed by the corporate mutual fund and reinvested in Safran NEU CP are frozen for an initial period of five years. In view of the fund's commitments, the NEU CP is classified within long-term borrowings. At June 30, 2024, 88% of the sums managed by the corporate mutual fund will be available within one year. Accordingly, 88% of the €300 million in NEU CP is classified within the current portion of long-term borrowings.

- Lease liabilities recognized in accordance with IFRS 16 (including former finance lease liabilities) totaling €659 million at June 30, 2024.

The Group's other long- and medium-term borrowings are not material taken individually.

Significant operations in the first half of 2024:

- Redemption at maturity on February 9, 2024 of the last tranche of USD 505 million senior unsecured notes issued on February 9, 2012.
- Redemption at maturity on April 11, 2024 of €200 million worth of bonds issued on April 11, 2014.

- Early redemption on June 28, 2024 of bonds convertible and/or exchangeable for new and/or existing shares (OCEANEs) issued for a nominal amount of €1 billion in 2020 and originally falling due on May 15, 2027. At the early redemption date, 180,819 OCEANEs remained outstanding and were therefore redeemed at par plus accrued interest for a total amount of €20 million. The other OCEANEs had previously been converted (see Note 18.d, "Convertible bond issues").

MAIN SHORT-TERM BORROWINGS

- Negotiable European Commercial Paper (NEU CP): €200 million (€200 million at December 31, 2023).

- Financial current accounts with non-consolidated subsidiaries and joint ventures: €357 million (€373 million at December 31, 2023). Remuneration indexed to overnight rates corresponds to the currency of the current account.

Other short-term borrowings consist mainly of bank overdrafts.

SALE OF RECEIVABLES WITHOUT RECOURSE

Net debt at both June 30, 2024 and December 31, 2023 does not include the confirmed trade receivables sold without recourse relating to CFM International Inc. (joint operation).

This facility, rolled over in February 2024, is capped at USD 1,200 million until January 2025.

A total of USD 1,199 million (USD 600 million based on a 50% interest) had been drawn on the facility at June 30, 2024, versus USD 201 million (USD 101 million based on a 50% interest) at December 31, 2023.

The facility may be terminated by the bank counterparties if there is a significant deterioration in the credit rating of the customer whose trade receivables have been sold.

Note 22 - Other current and non-current financial liabilities

(in € millions)	Dec. 31, 2023	Movements during the period	Foreign exchange differences	Share buyback (1)	Reclassifications	June 30, 2024
Payables on purchases of property, plant and equipment and intangible assets	175	(36)	1	-	(4)	**136**
Payables on purchases of investments	8	(2)	-	250	-	**256**
Other financial liabilities	**183**	**(38)**	**1**	**250**	**(4)**	**392**
Non-current	33			-		**-**
Current	150			-		**392**

(1) The increase in payables on purchases of investments reflects the liability related to the launch of the first tranche of the share buyback program (shares earmarked for cancellation) – see Note 18.b, "Breakdown of share capital and voting rights".

These liabilities are not included in the Group's net financial position at June 30, 2024.

Note 23 - Management of market risks and derivatives

The main market risks to which the Group is exposed are foreign currency risk, interest rate risk, counterparty risk and liquidity risk.

The carrying amount of derivatives used to manage market risks is shown below:

	Dec. 31, 2023		June 30, 2024	
(in € millions)	Assets	Liabilities	Assets	Liabilities
Interest rate risk management	***-***	***(8)***	***-***	***(8)***
Floating-for-fixed interest rate swaps	-	(5)	-	(8)
Fixed-for-floating interest rate swaps	-	(3)	-	-
Foreign currency risk management	***1,577***	***(4,735)***	***1,686***	***(6,519)***
Currency swaps	18	-	19	-
Purchase and sale of forward currency contracts	2	(45)	6	(3)
Currency option contracts	1,557	(4,690)	1,661	(6,516)
Management of risks on Power Purchase Agreements	***-***	***-***	***4***	***-***
VPPAs	-	-	4	-
Total	**1,577**	**(4,743)**	**1,690**	**(6,527)**

All derivatives are categorized within Level 2 of the fair value hierarchy set out in IFRS 13 (as at December 31, 2023).
Credit valuation adjustment (CVA) and debt valuation adjustment (DVA) are taken into account when measuring the fair value of derivatives.

FOREIGN CURRENCY RISK MANAGEMENT

Most Group revenue is denominated in US dollars, which is virtually the sole currency used in the civil aviation industry.

To protect its earnings, the Group implements a hedging policy (see below) with the aim of reducing uncertainty factors affecting operating profitability and allowing it to adapt its cost structure to an adverse monetary environment.

Net revenue on US dollar hedges unwound in first-half 2024 totaled USD 5.9 billion (USD 4.9 billion in first-half 2023).

HEDGING POLICY

Three basic principles underscore the foreign currency risk management policy defined by Safran for most of its subsidiaries:

- to protect the Group's economic performance from random fluctuations in the US dollar;
- to optimize the quality of hedging whenever possible, without jeopardizing the Group's economic performance (first principle);
- to provide visibility as regards the exchange rate applied in the Group's consolidated financial statements.

Protecting economic performance means setting a minimum USD exchange rate parity over an applicable term. Minimum parity corresponds to a USD exchange rate that allows Safran to meet its operating profit targets. Hedging arrangements have been made accordingly over a timeframe of three to four years.

MANAGEMENT POLICY

The hedging policy is based on managing the financial instrument portfolio in order to guarantee a predefined minimum parity.

In building up its hedging portfolio, the Group primarily uses forward sales, accumulators and a combination of options. Certain instruments include knock-in or knock-out barrier options, representing a risk to the size of the hedge book and to targeted hedge rates in certain cases of exchange rate fluctuations.

Optimization measures are also used with a view to improving the minimum exchange rate parity, and seek to protect the Group's economic performance at all times. They are based on products that allow the Group to take advantage of any improvement in the underlying exchange rate parities.

Foreign currency derivatives

The portfolio of foreign currency derivatives breaks down as follows:

(in millions of currency units)	Dec. 31, 2023				June 30, 2024			
	Fair value(1)	Notional amount(1)	Less than 1 year	1 to 5 years	Fair value(1)	Notional amount(1)	Less than 1 year	1 to 5 years
Forward exchange contracts	**(43)**				**3**			
Short USD position	(32)	400	400	-	-	-	-	-
Of which against EUR	*(32)*	*400*	*400*	-	-	-	-	-
Long USD position	(11)	(700)	(700)	-	-	(250)	(250)	-
Of which against EUR	*(11)*	*(700)*	*(700)*	-	-	*(250)*	*(250)*	-
Long GBP position against EUR	-	-	-	-	(1)	92	92	-
Short GBP position against EUR	-	-	-	-	-	5	5	-
Long CAD position against EUR	-	-	-	-	(1)	116	116	-
Long MXN position against EUR	-	-	-	-	4	2,116	2,116	-
Short MXN position against EUR	-	-	-	-	1	900	900	-
Currency swaps	**18**				**19**			
Cross currency swaps	18	(819)	(505)	(314)	19	(314)	-	(314)
Currency option contracts	**(3,133)**				**(4,853)**			
USD put purchased against EUR	777	59,499	59,499	-	556	62,011	61,611	400
USD call purchased against EUR	496	(16,460)	(16,460)	-	781	(14,600)	(14,600)	-
USD put sold against EUR	(141)	(8,900)	(8,900)	-	(14)	(8,000)	(8,000)	-
USD call sold against EUR	(4,443)	138,014	138,014	-	(6,340)	144,664	143,664	1,000
CAD call purchased against EUR	16	(1,120)	(1,120)	-	23	(1,354)	(1,354)	-
CAD put sold against EUR	(35)	(2,240)	(2,240)	-	(30)	(2,708)	(2,708)	-
GBP call purchased against EUR	59	(1,201)	(1,201)	-	91	(1,230)	(1,183)	(48)
GBP put sold against EUR	(24)	(2,245)	(2,245)	-	(7)	(2,304)	(2,208)	(96)
MXN call purchased against EUR	123	(21,404)	(21,404)	-	105	(28,854)	(28,259)	(594)
MXN put sold against EUR	(35)	(41,374)	(41,374)	-	(102)	(55,948)	(54,759)	(1,189)
Accumulators – sell USD for EUR(2)	16	3,493	1,769	1,724	28	634	439	196
Accumulators – buy USD for EUR(2)	58	(1,807)	(934)	(874)	56	(680)	(661)	(19)
Foreign currency derivatives portfolio	**(3,158)**				**(4,831)**			

(1) Fair values are expressed in millions of euros; notional amounts are expressed in millions of currency units.

(2) Notional amounts for accumulators represent the maximum cumulative amount until the instrument is unwound.

In the balance sheet, changes in the fair value of outstanding currency hedging instruments between December 31, 2023 and June 30, 2024 represent a negative €1,673 million.

In the income statement, the Group has chosen not to apply hedge accounting to these derivatives. As a result, any changes in the fair value of these instruments are recognized in full in “Financial income (loss)”.

Interest rate risk management

The Group’s exposure to fluctuations in interest rates covers two types of risk:

- fair value risk in respect of fixed-rate financial assets and liabilities. Interest rate fluctuations impact the market value of these assets and liabilities as well as the Group’s balance sheet;
- cash flow risks in respect of floating-rate financial assets and liabilities. Interest rate fluctuations have a direct impact on the Group’s profit or loss.

Within the framework of its interest rate risk management policy, the Group arbitrates between these two types of risks using financial instruments specific to fixed-income markets (interest rate swaps and options, etc.).

EXPOSURE TO USD INTEREST RATE RISK

On July 21, 2020, a cross currency swap (USD fixed-rate lender/EUR fixed-rate borrower) was set up on the two USD tranches of the June 29, 2020 senior unsecured notes issued on the US private placement market (USPP), amounting to USD 181 million bearing fixed-rate interest over a period of 10 years (tranche A) and USD 133 million bearing fixed-rate interest over a period of 12 years (tranche B). The interest rate portion of the cross currency swap is eligible for cash flow hedge accounting.

	Dec. 31, 2023					June 30, 2024				
(in € millions)	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years	Fair value	Notional amount (USD)	Less than 1 year	1 to 5 years	More than 5 years
USD interest rate swaps										
Fixed-for-floating	(2)	505	505	-	-	-	-	-	-	-
Floating-for-fixed	(5)	819	505	-	314	(8)	314	-	-	314
Total	**(7)**					**(8)**				

MANAGEMENT OF RISKS ON POWER PURCHASE AGREEMENTS

Following the signature of a 12-year Virtual Power Purchase Agreement (VPPA) in the United States in late 2023, in February 2024, Safran signed a 21-year agreement in Malaysia based on an expected total output of 15 GWh per annum.

With the exception of the certificates of origin component, these VPPAs are treated as derivative instruments in accordance with IFRS 9.

In accordance with IFRS 9, VPPAs are classified at fair value through profit or loss.
The Group-wide impact of changes in the fair value of VPPAs was not material at June 30, 2024.

COUNTERPARTY RISK MANAGEMENT

The Group is exposed to counterparty risk on the following:

- short-term financial investments;
- derivatives;
- trade receivables;
- financial guarantees granted to customers;
- undrawn lines of credit.

Financial investments are diversified and consist of blue-chip securities that are generally traded with top-tier banks.

The sole purpose of the Group's derivative transactions is to reduce the overall exposure to foreign currency and interest rate risks resulting from its ordinary business activities. Transactions are either carried out on organized markets or over-the-counter with top-tier intermediaries.

Credit facilities are taken out with top-tier banks.

LIQUIDITY RISK MANAGEMENT

Treasury management is centralized within the Group. Where permitted by local legislation, all surplus cash is invested with, and the financing requirements of subsidiaries met by, the parent company on an arm's length basis. Safran SA manages the Group's current and forecast financing requirements, and ensures that it has the ability to meet its financial commitments while maintaining a level of available cash funds and confirmed credit facilities commensurate with its scale and debt repayment profile.

On May 4, 2022 Safran set up a €2 billion revolving credit facility, with an original maturity of May 2027, that was undrawn at June 30, 2024. Following the exercise of the two one-year extension options, the maturity has been extended to May 2029. The financial terms and conditions of the liquidity line are indexed to the achievement by the Group of two sustainable development criteria: CO_2 emissions (Scopes 1 and 2) and the proportion of women among senior executives. There is no contractual obligation to achieve these sustainable development criteria and failure to do so would not constitute a breach of contract. Achievement or not of the criteria has no impact on the Group's ability to use the facility.

Issues of senior unsecured notes on the US private placement market (USPP) on June 29, 2020 are subject to a financial covenant which states that the net debt to EBITDA ratio must be 3 or less (see Note 21, "Interest-bearing financial liabilities"). The covenant is tested every six months and the Group complied with the applicable ratio at June 30, 2024.

The terms "net debt" and "EBITDA" used in the aforementioned covenant are defined as follows:

- net debt: interest-bearing borrowings (excluding borrowings subject to specific conditions) less cash and cash equivalents;
- EBITDA: the sum of profit (loss) from operations and the net charge to depreciation, amortization and provisions for impairment of assets (calculated based on adjusted data).

Changes in the Group's ratings

On February 25, 2021, Safran was rated for the first time by Standard & Poor's, which assigned the Company a long-term credit rating of BBB+ with a stable outlook.
On April 29, 2022, Standard & Poor's revised the outlook on the Company's BBB+ rating from stable to positive. On December 2, 2022, Standard & Poor's raised the rating to A- with a stable outlook.

Note 24 - Related parties

In accordance with IAS 24, the Group has identified the following related parties: shareholders (natural persons or entities, including the French State) exercising control, joint control or significant influence over the Group; companies over which these shareholders exercise control, joint control or significant influence; associates, joint ventures and management executives.

The French State also holds:

- a golden share in Safran Ceramics allowing it to veto any change in control of the company or sale of company assets (including Roxel);
- similar rights over other Group entities (ArianeGroup, Safran Electronics & Defense and Safran Power Units);
- a share in Aubert & Duval to protect its strategic interests.

The following transactions were carried out with related parties other than joint ventures:

(in € millions)	First-half 2023	First-half 2024
Sales to related parties other than joint ventures	2,239	2,563
Purchases from related parties other than joint ventures	(65)	(85)

(in € millions)	Dec. 31, 2023	June 30, 2024
Amounts receivable from related parties other than joint ventures	2,628	2,285
Amounts payable to related parties other than joint ventures	4,863	5,561

(in € millions)	Dec. 31, 2023	June 30, 2024
Commitments given to related parties other than joint ventures(1)	2,661	2,508

(1) See Note 25.a, "Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities".

Transactions with related parties other than joint ventures primarily concern the delivery of aviation products to Dassault Aviation, Airbus and the French Directorate General of Weapons Procurement (DGA).

The following transactions were carried out with joint ventures:

(in € millions)	First-half 2023	First-half 2024
Sales to joint ventures(1)	426	305
Purchases from joint ventures	(44)	(89)

(1) Mainly with Shannon Engine Support Limited.

(in € millions)	Dec. 31, 2023	June 30, 2024
Amounts receivable from joint ventures	328	344
Amounts payable to joint ventures	418	388

(in € millions)	Dec. 31, 2023	June 30, 2024
Commitments given to joint ventures(2)	849	1,788

(2) Reservation of engine capabilities with Shannon Engine Support Limited.

Note 25 - Off-balance sheet commitments and contingent liabilities

25.a. Off-balance sheet commitments and contingent liabilities relating to the Group's operating activities

(i) Commitments given and contingent liabilities

The Group granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2023	June 30, 2024
Purchase commitments on intangible assets	9	10
Purchase commitments on property, plant and equipment	238	355
Guarantees given in connection with the performance of operating agreements	6,998	7,029
Lease commitments	131	149
Financial commitments on the sale of Group products	25	23
Other commitments given	2,950	3,951
Commitments given and contingent liabilities	**10,351**	**11,517**

Guarantees given in connection with the performance of operating agreements

These guarantees relate mainly to guarantees granted by Safran to customers and principals (essentially aircraft manufacturers) in which Safran or the subsidiary provide a joint and several guarantee that its subsidiaries will perform their duties under their contractual obligations. These guarantees are given in respect of research, design, development, manufacturing, marketing and product support programs in place at Group subsidiaries. They are generally granted for the term of the program concerned, and are capped at a certain amount.

Guarantees granted to Airbus are shown within "Guarantees granted to related parties" in Note 24, "Related parties".

Offset obligations

In some countries, as a condition to the Group securing major contracts, it may be required to fulfill direct, semi-direct or indirect local offset obligations, as required by law or regulations. This is particularly the case in the defense industry.
Failure to meet these obligations within the required timeframe may lead to penalties for the Group, which may, in some cases, not discharge the obligation. When there are doubts as to the Group's ability to meet its obligations, a provision is recognized as a deduction from revenue in the amount of the penalty stipulated in the contract.

Lease commitments

Lease commitments given concern leases qualifying for the IFRS 16 exemption criteria (short-term leases or leases of low-value assets), as well as leases signed but not yet started.

Financial commitments on the sale of Group products

The Group may enter into financial commitments as part of certain civil aircraft engine sales campaigns. These commitments form part of financing packages proposed by aircraft manufacturers to airlines. The commitments are made by the Group together with its partner General Electric alongside aircraft manufacturers, and generally correspond to the share represented by engines in the financing of the aircraft concerned. They can take the form of backstop aircraft financing, backstop guarantees granted to lending institutions for aircraft financing, asset value guarantees at a given date, or trade-ins of used aircraft at a given date and at a given price.

Unlike asset value guarantees and used aircraft trade-ins, backstop commitments are in fact financing commitments granted in principle when an order is placed but which only take effect at the customer's request when the ordered aircraft are delivered. In the transaction currency, these financing commitments represented an undiscounted amount of USD 1.7 billion at June 30, 2024. They are not included in the gross exposure in the above table as (i) the probability that they will be called by the airline companies is too uncertain because the deliveries are too far in the future, and (ii) in the past, few commitments have been called due to their dissuasive financing conditions and to the fact that they represent a “last recourse” after the active rental, banking, credit insurance and investor markets.

Accordingly, only the amounts of commitments actually in place at the reporting date are shown in the above table. The Group’s gross exposure in respect of these financing commitments in their transaction currency represents USD 25 million at June 30, 2024 (USD 28 million at December 31, 2023), or €23 million (€25 million at December 31, 2023). However, these amounts do not reflect the actual risk to which Safran is exposed. In view of the value of the underlying assets pledged as security or eventually owned, the net exposure represents USD 1 million at June 30, 2024 (USD 4 million at December 31, 2023), or €1 million at June 30, 2024 (€4 million at December 31, 2023) for which a provision, based on an assessment of the risk, is booked in the financial statements based on a modeling of the probability of events likely to generate a net future outflow of resources for the Group.

Other commitments given

In connection with the French government’s aerospace support plan, Safran undertook to subscribe to the Ace Aéro Partenaires (AAP#1) investment fund in an amount of €58 million.

Following the various funding rounds completed, Safran’s remaining commitment amounted to €12 million at June 30, 2024.

As part of Safran USA's contemplated acquisition of Collins Aerospace's actuation and flight control business, Safran SA contractually granted a USD 1.8 billion payment guarantee to Goodrich Corporation and Hamilton Sundstrand Corporation on behalf of its subsidiary Safran USA.

If legal proceedings were to block the acquisition, Safran would have to pay termination costs of up to USD 72 million.

Contingent liabilities arising on ordinary activities

As part of their ordinary activities, the Group, some of its subsidiaries, or certain joint arrangements or consortia in which they are shareholders or members, may be subject to various claims from customers. These claims usually consist of compensation claims for failing to meet technical specifications, for a delay in the development phase, late completion and/or for additional work in connection with product performance and reliability falling outside the scope of the warranties and commitments provisioned or included within contract costs (see Note 3.b, “Provisions”, and Note 19, “Provisions”). While the initial amount of any such claim may be material in certain cases, it does not necessarily have any bearing on the costs that may be ultimately incurred to satisfy the customer. As these claims represent contingent liabilities, no provision has been recognized beyond contractual liability limits, if any.

In the absence of an agreement between the parties, some of these claims may give rise to litigation, the most significant of which are indicated in Note 26, “Disputes and litigation”.

(ii) Commitments received

The Group was granted the following commitments in connection with its operating activities:

(in € millions)	Dec. 31, 2023	June 30, 2024
Commitments received from banks on behalf of suppliers	4	4
Completion warranties	8	11
Endorsements and guarantees received	1	2
Other commitments received	239	302
Commitments received	**252**	**319**

25.b. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES RELATING TO THE GROUP'S SCOPE OF CONSOLIDATION

Vendor warranties are given or received on the acquisition or sale of companies.

(i) Vendor warranties given

(in € millions)	Dec. 31, 2023	June 30, 2024
Vendor warranties given[1]	42	39

(1) Vendor warranties, the amount of which may be fixed or determinable.

(ii) Vendor warranties received

(in € millions)	Dec. 31, 2023	June 30, 2024
Vendor warranties received	221	221

Vendor warranties granted in connection with the disposal of the Security businesses

In connection with the sale of the Identity and Security businesses on May 31, 2017, Safran granted Advent International a specific indemnity capped at BRL 200 million (€34 million) to cover any financial consequences arising from the dispute between Morpho do Brasil and the Brazilian tax authorities concerning the calculation method for value added tax on certain products.

Guarantees received in connection with acquisitions

On the sale of Aubert & Duval, Eramet granted Safran a general liability guarantee of €35 million and various specific warranties totaling €150 million.

In connection with the acquisition of Thales' aeronautical electrical systems business, Thales granted Safran a contractual general liability guarantee for €18 million and specific warranties for €18 million covering various matters.

25.c. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES RELATING TO THE GROUP'S FINANCING

Commitments received in respect of financing relate to:

- any unused portion of trade receivables factoring facilities, under which the related receivables are deconsolidated (see Note 21, "Interest-bearing financial liabilities");
- the confirmed syndicated credit line for €2 billion, set up in May 2022 and undrawn at June 30, 2024 (see Note 23, "Management of market risks and derivatives").

Note 26 - Disputes and litigation

Safran and certain Group subsidiaries are party to regulatory, legal or arbitration proceedings arising in the ordinary course of their operations. Safran and certain Group subsidiaries are also party to claims, investigations, legal action and regulatory proceedings outside the scope of their ordinary operations.

The amount of the provisions booked is based on the level of risk for each case, as assessed by Safran and its subsidiaries, and largely depends on their assessment of the merits of the claims and defensive arguments, bearing in mind that the occurrence of events during the proceedings can lead to a reassessment of the risk at any time.
A provision is only booked to cover the expenses that may result from such proceedings when the expenses are probable and their amount can be either quantified or reasonably estimated.
Safran considers that the provisions booked are adequate to cover the risks it incurs.

The most important proceedings are described below.

- A number of civil and/or criminal lawsuits have been filed against certain Safran subsidiaries in connection with aviation accidents. The Group's insurance policy would cover any civil damages payable by Safran or its subsidiaries under these proceedings.

- In the course of the implementation of its compliance program, Safran detected a situation with regards to an activity within a company belonging to the former Zodiac Aerospace business scope acquired in 2018 and self-disclosed this matter to the competent authorities in Germany and the United States. As a reminder, at the end of 2022, the US Department of Justice (DoJ) decided not to initiate proceedings against Safran in the United States. With regard to Germany, in September 2023, a settlement agreement was signed with the authorities putting an end to the proceedings in return for payment to the German tax authorities of around €6.5 million. The payment of a final reassessment notice pending receipt from the local tax authorities for an amount of around €0.5 million will bring this matter to a close.

To the best of Safran's knowledge and that of its subsidiaries, there are no other ongoing regulatory, legal or arbitration proceedings that could have a material impact on the financial position of the Company and/or Group.

Note 27 - Subsequent events

- Acquisition of Preligens, a leader in artificial intelligence for the aerospace and defense sectors

On June 24, 2024, Safran announced that it had entered into exclusive discussions to acquire 100% of Preligens, a leader in artificial intelligence (AI) for aerospace and defense, for an enterprise value estimated at €220 million.

Based in France, Preligens had revenue of €28 million in 2023. The company employs 220 people, including 140 engineers in Research and Development.

On July 16, 2024, the parties signed an agreement for the acquisition of Preligens shares. Completion of this proposed acquisition remains subject to a foreign investment approval.

This acquisition would represent a unique opportunity for Safran to add state-of-the-art AI capabilities to its product offering and to accelerate its digital transformation roadmap, in particular for Industry 4.0. Through its global presence, Safran would also be able to reinforce the development of Preligens internationally, in particular in the US market.

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