

EUROPEAN DEFENCE AGENCY

2023 ANNUAL ACCOUNTS



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## 2023 ANNUAL ACCOUNTS

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### Certification by Accounting Officer

The Annual Accounts of EDA for the year 2023 have been prepared in accordance with the European Defence Agency Financial Rules.

I have obtained from the Authorising Officer, who certified its reliability, all the information necessary to produce the accounts that show EDA's assets and liabilities and the budgetary implementation.

I hereby certify that based on this information, and on such checks as I deemed necessary to sign off the accounts, I have a reasonable assurance that the accounts present fairly, in all material aspects, the financial position, the results of the operations and the cash-flow of EDA.

Brussels, 30 June 2024

A handwritten signature in blue ink, appearing to read 'Bart Goessens', with a long horizontal stroke extending to the right.

Bart Goessens

Accounting Officer

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### Activity Report

The main activities of the Agency in 2023 are outlined in the Annual Report 2023. This publication can be viewed on the Agency Website:

<https://www.eda.europa.eu/info-hub/publications>

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Result of the year

### 2023 Financial Highlights

Figures in k € - Budgetary Accounting

#### HISTORICAL DATA BUDGET IMPLEMENTATION

| Figures in k €                            | 2023          | 2022          | 2021          | 2020          | 2019          | 2018          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>REVENUES</b>                           |               |               |               |               |               |               |
| MEMBER STATE CONTRIBUTIONS                | 43,593        | 38,076        | 36,507        | 35,533        | 33,268        | 31,538        |
| DEDUCTIONS FROM STAFF REMUNERATION        | 2,092         | 1,939         | 1,771         | 1,698         | 1,614         | 1,500         |
| FINANCIAL INCOME                          | 672           | 23            | 7             | 16            | 3             | 2             |
| OTHER REVENUES                            | 384           | 383           | 402           | 375           | 415           | 597           |
| <b>TOTAL REVENUES</b>                     | <b>46,741</b> | <b>40,421</b> | <b>38,687</b> | <b>37,622</b> | <b>35,300</b> | <b>33,637</b> |
| <b>EXPENSES</b>                           |               |               |               |               |               |               |
| PERSONNEL EXPENSES                        | 28,634        | 26,005        | 23,823        | 22,858        | 21,978        | 20,850        |
| FUNCTIONING EXPENSES                      | 7,852         | 7,611         | 6,062         | 7,917         | 5,880         | 5,768         |
| OPERATIONAL PROJECTS & STUDIES            | 6,590         | 5,517         | 6,957         | 6,254         | 6,910         | 6,376         |
| OTHER EXPENSES                            | 87            |               |               |               |               |               |
| <b>TOTAL EXPENSES</b>                     | <b>43,164</b> | <b>39,133</b> | <b>36,842</b> | <b>37,029</b> | <b>34,768</b> | <b>32,994</b> |
| <b>BUDGETARY SURPLUS REPAYABLE TO pMS</b> | <b>3,578</b>  | <b>1,288</b>  | <b>1,845</b>  | <b>593</b>    | <b>533</b>    | <b>643</b>    |

Figures subject to rounding to nearest '000 Euro

### EDA Structure and Functions

The European Defence Agency is an Agency of the European Union<sup>(1)</sup>, falling under the direction and authority of the Council, which issues guidance and guidelines to and receives reports from the Head of the Agency, High Representative of the Union for Foreign Affairs & Security Policy/Vice-President of the European Commission.

The Agency is governed by a Steering Board. The Head of the Agency chairs the Steering Board made up of Defence Ministers from the 27 EU Member States (MS)<sup>2</sup> and a representative of the European Commission. In addition to ministerial meetings at least twice a year, the Steering Board also meets at the sub-ministerial level: National Armaments Directors, Research and Technology Directors and in Capabilities formation.

<sup>1</sup> Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency and repealing Joint Action 2004/551/CFSP.

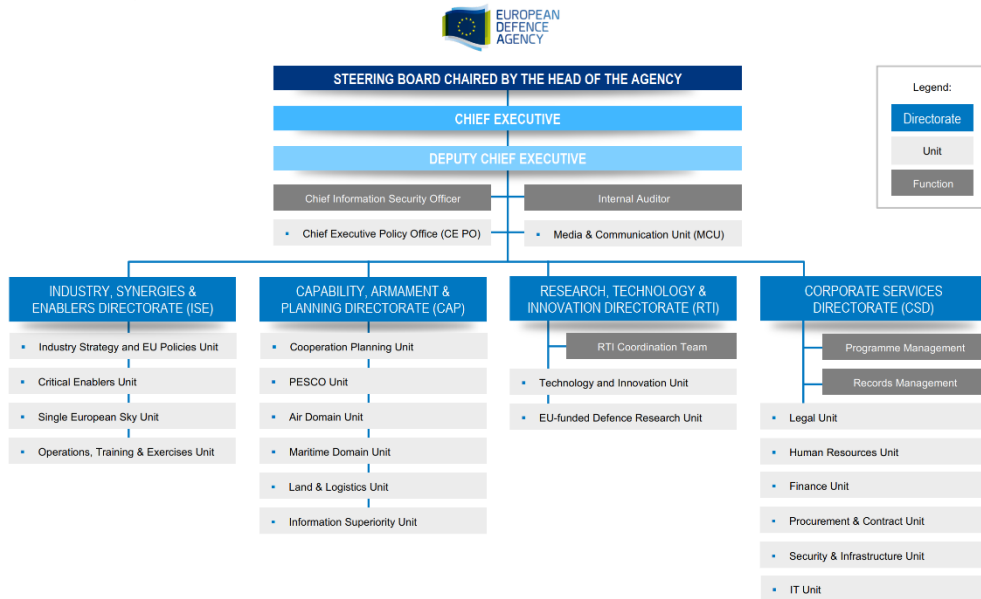
<sup>2</sup> On 23 March 2023, Denmark became the 27th Member State of the European Defence Agency.

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The Agency is established "to support the Member States in their effort to improve European defence capabilities in the field of crisis management and to sustain the Common Foreign and Security Policy as it stands now and develops in the future".

The internal organisation of the Agency during 2023 is represented here below.



### Industry Synergies & Enablers (ISE)

The ISE Directorate facilitates work to address the implications of EU legislation and policies for the defence sector: REACH, procurement, funding instruments and the analysis of developments influencing governmental and industrial stakeholders.

In the wider context of military aviation, the Directorate facilitates the coordination of military views from and in support of Member States and the relevant international military organisations in the framework of Single European Sky (SES) and acts as the interface with the EU institutions and related bodies. The Directorate supports Member States in their efforts to enable RPAS integration in non-segregated airspace and in harmonising military aviation safety issues using a progressive introduction of total system approach to military aviation and addressing the aviation cyber aspects.

The ISE Directorate is responsible for activities on critical enablers to support defence cooperation and enhance interoperability: military airworthiness, standardisation and certification, defence test & evaluation and education and training. The Directorate provides support to CSDP military and civilian operations and missions as well as Member States using all existing EDA instruments cross-directorates.

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### Capability, Armament & Planning (CAP)

The Capability, Armament & Planning Directorate (CAP) identifies, plans and proposes collaborative opportunities in support of EU capability development priorities and tailored to Member States' needs, representing a coherent approach from priority setting to impact.

The Directorate is in charge of elaborating the Capability Development Plan (CDP), based on the analysis of military requirements conducted together with Member States. It also identifies output-oriented EU capability development priorities and coordinates the development of Strategic Context Cases to facilitate the implementation of these priorities.

The Directorate coordinates the Coordinated Annual Review on Defence (CARD), for which the Agency provides the secretariat, establishing a regularly updated overview of the European defence capability landscape and its coherence.

The Directorate provides EDA's secretariat functions to the Permanent Structured Cooperation (PESCO), together with the European External Action Service, including the EU Military Staff. Within the PESCO secretariat, the Directorate coordinates EDA's assessment of PESCO project proposals from the capability perspective, as well as the National Implementation Plans of PESCO participating Member States and supports PESCO project implementation.

### Research, Technology & Innovation (RTI)

The RTI Directorate provides support to Member States and to the European Commission for the Preparatory Action for defence research, including its implementation, and the research dimension of the European Defence Fund. The Directorate also ensures the promotion of innovation in defence and the exploitation of synergies at EU level with civil research in dual-use technology fields.

### Corporate services directorate (CSD)

The Corporate Services Directorate provides the horizontal services and enabling functions that ensure the operation of the Agency. It consists of six units providing financial, contracting & procurement, IT, human resources, legal, infrastructure and security and administrative services ensuring that the Agency performs in accordance with the principles of sound financial management. In addition, the Agency's Data Protection, the Programme Management and Record Management functions report to the CSD Director.

## Financial Statements

### Principles of the budgetary implementation:

The budget of the Agency is established and implemented in compliance with the principles set out in EDA Financial Rules: principle of unity and budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency. The compliance with the budgetary principles requires effective and efficient internal control.

# EUROPEAN DEFENCE AGENCY

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### **Principles of unity and of budgetary accuracy**

No revenue shall be collected, and no expenditure affected unless booked to a line in the Agency's budget. No expenditure may be committed or authorised in excess of the appropriations authorised by the Agency's budget. An appropriation may be entered in the Agency's budget only if it is for an item of expenditure considered necessary.

### **Principle of annuality**

The appropriations entered in the Agency's budget shall be authorised for a financial year which shall run from 1 January to 31 December.

### **Principle of equilibrium**

Revenue and payment appropriations shall be in balance.

### **Principle of unit of account**

The budget of the European Defence Agency shall be drawn up and implemented in Euro (€) and the accounts shall be presented in Euro (€).

### **Principle of universality**

Total revenue shall cover total payment appropriations. All revenue and expenditure shall be entered into the budget in full without any adjustment against each other.

### **Principle of specification**

Appropriations shall be earmarked for specific purposes at least by title and chapter.

### **Principle of sound financial management**

Appropriations shall be used in accordance with the principle of sound financial management, namely in accordance with the principles of economy, efficiency, and effectiveness. The principle of economy requires that the resources used by the Agency in the pursuit of its activities are made available in due time, in appropriate quantity and quality and at the best price.

The principle of efficiency concerns the best relationship between resources employed and results achieved. The principle of effectiveness concerns the attainment of the specific objectives set and the achievement of the intended results.

### **Principle of transparency**

EDA budget shall be established and implemented, and the accounts presented in accordance with the principle of transparency. The Agency's budget, including the staff establishment plan and amending budgets, as adopted, shall be published on the internet site of the Agency within four weeks of their adoption.



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### 2023 Consolidated budget implementation report

| EUROPEAN DEFENCE AGENCY CONSOLIDATED BUDGET IMPLEMENTATION REPORT 2023 |   |                   |                   |         |                    |                    |                    |                   |                   |
|--|---|-------------------|-------------------|---------|--------------------|--------------------|--------------------|-------------------|-------------------|
| BUDGET IMPLEMENTATION REPORT   | GENERAL BUDGET<br>EUROPEAN DEFENCE AGENCY |                   |                   | AD HOCS |                    |                    | ADDITIONAL REVENUE |                   |                   |
|  | 2023                                      | 2023              | 2023              | 2023    | 2023               | 2023               | 2023               | 2023              | 2023              |
| <i>Figures in €</i>  | Budget <sup>(REV)</sup>                   | Committed         | Paid              | Budget  | Committed          | Paid               | Budget             | Committed         | Paid              |
| <b>EXPENSES</b>  |   |                   |                   |         |                    |                    |                    |                   |                   |
| Title I : PERSONNEL EXPENSES   | 28.930.229                                | 28.634.211        | 28.087.842        |         | 0                  | 0                  |                    | 1.472.009         | 986.800           |
| Title II : FUNCTIONING EXPENSES  | 7.969.771                                 | 7.852.066         | 5.614.653         |         | 42.348             | 18.105             |                    | 239.600           | 33.293            |
| <b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>                      | <b>36.900.000</b>                         | <b>36.486.277</b> | <b>33.702.495</b> |         | <b>42.348</b>      | <b>18.105</b>      |                    | <b>1.711.609</b>  | <b>1.020.094</b>  |
| Title III : OPERATIONAL BUDGET   | 6.600.000                                 | 6.590.466         | 2.232.900         |         | 345.882.837        | 129.164.874        |                    | 30.039.892        | 29.458.727        |
| Title IV : OTHER EXPENDITURE   | 1.288.213                                 | 86.789            | 0                 |         |                    |                    |                    |                   |                   |
| <b>TOTAL EXPENSES</b>  | <b>44.788.213</b>                         | <b>43.163.531</b> | <b>35.935.395</b> |         | <b>345.925.185</b> | <b>129.182.979</b> |                    | <b>31.751.501</b> | <b>30.478.821</b> |
| <b>REVENUES</b>  |   |                   |                   |         |                    |                    |                    |                   |                   |
| Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES                         | 1.500.000                                 |                   | 2.092.394         |         |                    | 0                  |                    |                   | 0                 |
| Title V: FINANCIAL INCOME  |   |                   | 690.618           |         |                    | 6.615.478          |                    |                   | 1.020.349         |
| Title VI: pMS CONTRIBUTIONS  | 43.288.213                                |                   | 43.557.267        |         |                    | 278.520.997        |                    |                   | 37.667.386        |
| Title VII: OTHER REVENUES  |   |                   | 401.034           |         |                    | 0                  |                    |                   | 0                 |
| <b>TOTAL REVENUES</b>  | <b>44.788.213</b>                         |                   | <b>46.741.313</b> |         |                    | <b>285.136.476</b> |                    |                   | <b>38.687.735</b> |
| BUDGETARY SURPLUS REPAYABLE TO pMS                                     |   |                   | 3.577.782         |         |                    | N/A                |                    |                   | N/A               |
| <i>(Total revenues less total expenses)</i>                            |   |                   |                   |         |                    |                    |                    |                   |                   |

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### Budgetary implementation reports

#### Fund source C1 (2023 Budget)

The fund source “C1” represents the funds budgeted for and implemented in the current financial year. Below, the 2023 budget figures under the heading (Initial) show the figures as initially adopted, while the budget figures under the heading (REV) show the budget after transfers and amendment at the end of the budget year.

| BUDGET IMPLEMENTATION REPORT 2023                  |       |                                     |                                 |                   |                     | Fund source C1                  |                   |                   |
|--|-------|-------------------------------------|---------------------------------|-------------------|---------------------|---------------------------------|-------------------|-------------------|
|  | Notes | 2023<br>Budget <sup>(Initial)</sup> | 2023<br>Budget <sup>(REV)</sup> | 2023<br>Committed | 2023<br>Paid        | 2022<br>Budget <sup>(REV)</sup> | 2022<br>Committed | 2022<br>Paid      |
| <i>Figures in €</i>                                |       |                                     |                                 |                   |                     |                                 |                   |                   |
| <b>EXPENSES</b>                                    |       |                                     |                                 |                   |                     |                                 |                   |                   |
| <b>Title I : PERSONNEL EXPENSES</b>                |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 2     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 11: TEMPORARY STAFF                        |       | 20 670 000                          | 19 802 356                      | 19 787 513        | 19 787 513          | 18 659 550                      | 18 563 680        | 18 563 680        |
| Chapter 12: SNE, CONTRACT & OTHER STAFF            |       | 6 751 000                           | 6 517 300                       | 6 377 552         | 6 336 494           | 5 655 100                       | 5 424 098         | 5 313 449         |
| Chapter 13: STAFF RELATED                          |       | 2 121 000                           | 2 610 573                       | 2 469 146         | 1 963 835           | 2 127 360                       | 2 017 130         | 1 717 946         |
| <b>TOTAL PERSONNEL EXPENSES</b>                    |       | <b>29 542 000</b>                   | <b>28 930 229</b>               | <b>28 634 211</b> | <b>28 087 842</b>   | <b>26 442 010</b>               | <b>26 004 908</b> | <b>25 595 075</b> |
| <b>Title II : FUNCTIONING EXPENSES</b>             |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 3     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 20: BUILDING AND BUILDING RELATED EXPENSES |       | 4 277 500                           | 4 224 800                       | 4 190 252         | 3 712 802           | 3 821 000                       | 3 744 248         | 3 355 804         |
| Chapter 21: INFORMATION TECHNOLOGY EXPENSES        |       | 2 449 000                           | 2 687 071                       | 2 614 591         | 1 479 535           | 3 340 990                       | 3 303 881         | 1 210 133         |
| Chapter 22: OTHER FUNCTIONING EXPENSES             |       | 631 500                             | 1 057 900                       | 1 047 222         | 422 316             | 611 000                         | 563 187           | 276 566           |
| <b>TOTAL FUNCTIONING EXPENSES</b>                  |       | <b>7 358 000</b>                    | <b>7 969 771</b>                | <b>7 852 066</b>  | <b>5 614 653</b>    | <b>7 772 990</b>                | <b>7 611 317</b>  | <b>4 842 503</b>  |
| <b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>  |       | <b>36 900 000</b>                   | <b>36 900 000</b>               | <b>36 486 277</b> | <b>33 702 495</b>   | <b>34 215 000</b>               | <b>33 616 225</b> | <b>30 437 578</b> |
| <b>Title III : OPERATIONAL BUDGET EXPENSES</b>     |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 4     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 30: PROJECTS AND STUDIES                   |       | 6 600 000                           | 6 600 000                       | 6 590 466         | 2 232 900           | 5 630 359                       | 5 516 563         | 584 457           |
| <b>TOTAL OPERATIONAL BUDGET</b>                    |       | <b>6 600 000</b>                    | <b>6 600 000</b>                | <b>6 590 466</b>  | <b>2 232 900</b>    | <b>5 630 359</b>                | <b>5 516 563</b>  | <b>584 457</b>    |
| <b>Title IV : OTHER EXPENDITURE</b>                |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 4     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 40: OTHER EXPENDITURE                      |       | 0                                   | 1 288 213                       | 86 789            | 0                   | 0                               | 0                 | 0                 |
| <b>TOTAL OTHER EXPENDITURE</b>                     |       | <b>0</b>                            | <b>1 288 213</b>                | <b>86 789</b>     | <b>0</b>            | <b>0</b>                        | <b>0</b>          | <b>0</b>          |
| <b>TOTAL EXPENSES</b>                              |       | <b>43 500 000</b>                   | <b>44 788 213</b>               | <b>43 163 531</b> | <b>35 935 395</b>   | <b>39 845 359</b>               | <b>39 132 787</b> | <b>31 022 035</b> |
| <b>REVENUES</b>                                    |       |                                     |                                 |                   |                     |                                 |                   |                   |
| <b>Title IV: TAXATION</b>                          |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 5     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 40: DEDUCTIONS FROM STAFF REMUNERATIO      |       | 1 500 000                           | 1 500 000                       |                   | 2 092 394           | 1 500 000                       |                   | 1 939 122         |
| <b>Title V: FINANCIAL INCOME</b>                   |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  |       |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 50: FINANCIAL INCOME                       |       |                                     |                                 |                   | 690 618             |                                 |                   | 22 567            |
| <b>Title VI: MEMBER STATE CONTRIBUTIONS</b>        |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 6     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 60 : MEMBER STATE CONTRIBUTIONS            |       | 42 000 000                          | 43 288 213                      |                   | 43 557 267          | 38 345 359                      |                   | 38 076 305        |
| <b>Title VII: OTHER REVENUES</b>                   |       |                                     |                                 |                   |                     |                                 |                   |                   |
|  | 5     |                                     |                                 |                   |                     |                                 |                   |                   |
| Chapter 75 : OTHER REVENUES                        |       | 0                                   | 0                               |                   | 401 034             | 0                               |                   | 383 007           |
| <b>TOTAL REVENUES</b>                              |       | <b>43 500 000</b>                   | <b>44 788 213</b>               |                   | <b>46 741 313</b>   | <b>39 845 359</b>               |                   | <b>40 421 000</b> |
| <b>BUDGETARY SURPLUS</b>                           | 7     |                                     |                                 |                   | <b>3 577 782,00</b> |                                 |                   | <b>1 288 213</b>  |

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### Fund source C4 (2023 Budget)

The fund source “C4” fund source represents amounts recovered during 2023 from EDA suppliers, external experts or staff members (e.g. in the context of mission reimbursements). The funds concerned are made available again for expenditure following the cashing of such recoveries.

| BUDGET IMPLEMENTATION REPORT 2023                  |          | Fund source C4 |                   |              |
|--|----------|----------------|-------------------|--------------|
|  | Notes    | 2023<br>Budget | 2023<br>Committed | 2023<br>Paid |
| <i>Figures in €</i>                                |          |                |                   |              |
| <b>EXPENSES</b>                                    |          |                |                   |              |
| <b>Title I : PERSONNEL EXPENSES</b>                |          |                |                   |              |
| Chapter 11: TEMPORARY STAFF                        |          | 0              | 0                 | 0            |
| Chapter 12: SNE, CONTRACT & OTHER STAFF            |          | 0              | 0                 | 0            |
| Chapter 13: STAFF RELATED                          |          | 0              | 0                 | 0            |
| <b>TOTAL PERSONNEL EXPENSES</b>                    | <b>2</b> | <b>0</b>       | <b>0</b>          | <b>0</b>     |
| <b>Title II : FUNCTIONING EXPENSES</b>             |          |                |                   |              |
| Chapter 20: BUILDING AND BUILDING RELATED EXPENSES |          | 0              | 0                 | 0            |
| Chapter 21: INFORMATION TECHNOLOGY EXPENSES        |          | 0              | 0                 | 0            |
| Chapter 22: OTHER FUNCTIONING EXPENSES             |          | 0              | 0                 | 0            |
| <b>TOTAL FUNCTIONING EXPENSES</b>                  |          | <b>0</b>       | <b>0</b>          | <b>0</b>     |
| <b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>  |          | <b>0</b>       | <b>0</b>          | <b>0</b>     |
| <b>Title III : OPERATIONAL BUDGET EXPENSES</b>     |          |                |                   |              |
| Chapter 30: PROJECTS AND STUDIES                   |          | 0              | 0                 | 0            |
| <b>TOTAL OPERATIONAL BUDGET</b>                    |          | <b>0</b>       | <b>0</b>          | <b>0</b>     |
| <b>Title IV : OTHER EXPENDITURE</b>                |          |                |                   |              |
| Chapter 40: OTHER EXPENDITURE                      |          | 0              | 0                 | 0            |
| <b>TOTAL OTHER EXPENDITURE</b>                     |          | <b>0</b>       | <b>0</b>          | <b>0</b>     |
| <b>TOTAL EXPENSES</b>                              |          | <b>0</b>       | <b>0</b>          | <b>0</b>     |

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### Fund source C8 and C2 (Carry over from previous years)

The fund source “C8” represents appropriations which were automatically carried over from 2023 to 2024, to meet obligations arising from legal commitments signed in previous year(s). Operational Budget expenses (Title III) are paid from the fund source C2.

| BUDGET IMPLEMENTATION REPORT 2023                  |       | Fund source C8/C2 |                     |                  |
|--|-------|-------------------|---------------------|------------------|
|  | Notes | 2023<br>Budget    | 2023<br>Implemented | 2023<br>Paid     |
| <i>Figures in €</i>                                |       |                   |                     |                  |
| <b>EXPENSES</b>                                    |       |                   |                     |                  |
| <b>Title I : PERSONNEL EXPENSES</b>                |       |                   |                     |                  |
| Chapter 11: TEMPORARY STAFF                        |       | 0                 | 0                   | 0                |
| Chapter 12: SNE, CONTRACT & OTHER STAFF            |       | 110,649           | 104,884             | 104,884          |
| Chapter 13: STAFF RELATED                          |       | 299,184           | 130,575             | 130,575          |
| <b>TOTAL PERSONNEL EXPENSES</b>                    |       | <b>409,833</b>    | <b>235,459</b>      | <b>235,459</b>   |
| <b>Title II : FUNCTIONING EXPENSES</b>             |       |                   |                     |                  |
| Chapter 20: BUILDING AND BUILDING RELATED EXPENSES |       | 388,444           | 339,461             | 339,461          |
| Chapter 21: INFORMATION TECHNOLOGY EXPENSES        |       | 3,493,006         | 3,492,026           | 2,014,863        |
| Chapter 22: OTHER FUNCTIONING EXPENSES             |       | 343,166           | 290,059             | 290,059          |
| <b>TOTAL FUNCTIONING EXPENSES</b>                  |       | <b>4,224,617</b>  | <b>4,121,545</b>    | <b>2,644,382</b> |
| <b>TOTAL PERSONNEL &amp; FUNCTIONING EXPENSES</b>  |       | <b>4,634,450</b>  | <b>4,357,004</b>    | <b>2,879,841</b> |
| <b>Title III : OPERATIONAL BUDGET EXPENSES</b>     |       |                   |                     |                  |
| Chapter 30: PROJECTS AND STUDIES                   |       | 10,470,530        | 10,372,714          | 4,125,090        |
| <b>TOTAL OPERATIONAL BUDGET</b>                    |       | <b>10,470,530</b> | <b>10,372,714</b>   | <b>4,125,090</b> |
| <b>Title IV : OTHER EXPENDITURE</b>                |       |                   |                     |                  |
| Chapter 40: OTHER EXPENDITURE                      |       | 0                 | 0                   | 0                |
| <b>TOTAL OTHER EXPENDITURE</b>                     |       | <b>0</b>          | <b>0</b>            | <b>0</b>         |
| <b>TOTAL EXPENSES</b>                              |       | <b>15,104,980</b> | <b>14,729,718</b>   | <b>7,004,931</b> |

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### Budget transfers and amendments

#### 2023 Budget Transfers and Amendments

*Figures in €*

| EXPENDITURES                          | Initial budget    | Amending Budget   | Transfers | Final             |
|---------------------------------------|-------------------|-------------------|-----------|-------------------|
| Title I - Personnel expenditures      |                   |                   |           |                   |
| <b>Total Personnel expenditures</b>   | 29,542,000        | -                 | - 611,771 | 28,930,229        |
| Title II - Functioning Expenditures   |                   |                   |           |                   |
| <b>Total Functioning Expenditures</b> | 7,358,000         | - 25,000          | 636,771   | 7,969,771         |
| Title III - Operational expenditures  |                   |                   |           |                   |
| <b>Total Operational expenditures</b> | 6,600,000         | 25,000            | - 25,000  | 6,600,000         |
| Title IV - Other expenditures         |                   |                   |           |                   |
| <b>Total Other expenditures</b>       | -                 | 1,288,213         | -         | 1,288,213         |
| <b>TOTAL EXPENDITURES</b>             | <b>43,500,000</b> | <b>1.288.213*</b> | <b>-</b>  | <b>44,788,213</b> |

\* Surplus 2022 entered into budget 2023

### Summary 2023 budget implementation

| Budget 2023 - Expenditure                   |                   |                      |            |                   |             |                                       |
|---|-------------------|----------------------|------------|-------------------|-------------|---------------------------------------|
| Title                                       | Budget (REV)<br>A | Committed<br>B       | %          | Paid<br>C         | %           | Surplus Budget/Expenditure<br>D = A-B |
| Title I Personnel Expenses                  | 28,930,228.63     | 28,634,211           | 99%        | 28,087,842        | 97%         | 296,018                               |
| Title II Functioning Expenses               | 7,969,771.37      | 7,852,066            | 99%        | 5,614,653         | 70%         | 117,706                               |
| Title III Operational Expenses              | 6,600,000.00      | 6,590,466            | 100%       | 2,232,900         | 34%         | 9,534                                 |
| Title IV Other Expenses                     | 1,288,213.00      | 86,789               | 7%         | 0                 | 0%          | 1,201,424                             |
| <b>Total</b>                                | <b>44,788,213</b> | <b>43,163,530.92</b> | <b>96%</b> | <b>35,935,395</b> | <b>80%</b>  | <b>1,624,682</b>                      |
| Budget 2023 - Revenue                       |                   |                      |            |                   |             |                                       |
| Title                                       | Budget<br>A       |                      |            | Revenue<br>B      | %<br>C      | Surplus Revenue<br>E = B-A            |
| Title IV Deductions from Staff Remuneration | 1,500,000         | -                    | -          | 2,092,394         | 139%        | 592,394                               |
| Title V Financial Income                    | 0                 | -                    | -          | 690,618           | -           | 690,618                               |
| Title VI pMS Contributions                  | 43,288,213        | -                    | -          | 43,557,267        | 101%        | 269,054                               |
| Title VII Other Revenues                    | 0                 | -                    | -          | 401,034           | -           | 401,034                               |
| <b>Total</b>                                | <b>44,788,213</b> | <b>-</b>             | <b>-</b>   | <b>46,741,313</b> | <b>104%</b> | <b>1,953,100</b>                      |
| <b>Total Surplus D + E</b>                  |                   |                      |            |                   |             | <b>3,577,782</b>                      |

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Evolution of outstanding budgetary commitments

The table below shows the evolution of commitments carried forward from previous years and the open balance of 2023 budgetary commitments at the end of the year.

| Carry forwards from previous years    |  |                  |                                 |                                    |
|---------------------------------------|--|------------------|---------------------------------|------------------------------------|
| Title                                 | Initial amount outstanding from previous year(s) | Amounts paid     | Carryforwards cancelled in 2023 | Final amount from previous year(s) |
| <b>Title I Personnel Expenses</b>     | 409,833  | 235,459          | 174,374                         | 0                                  |
| <b>Title II Functioning Expenses</b>  | 4,224,617  | 2,644,382        | 103,072                         | 1,477,163                          |
| <b>Title III Operational Expenses</b> | 10,470,530                                       | 4,125,090        | 97,815                          | 6,247,624                          |
| <b>Title IV Functioning Expenses</b>  | 0  | 0                | 0                               | 0                                  |
| <b>Totals</b>                         | <b>15,104,980</b>                                | <b>7,004,931</b> | <b>375,261</b>                  | <b>7,724,787</b>                   |

| Current outstanding Commitments       |  |                   |                   |  |
|---------------------------------------|--|-------------------|-------------------|--|
| Title                                 | Initial amount from the current financial year | Amounts paid      | Amounts cancelled | Committed amount outstanding from the current financial year |
| <b>Title I Personnel Expenses</b>     | 28,634,211                                     | 28,087,842        | 0                 | 546,369  |
| <b>Title II Functioning Expenses</b>  | 7,852,066                                      | 5,614,653         | 0                 | 2,237,413  |
| <b>Title III Operational Expenses</b> | 6,590,466                                      | 2,232,900         | 0                 | 4,357,566  |
| <b>Title IV Functioning Expenses</b>  | 86,789   | 0                 | 0                 | 86,789   |
| <b>Totals</b>                         | <b>43,163,531</b>                              | <b>35,935,395</b> | <b>0</b>          | <b>7,141,347</b>   |

TOTAL outstanding commitments at the end of the financial year

**14,866,134**

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Balance Sheet

| <b>BALANCE SHEET</b>             |              |                   |                      |
|----------------------------------|--------------|-------------------|----------------------|
|                                  | <i>Notes</i> |                   |                      |
| <i>Figures in €</i>              |              | <b>31.12.2023</b> | <b>31.12.2022</b>    |
| <b>ASSETS</b>                    |              |                   |                      |
| <b>ASSETS</b>                    |              |                   |                      |
| <b>A. NON-CURRENT ASSETS</b>     |              |                   |                      |
| IT ASSETS UNDER CONSTRUCTION     |              | 905.865           | 905.865              |
| IT EQUIPMENT                     |              | 512.214           | 619.201              |
| OFFICE FURNITURE                 |              | 5.081             | 6.378                |
| OFFICE TECHNICAL EQUIPMENT       |              | 4.484             | 0                    |
| <b>TOTAL NON-CURRENT ASSETS</b>  | <b>8</b>     | <b>1.427.644</b>  | <b>1.531.444</b>     |
| <b>B. CURRENT ASSETS</b>         |              |                   |                      |
| <b>Short-term receivables</b>    |              |                   |                      |
| SUNDRY RECEIVABLES               |              | 49.311            | 37.268               |
| DEFERRED CHARGES                 |              | 260.629           | 216.339              |
| MS CONTRIBUTION RECEIVABLES      |              | 15.562.434        | 14.218.675           |
| ACCRUED INCOME                   |              | 476.727           | 130.888              |
| <b>Short-term receivables</b>    | <b>13</b>    | <b>16.349.100</b> | <b>14.603.170</b>    |
| <b>Cash and cash equivalents</b> |              |                   |                      |
| EDA BANK ACCOUNTS                |              | 38.852.269        | 35.702.082           |
| <b>Cash and cash equivalents</b> | <b>9</b>     | <b>38.852.269</b> | <b>35.702.082</b>    |
| <b>TOTAL CURRENT ASSETS</b>      |              | <b>55.201.369</b> | <b>50.305.252,06</b> |
| <b>TOTAL ASSETS</b>              |              | <b>56.629.013</b> | <b>51.836.696</b>    |

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

|                                       |           |                   |                   |
|---------------------------------------|-----------|-------------------|-------------------|
| <b>LIABILITIES &amp; EQUITY</b>       |           |                   |                   |
| <b>STAKEHOLDERS EQUITY</b>            |           |                   |                   |
| ACCUMULATED SURPLUS                   |           | 10.961.767        | 11.495.074        |
| ACCOUNTING SURPLUS/LOSS               |           | 325.995           | -533.307          |
| <b>STAKEHOLDERS</b>                   | <i>10</i> | <b>11.287.761</b> | <b>10.961.767</b> |
| <b>SUPPLIER PAYABLES</b>              |           |                   |                   |
| ACCRUED EXPENSES                      | <i>11</i> | 5.517.342         | 5.708.039         |
| SUNDRY PAYABLES                       |           | 678.902           | 526.047           |
| <b>SUPPLIER PAYABLES</b>              |           | <b>6.196.244</b>  | <b>6.234.086</b>  |
| <b>STAFF PAYABLES</b>                 |           |                   |                   |
| STAFF PENSION ACCRUALS                | <i>12</i> | 19.300.405        | 18.240.161        |
| STAFF SUNDRY PAYABLES                 |           | 222.275           | 38.193            |
| <b>STAFF PAYABLES</b>                 |           | <b>19.522.681</b> | <b>18.278.354</b> |
| <b>DEFERRED REVENUE</b>               |           |                   |                   |
| ADVANCE MS CONTRIBUTIONS              | <i>18</i> | 16.044.545        | 15.074.276        |
| FUNDING SURPLUS CURRENT YEAR          |           | 3.577.782         | 1.288.213         |
| AD-HOC PROJECTS SURPLUS               |           | 0                 | 0                 |
| <b>ADVANCE CONTRIBUTIONS</b>          |           | <b>19.622.327</b> | <b>16.362.490</b> |
| <b>TOTAL LIABILITIES</b>              |           | <b>45.341.251</b> | <b>40.874.929</b> |
| <b>TOTAL LIABILITIES &amp; EQUITY</b> |           | <b>56.629.013</b> | <b>51.836.696</b> |



# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Cash Flow Statement

| <b>CASH FLOW</b>   |              |                           |                           |
|--|--------------|---------------------------|---------------------------|
|  | <i>Notes</i> | Year ending<br>31/12/2023 | Year ending<br>31/12/2022 |
| Figures in €   |              |                           |                           |
| <b>Cash Flows from Operating Activities</b>                  |              |                           |                           |
| <b>Receipts</b>  |              | <b>49 959 272,83</b>      | <b>43 533 490,19</b>      |
| PMS CONTRIBUTIONS  |              | 42 681 046,88             | 38 576 741,52             |
| OTHER RECEIPTS   | 17           | 305 212,34                | 953,54                    |
| RESIDUAL FUNDS PROJECTS                                      |              | 0,00                      | 0,00                      |
| PENSION/SALARY CONTRIBUTIONS FROM ADDITIONAL REVENUE         | 16           | 634 326,09                | 141 311,62                |
| BANK INTEREST  |              | 1 195 528,12              | 12 839,61                 |
| REGULARISATION TRANSFERS BETWEEN ACCOUNTS                    | 14           | 5 143 159,40              | 4 801 643,90              |
| <b>Payments</b>  |              | <b>(46 691 307,20)</b>    | <b>(45 143 667,08)</b>    |
| EDA GENERAL  |              | (37 357 141,03)           | (37 461 677,52)           |
| PENSIONS   |              | (4 182 868,34)            | (2 876 664,08)            |
| OTHER CHARGES  |              | (8 138,43)                | (3 681,58)                |
| REGULARISATION TRANSFERS BETWEEN ACCOUNTS                    | 14           | (5 143 159,40)            | (4 801 643,90)            |
| <b>Net Cash Flows from Operating Activities</b>              |              | <b>3 267 965,63</b>       | <b>(1 610 176,89)</b>     |
| <b>Cash Flows from Investing Activities</b>                  |              |                           |                           |
| PURCHASE OF ASSETS   |              | (117 778,86)              | (252 561,66)              |
| ADVANCES   |              | 0,00                      | 0,00                      |
| <b>Net Cash Flows from Investing Activities</b>              |              | <b>(117 778,86)</b>       | <b>(252 561,66)</b>       |
| <b>Net increase/ (decrease) in cash and cash equivalents</b> |              | <b>3 150 186,77</b>       | <b>(1 862 738,55)</b>     |
| <b>Cash and cash equivalents at beginning of period</b>      |              | <b>35 702 081,90</b>      | <b>37 564 820,45</b>      |
| <b>Cash and cash equivalents at end of period</b>            |              | <b>38 852 268,67</b>      | <b>35 702 081,90</b>      |

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Statement of Financial Performance

|  |              | Reporting period<br>(01.2023-16.2023) | Reporting period<br>(01.2022-16.2022) |
|--|--------------|---------------------------------------|---------------------------------------|
| <b>I. ECONOMIC RESULT OF THE YEAR (CALCULATED)</b> | <b>NOTES</b> | <b>325.995</b>                        | <b>-533.307</b>                       |
| II.1 REVENUES                                      |              |                                       |                                       |
| II.1.1 Operating revenues                          |              | 41.841.126                            | 38.998.491                            |
| II.1.2 Financial revenues                          |              | 1.545.061                             | 149.773,20                            |
| II.1.3 Other revenues                              |              | 6.000                                 | 1.136,05                              |
| <b>TOTAL REVENUE</b>                               |              | <b>43.392.187</b>                     | <b>39.149.400</b>                     |
| II.2. EXPENSES                                     | 2,3,4        |                                       |                                       |
| II.2.1 Operational Studies and Projects            |              | 6.798.549                             | 7.302.995                             |
| II.2.2 Staff expenses                              |              | 27.975.006                            | 25.286.097                            |
| II.2.3 Administrative and IT expenses              |              | 7.966.462                             | 6.939.572                             |
| II.2.4. Fixed asset related expenses               | 8            | 192.150                               | 150.771                               |
| II.2.5. Financial expenses                         | 15           | 134.025                               | 3.272                                 |
| <b>TOTAL EXPENDITURE</b>                           |              | <b>43.066.192</b>                     | <b>39.682.707</b>                     |

### Statement of Changes in Net Assets

|                                    | Accumulated Surplus (Deficit) | Economic result of the year | Net Assets |
|------------------------------------|-------------------------------|-----------------------------|------------|
| Balance as of 31/12/2022           | 11 495 074                    | -533 307                    | 10 961 767 |
| Allocation of economic result 2022 | -533 307                      | 533 307                     | 0          |
| Economic result 2023               |                               | 325 995                     | 325 995    |
| Balance as of 31/12/2023           | 10 961 767                    | 325 995                     | 11 287 761 |

The statement of changes in net assets reflects the movement in the liabilities as from 31 December 2022 to 31 December 2023.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Reconciliation Between Budget Outturn and Economic Outturn

| <b>RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN</b>                   |             |             |
|---|-------------|-------------|
|   | <b>2023</b> | <b>2022</b> |
| Figures in €  |             |             |
| <b>Budgetary result</b>   | 3.577.782   | 1.288.213   |
| <i>Adjustments for items not in the budgetary result but in the economic result</i> |             |             |
| Income Projects C4 income   | 254         | -314        |
| Accrued income  | 0           | 0           |
| Accrued income reversal   | 0           | 0           |
| Depreciation  | -192.150    | -150.771    |
| Accrued assets  | 0           | -325.178    |
| Accrued charges   | -5.517.342  | -5.708.039  |
| Accrued charges reversals   | 5.708.039   | 4.774.715   |
| C4 expenditure  | 0           | 0           |
| C8 expenditure  | -7.004.931  | -7.832.707  |
| Deferred expenditure  | 260.629     | 216.339     |
| Deferred expenditure reversal   | -216.339    | -326.586    |
| Previous year pre-financing/advances expensed in current year                       | 0           | 0           |
| Invoices with no payment in current year  | -657.856    | -362.284    |
| Budgetary result (pre-financing) deducted from revenue                              | -3.577.782  | -1.288.213  |
| Direct expenditure accounting entries   | 856.435     | -45.300     |
| <i>Adjustments for items in the budgetary result but not in the economic result</i> |             |             |
| Asset acquisition   | 88.350      | 1.098.786   |
| Carry forward cancellations   | -375.261    | -381.202    |
| Carry over  | 7.228.135   | 8.110.752   |
| Prefinancing payment  | 278.283     | 398.484     |
| Other   | -111.928    | 0           |
| Payment / cancellations of invoices registered in the previous year                 | -18.324     | 0           |
| Appropriations current year not committed   | 0           | 0           |
| Budget amendment / Surplus of previous year   | 0           | 0           |
| Direct expenditure budget entries   | 0           | 0           |
| <b>Total</b>  | 325.995     | -533.307    |
| <b>Economic result</b>  | -325.995    | 533.307     |
| <b>Discrepancy</b>  | 0           | 0           |

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Notes to the Financial Statements

#### NOTE 1 – BASIS OF PRESENTATION AND SPECIFIC ACCOUNTING POLICIES

##### BASIS OF PRESENTATION

EDA annual accounts have been established in conformity with:

- Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency
- Council Decision (EU) 2016/1353/CFSP of 4 August 2016 on the financial rules of the European Defence Agency.

In certain tables figures have been rounded to the nearest '000 € for ease of reference

##### 2023 Budget

The EDA General Budget for 2023 amounting to 43.500.000 € was adopted by the Steering Board on 15 November 2022.

The amending budget for 2023, totalling 44.788.213 €, was adopted on 31 October 2023. With this amendment, the establishment of a new Title IV “Other expenses” and Chapter 40 “New Building Project expenses” was approved by the Steering Board, together with the inscription of the 2022 budgetary surplus under this new Chapter, covering expenditure related to the new EDA building project.

In the table “2023 Budget transfers and amendments” information is provided on amendments and transfers in budget between the expenditure titles implemented during the year.

##### Participating Member States (pMS) Contributions

The 2023 contributions from the 27 EU Member States are calculated in accordance with the principles of the EU budget proportional share of the MS's GNI in the total GNI aggregate<sup>3</sup>. It is to be noted that the MS contributions have been adjusted for Denmark's prorated 2023 contribution, as Denmark became a participating Member State to the EDA on 23 March 2023.

Contributions are due in three instalments, by 15 March, 15 June and 15 October (Art. 16, Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency).

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<sup>3</sup> Reference: Definitive adoption (EU, Euratom) 2023/278 of the European Union's general budget for the financial year 2023

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### **Budget structure and presentation**

The 2023 EDA general budget was adopted by the Steering Board at chapter level. In accordance with Article 21 of EDA Financial Rules, “the structure of the budgetary implementation report shall be the same as of the budget itself”. The presentation of the budget implementation report in the annual accounts 2023 follows this requirement.

### **SPECIFIC ACCOUNTING POLICIES**

#### **Fixed Asset Policy**

Items acquired by the Agency purchase price of which is 5.000 € or more, with a period of use greater than one year, and which are not consumables are recorded in the fixed assets accounts. The Agency performs an annual inventory of its fixed tangible assets, where all qualifying assets are individually monitored and recorded in the fixed asset database.

The cost of fixed assets comprises the purchase price, including any directly attributable costs of bringing the asset into working condition for its intended use. However, routine maintenance and repairs are not capitalised but charged to expenses as incurred.

In line with the Agency’s policy, asset-invoices are booked as expenses during the year and transferred to the balance sheet at year-end.

#### **Depreciation / amortisation**

Depreciation is computed on a straight-line basis, from the date of purchase, over the estimated useful life of the assets:

- 9 years for fitting-out of premises (building related investments),
- 5 years for office furniture and office technical equipment,
- 3 years for IT equipment and software and security equipment;
- 5 years for custom built IT solutions and systems.

#### **Accruals**

Accrual charges for Title I (personnel related, such as unspent leave) and Title II (administrative expenditure) are calculated based on expected invoices/charges to be received/charged at the beginning of 2024 and relating to goods/services delivered in 2023 and leave entitlements of 2023.

Accruals for Title III are calculated on a pro rata basis to ensure the closest possible estimate.

#### **Deferrals**

Deferred charges are calculated based on the invoices received during 2023 for services which will be delivered in part or in full during 2024. The majority of the services which fall under this category are software subscriptions and software maintenance services.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Pensions

Staff (Temporary and Contract) pension rights, including corresponding interests, are capitalised on the Agency's balance sheet to cover future pension obligations.

Staff pension rights are composed of:

- 2/3 Agency contribution, booked as expenses and capitalised on the balance sheet;
- 1/3 Staff contribution, deducted from Staff remuneration and capitalised on the balance sheet.

The accumulated pension rights liability included in the balance sheet is calculated as the overall employee and employer pension contribution retained via payroll minus all transfers made to extinguish the liability towards individual employees. A comparison calculation with IPSAS 39 has been made and our total amount outstanding is in line with the calculation that is in accordance with IPSAS 39.

### Advance Calls for Contributions

The first Call for Contributions for the year N+1 is issued in year N. The full value of the calls issued in advance is shown on the balance sheet as deferred revenue and the value of the calls which are not cashed at 31 December is shown under the Short-Term Receivables heading.

### Revenue

The revenue is recognized when earned in accordance with the financing rules of the Agency.

The revenue stemming from the annual voted budget plus any amendments not recognized previously into the equity section is recognized as earned based on the implementation rate. The surplus for the year is recognized as a liability on the balance sheet, in line with the financial rules.

### NOTE 2 – PERSONNEL EXPENSES

In 2023, the budgetary personnel expenses amount to 28.634.211 € in commitments.

The remuneration of the members of the temporary and contract Staff is determined according to the European Defence Agency Staff Regulations.

EDA employs different categories of personnel:

#### 1. Temporary Staff

Staff engaged to fill temporarily a post included in the list of posts appended to the budget of the Agency. They are classified in an administrators' function group (AD), corresponding to administrative, advisory, linguistic, and scientific duties, and assistants' function group (AST), corresponding to executive, technical and clerical duties.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### 2. Contract Staff

Staff not included in the Staff Establishment Plan and engaged for the performance of full-time or part-time duties. Contract Staff are subdivided into four function groups corresponding to the duties performed. Each function group is subdivided into grades and steps.

### 3. Seconded National Experts

Temporarily assigned experts from the participating Member States' administrations in accordance with EDA's requirements and budgetary possibilities and in accordance with the EDA SNE Rules.

### 4. Experts on cost-free secondment

Temporarily assigned experts from the participating Member States' administrations, from a third country with which the Agency has concluded an administrative arrangement, or from organisations/entities with an Administrative Arrangement with the Agency. These secondments do not entail the payment of any allowances or expenses for the Agency.

### 5. Trainees

EDA has been running its own traineeship programme since October 2018.

### Basic Salaries

Staff basic salaries (TBA) are processed through the EU Paymasters Office's (PMO), using the NAP system. Grades and salary parameters are updated annually.

### Staff Statutory Allowances & Staff Social Protection

Staff Statutory Allowances & Staff Social Protection are governed by the EDA Staff Regulations.

### Miscellaneous allowances and grants

Orphans pension: EDA has an obligation to pay orphans' pension to the children of a deceased Staff Member, until each orphan reaches the age of 18 or, subject to confirmation, up to the age of 26 if full-time studies are pursued by the child. EDA paid one orphan allowance until mid-2023.

Invalidity allowance: following termination of employment with EDA due to invalidity, one former Contract Staff member is currently in receipt of Invalidity Allowance from EDA.

### Staff Allowances on Entering & Leaving Service

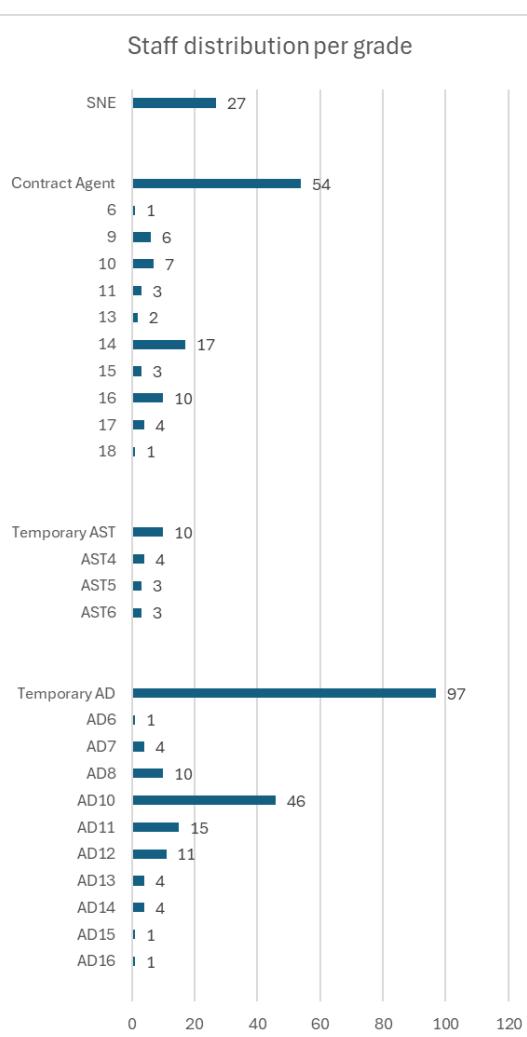
Staff allowances on entering & leaving service are governed by the EDA Staff Regulations.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### EDA Staff at 31 December 2023

| Category/Grade        | Total     | Female    | Male      |
|-----------------------|-----------|-----------|-----------|
| AD16                  | 1         | 0         | 1         |
| AD15                  | 1         | 0         | 1         |
| AD14                  | 4         | 1         | 3         |
| AD13                  | 4         | 0         | 4         |
| AD12                  | 11        | 2         | 9         |
| AD11                  | 15        | 2         | 13        |
| AD10                  | 46        | 9         | 37        |
| AD8                   | 10        | 0         | 10        |
| AD7                   | 4         | 1         | 3         |
| AD6                   | 1         | 0         | 1         |
| <b>Temporary AD</b>   | <b>97</b> | <b>15</b> | <b>82</b> |
|                       |           | 15%       | 85%       |
| AST6                  | 3         | 3         | 0         |
| AST5                  | 3         | 2         | 1         |
| AST4                  | 4         | 3         | 1         |
| <b>Temporary AST</b>  | <b>10</b> | <b>8</b>  | <b>2</b>  |
|                       |           | 80%       | 20%       |
| 18                    | 1         | 0         | 1         |
| 17                    | 4         | 1         | 3         |
| 16                    | 10        | 7         | 3         |
| 15                    | 3         | 1         | 2         |
| 14                    | 17        | 12        | 5         |
| 13                    | 2         | 2         | 0         |
| 11                    | 3         | 1         | 2         |
| 10                    | 7         | 6         | 1         |
| 9                     | 6         | 5         | 1         |
| 6                     | 1         | 0         | 1         |
| <b>Contract Agent</b> | <b>54</b> | <b>35</b> | <b>19</b> |
|                       |           | 65%       | 35%       |
| <b>SNE</b>            | <b>27</b> | <b>4</b>  | <b>23</b> |
|                       |           | 15%       | 85%       |



### Temporary staff

107 Temporary Agents were present in the Agency on 31 December 2023. Payment of salary and allowances of temporary agents are governed by the European Defence Agency Staff Regulations.

### Contract Staff

54 Contract Staff were present in the Agency on 31 December 2023. Payment of salary and allowances of contract staff are governed by the European Defence Agency Staff Regulations.

### Seconded National Experts (SNEs)

On 31 December 2023, 27 SNEs were present at the Agency. Payment of allowances are governed by the SNE rules of the Agency.

### Trainees

On 31 December 2023, the Agency had 16 trainees.



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## 2023 ANNUAL ACCOUNTS

### Recruiting Expenses

Miscellaneous recruiting expenses related travel and accommodation of recruited staff, organisation of selection procedures as well as medical examinations related to recruitment.

### Mission Expenses

Expenses related to mission travels, including transport, accommodation and daily allowance.

### Medical Expenses

Relate to annual health examinations of staff.

### Learning and development

Staff training expenses: mandatory and professional development training.

### Other external services

Include insurance for staff going on missions, EU Paymasters Office's (PMO) fees.

### Social dialogue and staff wellbeing

Expenses related to staff social activities.

### Representation Expenses

Expenses related to official receptions: catering, event organisation.

## NOTE 3 – FUNCTIONING EXPENSES

### Building and Building Related Expenses

#### Building lease expenditure

The Agency signed a standard Belgian lease for the office building at Rue des Drapiers in Brussels. Rent is settled on a quarterly basis and includes related taxation and indexation.

#### Fitting-out of Premises

Investments related to the fitting-out of office premises, notably: set-up of new meeting rooms, office partitioning to accommodate new Staff members, external lighting, building air-conditioning and other building transformation expenses.

#### Office Furniture

Desks, tables, chairs, conference room equipment, filing cabinets, cupboards and all miscellaneous office furniture.

#### Security services and equipment

Expenses related to 24-hour building surveillance, notably security services and guards, surveillance cameras, surveillance locks, cabinets, security doors and other equipment to ensure security of EDA premises.

#### Cleaning and facility services

Building cleaning and maintenance contracts, including cleaning supplies.

Expenses related to waste removal, recycling services.

#### Preventive and corrective maintenance of technical installations and other building related expenditure

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

Services for maintenance and repair of technical equipment and installations: electrical systems, air conditioning, elevators, alarm systems and other technical installations, plumbing, heating, gardening.

### Utility Services

Building utility expenses related to water, electricity, and heating.

### Insurances

Selected insurance policies related to EDA premises.

### Health and Safety

Expenses related to the review and implementation of EDA health and safety policy.

### Office Supplies

Standard office supplies, including paper, stationery and office consumables.

### Postal & Delivery Expenditures

Postage, express mail.

### Mobility related expenditures

Rental fees for office vehicle and related operational & maintenance costs.

### Information Technology Expenses

#### IT hardware and Software

All expenses related to the Agency's IT systems: servers, desktops, laptops and other IT equipment and software.

#### IT Services and Development

Expenses related to development and installation of software, banking software, financial management and accounting systems.

#### Telecommunication costs

Telecommunication expenses: mobile, internet and dedicated lines.

#### EUCI

Dedicated budget line for EU classified information project.

### Other Functioning

#### Translation and interpretation services

Expenses related to translation (ex: contracts, brochures etc.)

#### Subscriptions and Publication services

Expenses related to specialised information sources and press subscriptions.

#### Corporate Communication expenditures

Expenses related to EDA corporate communication and EDA annual conference.

#### Meetings, conferences, and seminars

Meeting supplies such as: water, coffee, and sandwiches.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Other Services

Other services include specialised legal support, project support (New Building Project), audits, and consultancies.

### NOTE 4 – OPERATIONAL EXPENDITURE

The operational expenditure relates to operational projects and studies coordinated by the Industry Synergies & Enablers (ISE) Directorate, the Capability, Armament & Planning Directorate (CAP) Directorate and the Research, Technology & Innovation (RTI) Directorate.

### NOTE 5 – BUDGETARY REVENUES

#### Operating revenues

The operating revenues consist of the participating Member States contributions (43.557.267 €), the taxation on Staff salaries (2.092.394 €), carry forward cancellations of previous years (375.261 €) and other revenues (25.773 €).

#### Financial Revenues

Financial revenue consists mainly of the bank interest (671.823 €) and interest on late payments of pMS Contributions (18.795 €).

### NOTE 6 – PMS CONTRIBUTIONS

In 2023 calls for an amount totalling to 42.000.000 € were issued. Additionally, the budgetary surplus 2021 (1.288.213 €) was inscribed. Consequently, pMS contributions for the 2023 budget amounts to a total of 43.288.213 €. In addition, an amount of 269.054 €, which remained receivable in 2022, was transferred in 2023.

### NOTE 7 – BUDGETARY SURPLUS

The 2023 budgetary surplus of 3.577.782 € is the difference between revenues received and expenses incurred during the financial year. The surplus comprises:

1. the **difference in expenditure between the 2023 budget plan and its implementation** (423.258 €, compared to 712.572 € in 2022);

The difference between the budget planned and the implementation reached in expenditure under Title I (Personnel expenses), Title II (Functioning expenses) & Title III (Operational expenses) amounted to 423.258 € in 2023 compared to 712.572 € in 2022, resulting in an implementation rate of 99,0% compared to 98,2% in 2022. When considering the new Title IV in addition (new Budget Title dedicated to the new EDA building project, set up with the 2023 budget amendment), the 2023 budget implementation rate amounts to 96,4%.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

In Title I, Personnel expenses increased compared to 2022 (+10,1%), mainly due to the turnover and growth in staff and the statutory indexation of staff salaries and allowances (+1,7% as of January and +1% as of July). Furthermore, the European Commission, in accordance with the applicable legal framework, increased the statutory contributions related to pension rights with 1%, which had to be retro-actively implemented as of the second half of the year. It is to be noted that the statutory indexation is driven by the unpredictable evolution of consumer price inflation, which slowed down in 2023 compared to the exceptionally high inflation in 2022, however remaining at a high level (+5,4% in 2023 compared to +8,4% in 2022, as per the European Central Bank's Inflation Outlook).

In Title II, the 2023 functioning expenses are slightly above the level of 2022 (+3,2%), which is mainly due to the indexation of price levels for rent, goods, services and utilities and the need for specialised expertise in the context of strategic projects, such as collaborative procurement and the new building. Furthermore, purchases in furniture & adjustments in office spaces have been made in view of maximising the available space for a growing staff population, while ensuring that such purchases can be re-used having the future relocation of EDA to a new building in mind.

Regarding Title III (Operational expenses), up to September high priority has been given to the implementation of procedures related to the collaborative procurement on ammunition, which led to the successful signing of a series of framework contracts in this regard. Although this has caused a delay in the implementation of the regular OB budget and in the full completion of some procedures, 99,9%<sup>4</sup> in implementation on operational budget adopted for 2023 (Title III) could still be reached by the end of the year due to the continued efforts.

2. The **remaining balance of the 2022 budgetary surplus inscribed in the 2023 budget** under the new Title IV, dedicated to the expenses related to the new EDA building project (1.201.424 €);

End October 2023, the Steering Board adopted the establishment of a new Title IV dedicated to expenditure related to the new building project, together with the full inscription of the 2022 budgetary surplus under this new title. A balance of 1.201.424 € remained at the end of the year under this new title, which remains dedicated to future expenditure in this regard in the following year.

3. **Higher than estimated revenue** (1.577.839 €, compared to 194.439 € in 2022):

The higher than estimated revenue in 2023 is mainly the result of the continued indexation of staff salaries (combined with staff growth) resulting in higher revenue from deductions from staff remuneration (592.394 €) and of the exceptionally high revenue from bank interests (690.618 €). In 2023, the European Central Bank has been increasing its key interest rates steadily in view of keeping the high inflation under control. These increases in ECB rates have resulted in exceptionally high bank interests generated on the EDA bank accounts in 2023.

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<sup>4</sup> It is to be noted that the 99,9% OB Budget implementation in 2023 consists of 81,8% in level 2 commitments (representing the value of contracts effectively signed by end 2023), while the remaining 18,1% represents open level 1 commitments covering procurement procedures near to completion, but for which the contract could not be signed by end 2023, and subsequently carried forward to 2024 for final signature by 31 March at the latest.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

Other components of the higher than estimated revenue in 2023, are an amount of 269.054 € which remained receivable in 2022 that has been transferred in 2023 (surplus at the closure of an Ad-Hoc project to be re-allocated to the EDA General Budget), as well as some recoveries.

4. **Cancellations of amounts carried forward** from previous years (375.261 €, compared to 381.202 €) which represent open balances de-committed after final payments of administrative and operational contracts.

The cancellation of amounts carried forward, which cannot be anticipated, are slightly lower than in 2022 (375.261 € compared to 381.202 €) and an amount of 269.054 € which remained receivable in 2022 that has been transferred in 2023.

### NOTE 8 – FIXED ASSETS AND DEPRECIATION

Figures in €

| Fixed Assets                          |                         |                      |                            |   |                         |                   |                             |
|---------------------------------------|-------------------------|----------------------|----------------------------|---|-------------------------|-------------------|-----------------------------|
| Fixed Asset Classes                   | 2023<br>Net Asset Value | 2023<br>Depreciation | 2023<br>Asset<br>Additions | 2023<br>Asset<br>Disposals /<br>Transfers / Other | 2022<br>Net Asset Value | Gross Asset Value | Accumulated<br>Depreciation |
| INFRA SEC Equipment                   | 4 484                   | 1 860                | 6 344                      | -   | -                       | 306 790           | 306 790                     |
| Office Furniture                      | 5 081                   | 1 297                | -                          | -   | 6 378                   | 133 753           | 127 375                     |
| IT Equipment<br>(Software / Hardware) | 512 214                 | 188 993              | 82 006                     | -   | 619 201                 | 1 011 322         | 1 009 843                   |
| Tangible AuC                          | 806 513                 | -                    | -                          | -   | 806 513                 | 806 513           | -                           |
| Intangible AuC                        | 99 352                  | -                    | -                          | -   | 99 352                  | 99 352            | -                           |
| <b>Total</b>                          | <b>1 427 644</b>        | <b>192 150</b>       | <b>88 350</b>              | <b>-</b>  | <b>1 531 444</b>        | <b>2 357 729</b>  | <b>1 444 008</b>            |

The tangible assets under construction relate to the on-going build of a new IT system which is partially finalised but still under further development.

The intangible asset under construction is related to the on-going development of software which is in progress (99.352 €).

The newly acquired tangible fixed assets relate mainly to a new storage, backup, archive capability and a Core Switch.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### NOTE 9 – CASH

#### EDA BANK ACCOUNTS

As at 31/12/2023, the global balance on the Agency's bank accounts related to EDA general budget totalled 38.852.269 €.

| in €              |            |            |
|-------------------|------------|------------|
| EDA Bank Accounts | 2023       | 2022       |
| Opening balance   | 35.702.082 | 37.564.820 |
| Closing balance   | 38.852.269 | 35.702.082 |

Employee pension rights are managed in a separate bank account. The figure in the table above shows the consolidated closing balance at the end of 2023 on both bank accounts: 20.049.833,99 € on the EDA pensions bank account and 18.802.434,68 € on the EDA General bank account.

### NOTE 10 – STAKEHOLDERS

The equity comprises the accumulated economic result (10.961.767 €) of past periods and the economic profit for the year (325.995 €).

### NOTE 11– ACCRUED CHARGES

The Accrued charges amount to 5.517.342 € with the following composition:

- Accrued charges for employee remuneration: 680.274 €
- Accrued charges for administrative expenditure: 1.203.462 €
- Accrued charges for operational expenditure: 3.633.606 €

The accrued charges for employee remuneration are calculated based on the allowances and leave entitlements due as at 31 December 2023.

The accrued charges are calculated based on expected invoices/charges to be received/charged at the beginning of 2024 relating to goods/services delivered in 2023.

The accrued charges for contracted studies and on-going support services are calculated on a pro rata basis to ensure the closest possible estimate.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### NOTE 12– STAFF PAYABLES

#### Pensions

The total Statutory Staff pension rights accumulated on the Agency’s balance sheet as per 31 December 2023 amount to 19.3 M €. This total represents the expected future payments that EDA is required to make to settle pension obligations resulting from staff’s service in the current and prior periods. The pension contributions from staff and EDA are a fixed percentage of the basic salary, determined at EU level based on applicable regulations.

Pension provision for 2023 amounts to 1.1 M € and is composed of the following items:

| Pension Provision<br><i>In k €</i>         |              |              |
|--|--------------|--------------|
| <b>EDA Staff Pension Accruals</b>          | <b>2023</b>  | <b>2022</b>  |
| EDA Contribution for Temporary Agents      | 2865         | 2545         |
| EDA Contribution for Contract Staff        | 316          | 508          |
| Staff Contribution for Temporary Agents    | 1431         | 1272         |
| Staff Contribution for Contract Staff      | 631          | 254          |
| Invalidity Contribution                    | 0            | 8            |
| Payments for Severance Grants              | -3 829       | -2 560       |
| Payments for Maintenance of Pension Rights | -354         | -317         |
| <b>Total</b>                               | <b>1 060</b> | <b>1 710</b> |

A total of approx. 5.24 M € was cashed in the Pensions dedicated bank account. This amount is composed of the staff pensions right from the EDA general budget and EDA Additional revenue 1 k € budget.

The bank interest yielded on the Pensions bank account was 688 K € and was taken into profit. A total of approx. 5.15 M € was transferred out. This includes payments of severance grants and maintenance of pension rights.

To ascertain that the accumulated amount sufficiently covers the Agency’s liabilities concerned, a comparison calculation based on the Projected Unit Credit Method has been applied. The result of this calculation amounts to a total of 19.126 K € in pension liabilities, which is in line with the total amount accrued on the EDA pensions bank account (19.300 K €).

The liabilities concerned were assessed at 31 December 2023 and on the rules of the Staff Regulations applicable at this date. For the valuation of employee benefit liabilities and the determination of the pension cost the following key parameters and assumptions have been used: date of birth, contract start and end date, contract type & grade, exit assumption date (calculation date) and an actuarial coefficient for transfer out based on the age of staff. Expected future salary increase is considered into the actuarial coefficient for transfer out based on the age of the employee.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### NOTE 13— SHORT-TERM RECEIVABLES

The Short-term receivables mainly consist of the pMS contribution receivables 15.562.434 €, the interest received on 1 January 2024, which are the received interests on our bank account for the last quarter of 2023.

The pMS contribution receivables 15.562.434 € relates to the advance call for contribution 2024 which was launched in 2023 and EDA's advance payments for translation of documents which will be reimbursed by the pMS in 2022 and 2023 (11.790 €). The Sundry receivables includes the following:

| <i>In €</i>                           |        |        |
|---------------------------------------|--------|--------|
| Sundry receivables                    | 2023   | 2022   |
| Staff receivables                     | 47 855 | 32 967 |
| Advance payment on suppliers or staff | 201    | 800    |
| AR customers                          | 1 254  | 3 501  |

The deferred charges (260.629 €) relate mainly to payments for IT licences and subscriptions with a validity extending beyond 31 December 2023. Accrued income relates to bank interest corrections received only in 2024.

### NOTE 14— TRANSFERS BETWEEN ACCOUNTS

- EDA has a dedicated Pension bank account onto which it keeps the pension contributions acquired by the employees. The main part of the transfers between accounts is made up by the transfers of EDA's pension contributions (approx. 5.1M €) to this account.

### NOTE 15— FINANCIAL EXPENSES

The financial expenses consist of interest expense on late payment (4K €) and the amount paid to extend our current contract with ING (136 K €) incurred by EDA during 2023 are related.

### NOTE 16— PENSION CONTRIBUTIONS ADDITIONAL REVENUE

Pension Contributions acquired by employees recruited under EDA Additional Revenue budget are also transferred into the dedicated Pension bank account. This amount totals to approx. 96k €.

### NOTE 17— OTHER RECEIPTS

This category contains mainly the received excess funds from CBRN ad hoc project and 6 instalments of 1 k € that were received due to a legal case. The Agency was the defendant in one legal proceeding before the General Court. In accordance with the Court's judgement EDA has won the case. In March 2023 an agreement was finally reached which will lead to a recovery of expenses in EDA's favour.



# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### **NOTE 18 – DEFERRED REVENUE**

The deferred revenue is composed of:

- The first Call for Contributions for 2024 which has been issued to the pMS for a total value of 16.031.667 €, including advance contributions.
- The calls for contribution of new ad-hoc projects for a total value of 7.794€
- The surplus for the year 2023 at the value of 3.577.782 €

### **NOTE 19 – CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets and liabilities at 31 December 2023.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

### Audit opinion

#### INDEPENDENT AUDITOR'S REPORT TO THE STEERING BOARD OF THE EUROPEAN DEFENCE AGENCY

In accordance with Article 43 of the Financial Rules the College of Auditors have audited the accompanying Annual Accounts of the European Defence Agency ("Agency") for the year ended 31 December 2023, which comprise the 2023 Budget implementation Report, the 2023 Balance Sheet, the 2023 Cash Flow Statement, the 2023 Statement of Financial Performance, the 2023 Statement of Changes in Net Assets and Notes to the 2023 Annual Accounts. We report to you on the performance of our mandate of Independent Auditor and present our opinion on the annual accounts.

#### Management's Responsibility for the Financial Statements

Following articles 20 and 39 of the Financial Rules, the financial statements shall be drawn up in accordance with rules based on internationally accepted accounting standards for the public sector. The Steering Board appointed an Accounting Officer, responsible for the preparation and fair presentation of the financial statements. According to Article 23 (1) of the Financial Rules this responsibility includes:

- a) proper implementation of payments, collection of revenue and recovery of amounts established as being receivable;
- b) keeping, preparing and presenting the accounts;
- c) implementing the accounting rules and the chart of accounts;
- d) validating systems laid down by the Authorising Officer to supply or justify accounting information;
- e) treasury management.

In connection with the Annual Accounts of the Agency the Chief Executive provided us with a Management Representation Letter dated 25 March 2024, which formed part of the audit procedure and is stored in the audit documentation.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Annual Accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, plan and perform the audit in order to obtain reasonable assurance whether the Annual Accounts are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Annual Accounts.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Annual Accounts, whether due to fraud or error. In making those risk assessments; the auditor considers internal controls relevant to the preparation and fair presentation of the Annual Accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the entity's internal control.

# EUROPEAN DEFENCE AGENCY

## 2023 ANNUAL ACCOUNTS

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates, if any, made by the Accounting Officer, as well as evaluating the overall presentation of the Annual Accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We have also examined the Annual Accounts on the activities of the Agency and the implementation of the budget, to identify any material inconsistencies with the audited Annual Accounts.

### Opinion

In our opinion the Annual Accounts present fairly, in all material respects, give a true and fair view of the financial position of the European Defence Agency as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with:

- Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency;
- Council Decision (EU) 2016/1353/CFSP of 4 August 2016 on the financial rules of the European Defence Agency.

Audit findings and comments of the auditor without impact on the audit opinion are included in the associated audit report.

**Brussels, 30 June 2024**

### College of Auditors of the European Defence Agency

#### Represented by

Radu-Viorel MARCU



Chairman of the  
College of Auditors

Maria Annunziata RUCIRETA



Member of the  
College of auditors

Panagiotis MILOPOULOS



Member of the  
College of auditors