

EUROPEAN DEFENCE AGENCY

2021 ANNUAL ACCOUNTS



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Certification by Accounting Officer

The Annual Accounts of EDA for the year 2021 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 for the production of 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 2022



Andrei HRETU

Accounting Officer

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Activity Report

The main activities of the Agency in 2021 are outlined in the Annual Report 2021. 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

2021 Financial Highlights

Figures in k € - Budgetary Accounting

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HISTORICAL BUDGETARY FINANCIAL DATA

| Figures in k € | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| REVENUES | | | | | | |
| MEMBER STATE CONTRIBUTIONS | 36.507 | 35.533 | 33.268 | 31.538 | 29.782 | 29.076 |
| DEDUCTIONS FROM STAFF REMUNERATION | 1.771 | 1.698 | 1.614 | 1.500 | 1.519 | 1.492 |
| FINANCIAL INCOME | 7 | 16 | 3 | 2 | 15 | 10 |
| OTHER REVENUES | 402 | 375 | 415 | 597 | 323 | 176 |
| TOTAL REVENUES | 38.687 | 37.622 | 35.300 | 33.637 | 31.638 | 30.754 |
| EXPENSES | | | | | | |
| PERSONNEL EXPENSES | 23.823 | 22.858 | 21.978 | 20.850 | 19.724 | 18.967 |
| FUNCTIONING EXPENSES | 6.062 | 7.917 | 5.880 | 5.768 | 5.021 | 4.693 |
| OPERATIONAL PROJECTS & STUDIES | 6.957 | 6.254 | 6.910 | 6.376 | 6.394 | 6.857 |
| TOTAL EXPENSES | 36.842 | 37.029 | 34.768 | 32.994 | 31.140 | 30.517 |
| BUDGETARY SURPLUS REPAYABLE TO pMS | 1.845 | 593 | 533 | 643 | 498 | 237 |

Figures subject to rounding to nearest '000 Euro

EDA Structure and Functions

The European Defence Agency is an Agency of the European Union⁽¹⁾, 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 26 participating Member States (all EU members except Denmark) 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.

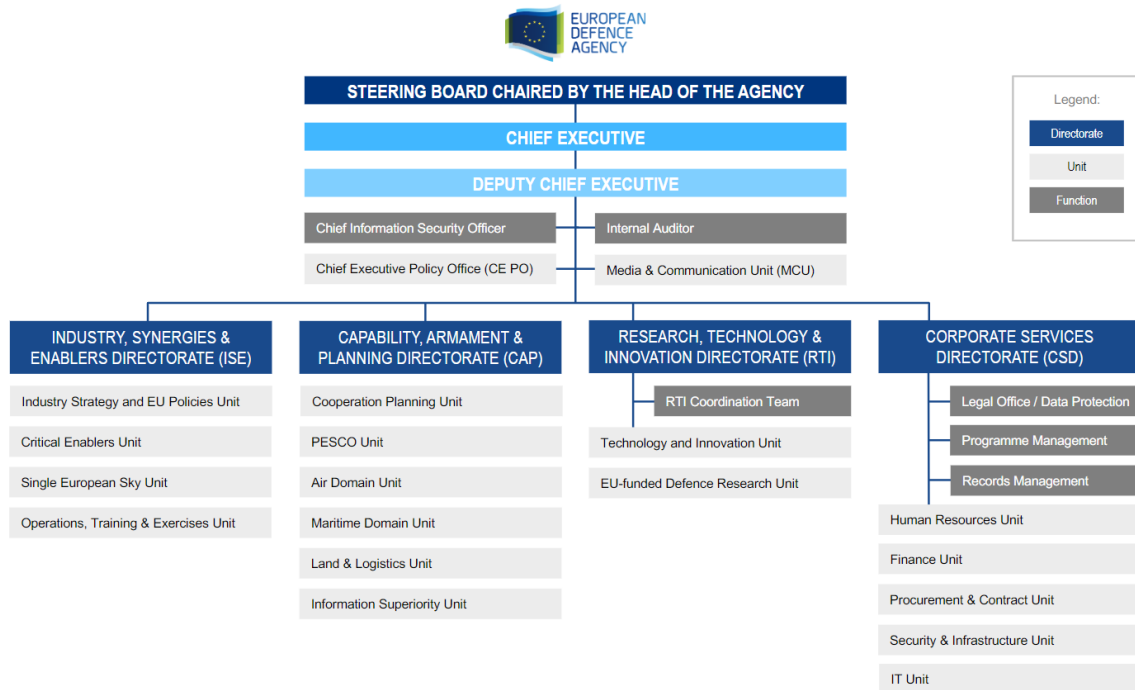
⁽¹⁾ Council Decision (CFSP) 2015/1835 of 12 October 2015 defining the statute, seat and operational rules of the European Defence Agency and repealing Joint Action 2004/551/CFSP.

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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 2021 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 also 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, 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, 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 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 that ensure the functioning of the Agency. It consists of 5 Units providing financial, contracting, IT, human resources, 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 Legal Office/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.

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Principles of unity and of budgetary accuracy

No revenue shall be collected and no expenditure effected 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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2021 Consolidated Budget Implementation report

| EUROPEAN DEFENCE AGENCY CONSOLIDATED BUDGET IMPLEMENTATION REPORT 2021 | | | | | | | | | |
|--|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|
| BUDGET IMPLEMENTATION REPORT 2021 | GENERAL BUDGET EUROPEAN DEFENCE AGENCY | | | AD HOCS | | | ADDITIONAL REVENUE | | |
| | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 | 2021 |
| <i>Figures in €</i> | Budget ^(REV) | Committed | Paid | Budget | Committed | Paid | Budget | Committed | Paid |
| EXPENSES | | | | | | | | | |
| Title I : PERSONNEL EXPENSES | 24.150.000 | 23.822.568 | 23.551.783 | 48.012 | 48.012 | 8.561 | 30.519 | 30.519 | 597.402 |
| Title II : FUNCTIONING EXPENSES | 6.850.000 | 6.062.470 | 4.250.947 | | | | 98.615 | 98.615 | 154.577 |
| TOTAL PERSONNEL & FUNCTIONING EXPENSES | 31.000.000 | 29.885.037 | 27.802.730 | 48.012 | 48.012 | 8.561 | 129.135 | 129.135 | 751.979 |
| Title III : OPERATIONAL BUDGET | 7.007.375 | 6.956.961 | 200.323 | 52.646.634 | 52.646.634 | 52.057.704 | 17.830.177 | 17.830.177 | 10.513.786 |
| TOTAL EXPENSES | 38.007.375 | 36.841.998 | 28.003.053 | 52.694.646 | 52.694.646 | 52.066.266 | 17.959.311 | 17.959.311 | 11.265.765 |
| REVENUES | | | | | | | | | |
| Title IV: MISC. COMMUNITY TAXES, LEVIES & DUES | 1.500.000,00 | | 1.771.072 | | | | | | |
| Title V: INCOME FROM OPERATING ACTIVITIES | | | 6.607 | | | | | | |
| Title VI: pMS CONTRIBUTIONS | 36.507.375 | | 36.507.375 | 65.374.556 | | 65.374.556 | 5.624.400 | | 5.624.400 |
| Title VII: OTHER REVENUES | | | 402.303 | | | | | | |
| TOTAL REVENUES | 38.007.375 | | 38.687.358 | 65.374.556 | | 65.374.556 | 5.624.400 | | 5.624.400 |
| BUDGETARY SURPLUS REPAYABLE TO pMS | | | 1.845.359 | | | N/A | | | N/A |
| <i>(Total revenues less total expenses)</i> | | | | | | | | | |

Budgetary implementation reports

Fund Source C1

C1 fund source represents the funds budgeted for and implemented in the current financial year.

Budget revised means the budget after transfers and its amendment.

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BUDGET IMPLEMENTATION REPORT 2021

| | Notes | 2021 | 2021 | 2021 | 2021 | 2020 | 2020 | Fund source C1 |
|--|-------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Figures in € | 1 | Budget (Initial) | Budget (REV) | Committed | Paid | Budget (REV) | Committed | 2020 |
| | | | | | | | | Paid |
| EXPENSES | | | | | | | | |
| Title I : PERSONNEL EXPENSES | 2 | | | | | | | |
| Chapter 11: TEMPORARY STAFF | | 19.464.000 | 17.400.000 | 17.374.862 | 17.374.862 | 17.259.322 | 17.259.322 | 17.259.322 |
| Chapter 12: SNE, CONTRACT & OTHER STAFF | | 4.650.000 | 5.125.885 | 4.980.882 | 4.872.934 | 4.261.579 | 4.261.579 | 4.135.749 |
| Chapter 13: STAFF RELATED | | 2.036.000 | 1.624.115 | 1.466.823 | 1.303.987 | 1.337.504 | 1.337.504 | 1.264.203 |
| TOTAL PERSONNEL EXPENSES | | 26.150.000 | 24.150.000 | 23.822.568 | 23.551.783 | 22.858.405 | 22.858.405 | 22.659.274 |
| Title II : FUNCTIONING EXPENSES | 3 | | | | | | | |
| Chapter 20: BUILDING AND BUILDING RELATED EXPENSES | | 4.464.000 | 3.997.300 | 3.433.460 | 3.092.183 | 3.238.539 | 3.234.893 | 3.042.392 |
| Chapter 21: INFORMATION TECHNOLOGY EXPENSES | | 1.812.000 | 2.278.700 | 2.183.931 | 1.070.146 | 4.230.844 | 4.230.844 | 1.476.283 |
| Chapter 22: OTHER FUNCTIONING EXPENSES | | 574.000 | 574.000 | 445.079 | 88.617 | 451.246 | 451.246 | 307.170 |
| TOTAL FUNCTIONING EXPENSES | | 6.850.000 | 6.850.000 | 6.062.470 | 4.250.947 | 7.920.628 | 7.916.982 | 4.825.845 |
| TOTAL PERSONNEL & FUNCTIONING EXPENSES | | 33.000.000 | 31.000.000 | 29.885.037 | 27.802.730 | 30.779.033 | 30.775.387 | 27.485.120 |
| Title III : OPERATIONAL BUDGET EXPENSES | | | | | | | | |
| Chapter 30: PROJECTS AND STUDIES | 4 | 4.500.000 | 7.007.375 | 6.956.961 | 200.323 | 6.253.679 | 6.253.551 | 391.605 |
| TOTAL OPERATIONAL BUDGET | | 4.500.000 | 7.007.375 | 6.956.961 | 200.323 | 6.253.679 | 6.253.551 | 391.605 |
| TOTAL EXPENSES | | 37.500.000 | 38.007.375 | 36.841.998 | 28.003.053 | 37.032.712 | 37.028.938 | 27.876.725 |
| REVENUES | | | | | | | | |
| Title IV: TAXATION | | | | | | | | |
| Chapter 40: DEDUCTIONS FROM STAFF REMUNERAT | 5 | 1.500.000 | 1.500.000 | | 1.771.072 | 1.500.000 | | 1.697.733 |
| Title V: FINANCIAL INCOME | | | | | | | | |
| Chapter 50: FINANCIAL INCOME | | | | | 6.607 | | | 16.373 |
| Title VI: MEMBER STATE CONTRIBUTIONS | | | | | | | | |
| Chapter 60 : MEMBER STATE CONTRIBUTIONS | 6 | 36.000.000 | 36.507.375 | | 36.507.375 | 35.532.712 | | 35.532.712 |
| Title VII: OTHER REVENUES | | | | | | | | |
| Chapter 75 : OTHER REVENUES | 5 | 0 | 0 | | 402.303 | 0 | | 375.321 |
| TOTAL REVENUES | | 37.500.000 | 38.007.375 | | 38.687.358 | 37.032.712 | | 37.622.138 |
| BUDGETARY SURPLUS | 7 | | | | 1.845.359 | | | 593.200 |

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Fund source C4

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| BUDGET IMPLEMENTATION REPORT 2021 | | | Fund source C4 |
|--|---------------|---------------|----------------|
| <i>Notes</i> | 2021 | 2021 | 2021 |
| <i>Figures in €</i> | Budget | Committed | Paid |
| EXPENSES | | | |
| Title I : PERSONNEL EXPENSES | | | |
| Chapter 11: TEMPORARY STAFF | 0 | 0 | 0 |
| Chapter 12: SNE, CONTRACT & OTHER STAFF | 0 | 0 | 0 |
| Chapter 13: STAFF RELATED | 9.894 | 9.894 | 8.194 |
| TOTAL PERSONNEL EXPENSES | 9.894 | 9.894 | 8.194 |
| | 2 | | |
| Title II : FUNCTIONING EXPENSES | | | |
| Chapter 20: BUILDING AND BUILDING RELATED EXPENSES | 1.980 | 1.980 | 1.980 |
| Chapter 21: INFORMATION TECHNOLOGY EXPENSES | 0 | 0 | 0 |
| Chapter 22: OTHER FUNCTIONING EXPENSES | 656 | 0 | 0 |
| TOTAL FUNCTIONING EXPENSES | 2.636 | 1.980 | 1.980 |
| TOTAL PERSONNEL & FUNCTIONING EXPENSES | 12.529 | 11.874 | 10.174 |
| Title III : OPERATIONAL BUDGET EXPENSES | | | |
| Chapter 30: PROJECTS AND STUDIES | 0 | 0 | 0 |
| TOTAL OPERATIONAL BUDGET | 0 | 0 | 0 |
| TOTAL EXPENSES | 12.529 | 11.874 | 10.174 |

C4 fund source represents amounts recovered during 2021 from EDA contractors or staff members (e.g., missions).

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Fund source C8 and C2

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BUDGET IMPLEMENTATION REPORT 2021

| <i>Notes</i> | 2021 Budget | 2021 Implemented | Fund source C8 2021 Paid |
|--|------------------------|-----------------------------|---|
| <i>Figures in €</i> | | | |
| EXPENSES | | | |
| Title I : PERSONNEL EXPENSES | | | |
| Chapter 11: TEMPORARY STAFF | 0 | 0 | 0 |
| Chapter 12: SNE, CONTRACT & OTHER STAFF | 125.830 | 124.295 | 124.295 |
| Chapter 13: STAFF RELATED | 73.301 | 58.853 | 58.853 |
| TOTAL PERSONNEL EXPENSES | 199.131 | 183.148 | 183.148 |
| Title II : FUNCTIONING EXPENSES | | | |
| Chapter 20: BUILDING AND BUILDING RELATED EXPENSES | 192.500 | 148.414 | 148.414 |
| Chapter 21: INFORMATION TECHNOLOGY EXPENSES | 2.761.653 | 2.680.271 | 1.379.584 |
| Chapter 22: OTHER FUNCTIONING EXPENSES | 154.584 | 144.717 | 108.242 |
| TOTAL FUNCTIONING EXPENSES | 3.108.737 | 2.973.402 | 1.636.240 |
| TOTAL PERSONNEL & FUNCTIONING EXPENSES | 3.307.868 | 3.156.550 | 1.819.388 |
| Title III : OPERATIONAL BUDGET EXPENSES | | | |
| Chapter 30: PROJECTS AND STUDIES | 10.312.188 | 10.061.804 | 5.031.476 |
| TOTAL OPERATIONAL BUDGET | 10.312.188 | 10.061.804 | 5.031.476 |
| TOTAL EXPENSES | 13.620.056 | 13.218.354 | 6.850.864 |

C8 fund source represents appropriations which were automatically carried forward from 2020 to 2021, to meet obligations arising from legal commitments signed in previous year(s). Operational Budget expenses are paid on fund source C2.

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Budget Transfers and Amendments:

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|---|-------------------|-----------------|-------------|-------------------|
| 2021 Budget Transfers and Amendments | | | | |
| <i>Figures in €</i> | | | | |
| EXPENDITURES | Initial budget | Amending Budget | Transfers | Final |
| Title I - Personnel expenditures | | | | |
| Total Personnel expenditures | 26.150.000 | - | - 2.000.000 | 24.150.000 |
| Title II - Functioning Expenditures | | | | |
| Total Functioning Expenditures | 6.850.000 | - | - | 6.850.000 |
| Title III - Operational expenditures | | | | |
| Total Operational expenditures | 4.500.000 | 507.375 | 2.000.000 | 7.007.375 |
| TOTAL EXPENDITURES | 37.500.000 | 507.375* | - | 38.007.375 |

* Surplus 507,375 entered into budget 2021

Budget Summary 2021

| Budgetary expenditure for 2021 | | | | | | |
|---|-------------------|-------------------|------------|-------------------|-------------|--|
| Title | Budget (REV) A | Committed B | % | Paid C | % | Surplus Budget/Expenditure D = A-B |
| Title I Personnel Expenses | 24.150.000,00 | 23.822.568 | 99% | 23.551.783 | 98% | 327.432 |
| Title II Functioning Expenses | 6.850.000,00 | 6.062.470 | 89% | 4.250.947 | 62% | 787.530 |
| Title III Operational Expenses | 7.007.375,00 | 6.956.961 | 99% | 200.323 | 3% | 50.414 |
| Total | 38.007.375 | 36.841.998 | 97% | 28.003.053 | 74% | 1.165.377 |
| Budgetary Revenue for 2021 | | | | | | |
| Title | Budget A | | | Revenue B | % C | Surplus Revenue E = B-A |
| Title IV Deductions from Staff Remuneration | 1.500.000 | - | - | 1.771.072 | 118% | 271.072 |
| Title V Financial Income | 0 | - | - | 6.607 | - | 6.607 |
| Title VI pMS Contributions | 36.507.375 | - | - | 36.507.375 | 100% | 0 |
| Title VII Other Revenues | 0 | - | - | 402.303 | - | 402.303 |
| Total | 38.007.375 | - | - | 38.687.358 | 102% | 679.983 |
| Total Surplus D + E | | | | | | 1.845.359 |

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Evolution of outstanding commitments

This table shows the evolution of commitments carried forward from previous years and current outstanding commitments. The differences of 1 EUR are due to the rounding of cents.

| Carry forwards from previous years | | | | |
|---------------------------------------|--|-------------------|---------------------------------|--|
| Title | Initial amount outstanding from previous year(s) | Amounts paid | Carryforwards cancelled in 2021 | Final amount from previous year(s) |
| | | | | |
| Title I Personnel Expenses | 199.131 | 183.148 | 15.983 | 0 |
| Title II Functioning Expenses | 3.108.737 | 1.636.240 | 135.335 | 1.337.162 |
| Title III Operational Expenses | 10.312.188 | 5.031.476 | 250.384 | 5.030.328 |
| Totals | 13.620.056 | 6.850.864 | 401.702 | 6.367.491 |
| | | | | |
| Current outstanding Commitments | | | | |
| Title | Initial amount from the current financial year | Amounts paid | Amounts cancelled | Committed amount outstanding from the current financial year |
| | | | | |
| Title I Personnel Expenses | 23.822.568 | 23.551.783 | 0 | 270.785 |
| Title II Functioning Expenses | 6.064.170 | 4.250.947 | 0 | 1.813.223 |
| <i>CI</i> | <i>6.062.470</i> | <i>4.250.947</i> | <i>0</i> | <i>1.811.523</i> |
| <i>CA</i> | <i>1.700</i> | <i>0</i> | <i>0</i> | <i>1.700</i> |
| Title III Operational Expenses | 6.956.961 | 200.323 | 0 | 6.756.638 |
| Totals | 36.843.698 | 28.003.053 | 0 | 8.840.645 |

TOTAL outstanding commitments at the end of the financial year

15.208.136

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Balance Sheet

| EUROPEAN DEFENCE AGENCY | | | |
|---------------------------------------|--------------|----------------------|----------------------|
| BALANCE SHEET | | | |
| | <i>Notes</i> | 31.12.2021 | 31.12.2020 |
| <i>Figures in €</i> | | | |
| ASSETS | | | |
| ASSETS | | | |
| A. NON-CURRENT ASSETS | | | |
| IT ASSETS UNDER CONSTRUCTION | | 789.691 | 0 |
| IT EQUIPMENT | | 108.739 | 193.955 |
| OFFICE FURNITURE | | 0 | 371 |
| OFFICE TECHNICAL EQUIPMENT | | 10.177 | 21.325 |
| TOTAL NON-CURRENT ASSETS | <i>8</i> | 908.607 | 215.651 |
| B. CURRENT ASSETS | | | |
| Short-term receivables | | | |
| SUNDRY RECEIVABLES | | 51.198 | 56.781 |
| DEFERRED CHARGES | | 326.586 | 319.698 |
| MS CONTRIBUTION RECEIVABLES | | 9.181.009 | 11.692.384 |
| ACCRUED INCOME | | 0 | 7.279 |
| Short-term receivables | <i>13</i> | 9.558.793 | 12.076.142 |
| Cash and cash equivalents | | | |
| EDA BANK ACCOUNTS | | 37.564.820 | 29.894.156 |
| Cash and cash equivalents | <i>9</i> | 37.564.820 | 29.894.156 |
| TOTAL CURRENT ASSETS | | 47.123.613,26 | 41.970.298,63 |
| TOTAL ASSETS | | 48.032.221 | 42.185.950 |
| LIABILITIES & EQUITY | | | |
| STAKEHOLDERS EQUITY | | | |
| ACCUMULATED SURPLUS | | 11.469.081 | 8.662.012 |
| ACCOUNTING SURPLUS/LOSS | | 25.993 | 2.892.894 |
| STAKEHOLDERS | <i>10</i> | 11.495.074 | 11.554.906 |
| SUPPLIER PAYABLES | | | |
| ACCRUED EXPENSES | <i>11</i> | 4.774.715 | 3.150.034 |
| SUNDRY PAYABLES | | 163.815 | 4.276 |
| SUPPLIER PAYABLES | | 4.938.530 | 3.154.310 |
| STAFF PAYABLES | | | |
| STAFF PENSION ACCRUALS | <i>12</i> | 16.529.509 | 15.285.841 |
| STAFF SUNDRY PAYABLES | | 23.863 | 19.154 |
| STAFF PAYABLES | | 16.553.372 | 15.304.994 |
| DEFERRED REVENUE | | | |
| ADVANCE MS CONTRIBUTIONS | <i>18</i> | 13.199.886 | 12.171.740 |
| FUNDING SURPLUS CURRENT YEAR | | 1.845.359 | 0 |
| AD-HOC PROJECTS SURPLUS | | 0 | 0 |
| ADVANCE CONTRIBUTIONS | | 15.045.245 | 12.171.740 |
| TOTAL LIABILITIES | | 36.537.147 | 30.631.044 |
| TOTAL LIABILITIES & EQUITY | | 48.032.221 | 42.185.950 |

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Cash Flow Statement

| EUROPEAN DEFENCE AGENCY | | | |
|---|--------------|--------------------|-------------------|
| CASH FLOW | | | |
| | <i>Notes</i> | Year ending | |
| <i>Figures in €</i> | | 31/12/2021 | 31/12/2020 |
| Cash Flows from Operating Activities | | | |
| Receipts | | 44.217.118,29 | 38.919.776,68 |
| PMS CONTRIBUTIONS | | 39.557.287,45 | 34.655.884,46 |
| OTHER RECEIPTS | 17 | 38.132,60 | 29.718,12 |
| RESIDUAL FUNDS PROJECTS | | 0,00 | 38.693,28 |
| PENSION CONTRIBUTIONS ADDITIONAL REVENUE | 16 | 134.216,66 | 107.788,35 |
| BANK INTEREST | | 0,00 | 0,49 |
| REGULARISATION TRANSFERS BETWEEN ACCOUNTS | 14 | 4.487.481,58 | 4.087.691,98 |
| Payments | | (35.804.373,35) | (35.089.895,83) |
| EDA GENERAL | | (28.319.739,92) | (29.536.819,16) |
| PENSIONS | | (2.993.006,78) | (1.642.045,00) |
| OTHER CHARGES | | (4.145,07) | (4.512,64) |
| REGULARISATION TRANSFERS BETWEEN ACCOUNTS | 14 | (4.487.481,58) | (3.906.519,03) |
| Net Cash Flows from Operating Activities | | 8.412.744,94 | 3.829.880,85 |
| Cash Flows from Investing Activities | | | |
| PURCHASE OF ASSETS | | (742.080,87) | (218.774,59) |
| ADVANCES | | (0,01) | (11.011,70) |
| Net Cash Flows from Investing Activities | | (742.080,88) | (229.786,29) |
| Net increase / (decrease) in cash and cash equivalents | | 7.670.664,06 | 3.600.094,56 |
| Cash and cash equivalents at beginning of period | | 29.894.156,39 | 26.294.061,83 |
| Cash and cash equivalents at end of period | | 37.564.820,45 | 29.894.156,39 |

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Statement of Financial Performance

| STATEMENT OF FINANCIAL PERFORMANCE | | Reporting period (01.2021-16.2021) | Reporting period (01.2020-16.2020) |
|--|--------------|---|---|
| I. ECONOMIC RESULT OF THE YEAR (CALCULATED) | NOTES | 25.993 | 2.892.894 |
| II.1 REVENUES | | | |
| II.1.1 Operating revenues | | 35.925.713 | 36.747.789 |
| II.1.2 Financial Revenues | | 6.616,74 | 16.487,18 |
| II.1.3 Other revenues | | 11.623,18 | 0,00 |
| TOTAL REVENUE | | 35.943.953 | 36.764.276 |
| II.2. EXPENSES | 2,3,4 | | |
| II.2.1 Operational Studies and Projects | | 6.124.726 | 4.687.187 |
| II.2.2 Staff expenses | | 23.433.972 | 22.829.504 |
| II.2.3 Administrative and IT expenses | | 6.260.754 | 6.290.088 |
| II.2.4. Fixed asset related expenses | 8 | 96.735 | 63.005 |
| II.2.5. Financial expenses | 15 | 1.773 | 1.598 |
| TOTAL EXPENDITURE | | 35.917.960 | 33.871.382 |

Statement of Changes in Net Assets

| EUROPEAN DEFENCE AGENCY | | | |
|---|--------------------------------------|------------------------------------|-------------------|
| STATEMENT OF CHANGES IN NET ASSETS | | | |
| | Accumulated Surplus (Deficit) | Economic result of the year | Net Assets |
| Balance as of 31/12/2020 | 8.662.012 | 2.892.894 | 11.554.906 |
| Allocation of economic result 2020 | 2.892.894 | -2.892.894 | 0 |
| Repayment of UK surplus upon withdrawal | -85.825 | 0 | -85.825 |
| Economic result 2021 | 0 | 25.993 | 25.993 |
| Balance as of 31/12/2021 | 11.469.081 | 25.993 | 11.495.074 |

The statement of changes in net assets reflects the movement in the liabilities as from 31st December 2020 to 31st of December 2021.

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Reconciliation Between Budget Outturn and Economic Outturn

| EUROPEAN DEFENCE AGENCY | | |
|---|-------------|-------------|
| RECONCILIATION BETWEEN BUDGET OUTTURN AND ECONOMIC OUTTURN | | |
| | 2021 | 2020 |
| Figures in € | | |
| Budgetary result | 1.845.359 | 593.200 |
| <i>Adjustments for items not in the budgetary result but in the economic result</i> | | |
| Income Projects C4 income | 11.874 | 37.500 |
| Accued income | 0 | 7.279 |
| Accrued income reversal | -7.279 | 0 |
| Depreciation | -96.735 | -63.005 |
| Accrued assets | 0 | 0 |
| Accrued charges | -4.774.715 | -3.150.034 |
| Accrued charges reversals | 3.150.034 | 4.066.834 |
| C4 expenditure | -10.174 | -51.056 |
| C8 expenditure | -6.850.864 | -7.160.652 |
| Deferred expenditure | 326.586 | 319.698 |
| Deferred expenditure reversal | -319.698 | -243.064 |
| Previous year pre-financing/advances expensed in current year | -8.030 | 0 |
| Invoices with no payment in current year | -160.667 | 0 |
| Budgetary result (pre-financing) deducted from revenue | -1.845.359 | 0 |
| Direct expenditure accounting entries | 46.100 | 67 |
| <i>Adjustments for items in the budgetary result but not in the economic result</i> | | |
| Asset acquisition | 789.691 | 185.467 |
| Carry forward cancellations | -401.702 | -358.877 |
| Carry over | 8.838.945 | 9.152.213 |
| Prefinancing payment | 0 | 9.016 |
| Payment of invoices registered in the previous year | 0 | 122.639 |
| Appropriations current year not committed | 0 | -3.774 |
| Budget amendment/ Surplus of previous year | -593.200 | -532.712 |
| Direct expenditure budget entries | 85.825 | -37.846 |
| Total | 25.993 | 2.892.894 |
| Economic result | -25.993 | -2.892.894 |
| Discrepancy | 0 | 0 |

EUROPEAN DEFENCE AGENCY

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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

2021 Budget

The General Budget for 2021 amounting to 37.500.000 € was adopted by the Steering Board on 20 November 2020.

2021 amending budget amounting to 38.007.375 € was approved on 15 October 2021.

See table 2021 Budget transfers and amendments for information on budget allocation.

pMS Contributions

Contributions from 26 participating Member States⁽²⁾ ('pMS') are calculated in accordance with the principles of the EU budget proportional share of the pMS's GNI in the total GNI aggregate.

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).

Budget structure and presentation

2021 EDA general budget was adopted by the Steering Board at chapter level. According to 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 2021 follows this requirement.

SPECIFIC ACCOUNTING POLICIES

Fixed Asset Policy

Items acquired by the Agency purchase price of which is 5k € 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 capitalized but charged to expenses as incurred.

⁽²⁾ 27 EU Member States in 2021 excluding Denmark

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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

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

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 2021 and relating to goods/services delivered in 2021 and leave entitlements of 2021.

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 2021 for services which will be delivered in part or in full during 2021. The majority of the services which fall under this category are software subscriptions and software maintenance services.

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 less all transfers out made to extinguish the liability towards individual employees, diverging from IPSAS 39 – Employee benefits.

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 Dec is shown under the Short-Term Receivables heading.

Revenue

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

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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

Personnel budgetary expenses amount to €23.822.568.

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.

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 runs 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.

EUROPEAN DEFENCE AGENCY

2021 ANNUAL ACCOUNTS

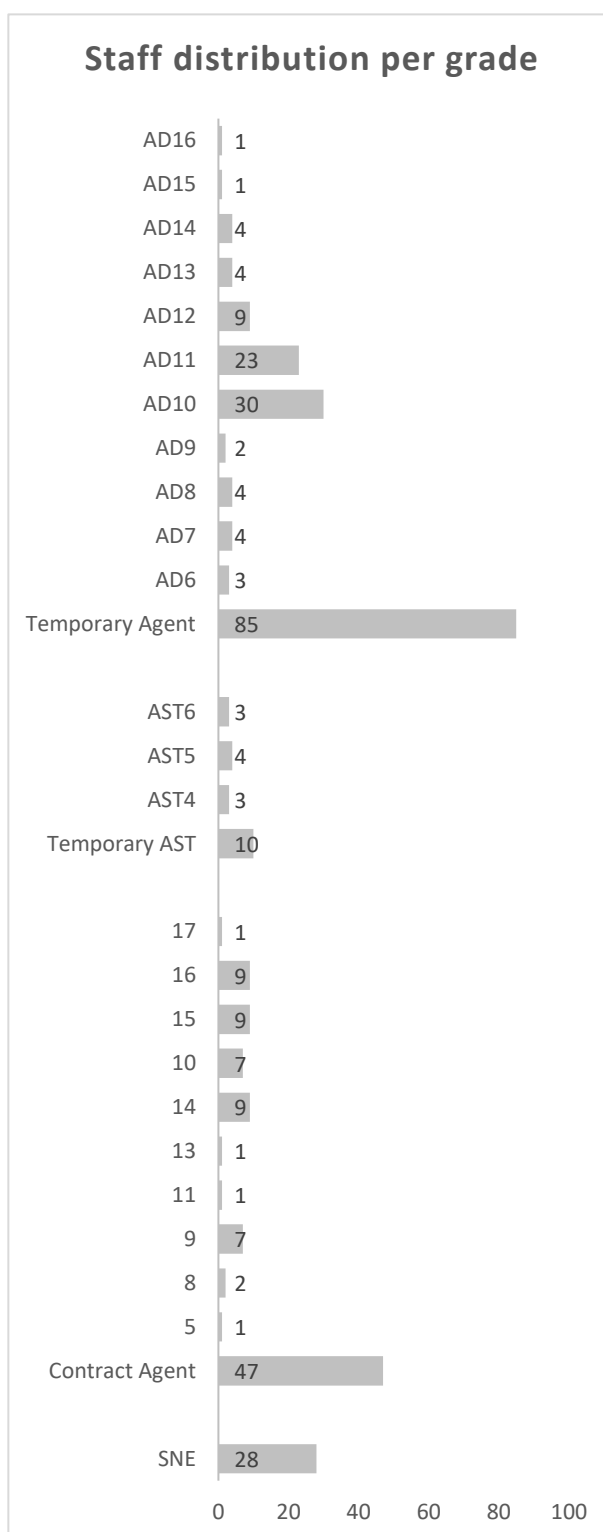
Invalidity Pension: following termination of employment with EDA due to invalidity, one former Contract Staff member is currently in receipt of Invalidity Allowance from EDA.

Staff Allowances on Entering & Leaving Service

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

Staff present on 31/12/2021

| Staff present 31/12/2021 | | | |
|--------------------------|------------|------------|-----------|
| Category/Grade | Female | Male | Total |
| AD16 | | 1 | 1 |
| AD15 | | 1 | 1 |
| AD14 | 1 | 3 | 4 |
| AD13 | | 4 | 4 |
| AD12 | 1 | 8 | 9 |
| AD11 | 2 | 21 | 23 |
| AD10 | 9 | 21 | 30 |
| AD9 | 1 | 1 | 2 |
| AD8 | | 4 | 4 |
| AD7 | 3 | 1 | 4 |
| AD6 | 1 | 2 | 3 |
| Temporary AD | 18 | 67 | 85 |
| | 21% | 79% | |
| AST6 | 3 | | 3 |
| AST5 | 3 | 1 | 4 |
| AST4 | 2 | 1 | 3 |
| Temporary AST | 8 | 2 | 10 |
| | 80% | 20% | |
| 17 | | 1 | 1 |
| 16 | 3 | 6 | 9 |
| 15 | 4 | 5 | 9 |
| 14 | 3 | 6 | 9 |
| 13 | 1 | | 1 |
| 11 | | 1 | 1 |
| 10 | 4 | 3 | 7 |
| 9 | 5 | 2 | 7 |
| 8 | 2 | | 2 |
| 5 | | 1 | 1 |
| Contract Agent | 22 | 25 | 47 |
| | 47% | 53% | |
| SNEs | 5 | 23 | 28 |
| | 18% | 82% | |



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Temporary staff

95 Temporary Agents were present in the Agency on 31/12/2021. Payment of salary and allowances of contract staff are governed by the European Defence Agency Staff Regulations.

Contract Staff

47 Contract Staff were present in the Agency on 31/12/2021. Payment of salary and allowances of contract staff are governed by the European Defence Agency Staff Regulations.

Seconded National Experts (SNEs)

On 31/12/2021, 28 SNEs were present at the Agency. Payment of allowances are governed by the SNE rules of the Agency.

Trainees

On 31/12/2021, the Agency had 13 trainees.

Recruiting Expenses

Miscellaneous recruiting expenses related to candidates' interviews, travel and accommodation of recruiting experts, 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.

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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, secure 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

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

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 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 system.

Telecommunication costs

Telecommunication expenses: mobile, internet and dedicated lines.

EUCI

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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.

Other Services

Other services including legal support, 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 (36.5M €); the taxation on Staff salaries (approx. 1.7M €); carry forward cancellations of previous years (402k€) and recoveries from staff member (approx. 2.3k €).

Financial Revenues

Financial revenue consists mainly of the Interest on late payments of pMS Contributions (approx. 6.6k €); Currency exchange gains/loss (-1.7K €).

NOTE 6 – PMS CONTRIBUTIONS

In 2021 calls for an amount totalling to 36.000.00 € were issued. Additionally, the budgetary surplus 2020 (507.375 €) was inscribed. 85,825 €, representing the UK share of the 2020 surplus was returned to the UK. Consequently, pMS contributions to 2021 budget amount to 36.507.375 €.

NOTE 7 – BUDGETARY SURPLUS

The 2021 budgetary surplus of 1.845.359 € is the difference between revenues received and expenses incurred during the financial year. The surplus comprises:

- savings on the expenditure side (1,165,377 €);
- higher than estimated revenue (278,280€) and
- cancellations of amounts carried forward from previous years (401.702€) which represent open balances de-committed after final payments of administrative and operational contracts.

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The COVID-19 pandemic impacted the implementation of the functioning (administrative) budget, some ongoing/planned activities had to be cancelled, postponed, or organised in virtual or hybrid formats. This resulted in 2021 budget savings or de-commitments of commitments carried forward from previous years. For example, the Joint Industry conference already postponed from 2020 was cancelled during 2021. Unspent funds were subsequently de-committed.

In Title I, the savings come mainly from the personnel costs due to high staff turn-over and resulting gaps in recruitment as well as the continuous difficulty to recruit Seconded National Experts. In addition, the COVID-19 restrictions applied in the EU countries resulted in cancellations of missions, often last minute.

In Title II, the savings stemmed mainly from Building related expenses. Due to the reduced presence of EDA staff on-site, and the limited number of meetings and visitors, the standard level of physical protection was not required, the usual number of guards was reduced by 1 FTE in Q1 and Q2. There were also no external events organised by EDA requiring extra guarding services. Secondly, a physical security project in the framework of the EUCI CIS was delayed till 2022 which contributed to the surplus in the security budget.

The routine administrative expenditure was also impacted by the pandemic. In line with the host country's rules and recommendations, the majority of the Agency's staff teleworked during the full year 2021. This resulted in significant savings in the building maintenance, utility services and office supplies.

In other functioning expenses the audits (annual financial audit and planned performance audit) were carried out remotely with no costs incurred. Meetings were mostly held virtually or in a hybrid format and the envisioned legal support was not necessary during 2021

On the other hand, the information technology budget was increased during the year, mainly to cover unexpected maintenance costs linked to EUCI CIS. However, some savings occurred due to the cancellation of a project which, following in-depth analysis, was deemed unnecessary at this stage.

In Title III, the unspent amount was the result of a failed tender which could not be relaunched in the same financial year.

NOTE 8 – FIXED ASSETS AND DEPRECIATION

Figures in €

| EUROPEAN DEFENCE AGENCY | | | | | | | |
|-------------------------|-------------------------|----------------------|----------------------------|----------------------------|-------------------------|-------------------|-----------------------------|
| Fixed Assets | | | | | | | |
| In € | | | | | | | |
| Fixed Asset Classes | 2021 Net Asset Value | 2021 Depreciation | 2021 Asset Additions | 2021 Asset Disposals | 2020 Net Asset Value | Gross Asset Value | Accumulated Depreciation |
| INFRA SEC Equipment | 10.177 | 11.148 | - | 29.000 | 21.325 | 306.790 | 296.612 |
| Office Furniture | - | 371 | - | - | 371 | 127.267 | 127.267 |
| IT Equipment | 108.739 | 85.216 | - | 226.223 | 193.955 | 978.097 | 869.357 |
| Tangible AuC | 420.505 | - | 420.505 | - | - | 420.505 | - |
| Intangible AuC | 369.186 | - | 369.186 | - | - | 369.186 | - |
| Total | 908.607 | 96.735 | 789.691 | 255.223 | 215.651 | 2.201.844 | 1.293.236 |

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During 2021 a donation procedure has been launched for IT equipment decommissioned during the year. The IT assets decommissioned in 2021, with a gross value of 226.233 €, have been de-recognised from the accounts of the Agency. The assets were fully depreciated before 1st of January 2021. At 31 December 2021, the donation procedure was still on-going and it is expected to be finalized during 2022.

The disposal shown under the Infrastructure and Security class relates to the replacement of one piece of equipment.

The tangible assets under construction relate to the on-going build of a new IT system which is expected to be finalized in 2022.

The intangible assets under construction relate to the on-going development of three separate pieces of software which are expected to be finalized in 2022 / 2023.

NOTE 9 – CASH

EDA BANK ACCOUNTS

As at 31/12/2021, the global balance on the Agency's bank accounts related to EDA general budget totalled 37.564.820,45 €.

| EUROPEAN DEFENCE AGENCY | | |
|-------------------------|---------------|---------------|
| Bank Accounts | | |
| <i>In €</i> | | |
| EDA Bank Accounts | 2021 | 2020 |
| Opening balance | 29.894.156,39 | 26.294.061,83 |
| Closing balance | 37.564.820,45 | 29.894.156,39 |

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 2021 on both bank accounts: 16.744.658,34 € on the pensions account and 20.820.162,11 € on the EDA current account.

NOTE 10 – STAKEHOLDERS

The equity comprises the accumulated economic result (11.469.081 €) of past periods and the economic result for the year (25.993 €).

The repayment of the surplus related to previous years to which the United Kingdom was intitled following the withdrawal from the EU (85.825 €) has been incorporated into the accumulated economic result and is shown as a separate item of the Statement of Changes in Net Assets.

NOTE 11 – ACCRUED CHARGES

The Accrued charges amount to 4.774.715 € with the following composition:

- Accrued charges for employee remuneration: 464.721 €

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- Accrued charges for administrative expenditure: 852.495 €
- Accrued charges for operational expenditure: 3.457.499 €

The accrued charges for employee remuneration are calculated based on the allowances and leave entitlements due as at 31 December 2021.

The accrued charges are calculated based on expected invoices/charges to be received/charged at the beginning of 2021 relating to goods/services delivered in 2021.

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

NOTE 12– STAFF PAYABLES

Pensions

Total Statutory Staff pension rights accumulated on the Agency's balance sheet as per 31/12/2021 amount to 16.5 M €.

Pension provision for 2021 amounts to 1.24 M € and is composed of the following items:

| EUROPEAN DEFENCE AGENCY | | |
|--|--------------|--------------|
| Pension Provision | | |
| <i>In k €</i> | | |
| EDA Staff Pension Accruals | 2021 | 2020 |
| EDA Contribution for Temporary Agents | 2.207 | 2.309 |
| EDA Contribution for Contract Staff | 418 | 362 |
| Staff Contribution for Temporary Agents | 1.186 | 1.155 |
| Staff Contribution for Contract Staff | 224 | 181 |
| Invalidity Contribution | 201 | 7 |
| Payments for Severance Grants | (2.359) | (1.450) |
| Payments for Maintenance of Pension Rights | (634) | (192) |
| Financial interest | 0 | 0 |
| Total | 1.243 | 2.372 |

A total of approx. 4.23M € was cashed in the Pensions dedicated bank account. This amount is composed of the staff pensions right from the EDA general budget (approx. 4.1M €) and EDA Additional revenue budget (approx. 0.13M €).

The bank interest yielded on the Pensions bank account was 0 €.

A total of approx. 2.99M € was transferred out. This includes payments of severance grants and maintenance of pension rights.

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NOTE 13– SHORT-TERM RECEIVABLES

The pMS contribution receivables 9.181.009 € relates to the advance call for contribution 2021 which was launched in 2021 (9.173.471 €) and EDA's advance payments for translation of documents which will be reimbursed by the pMS in 2022 (7.538 €).

The Sundry receivables includes the following:

| | |
|--------------------------|--------|
| SUNDRY RECEIVABLES | 51.198 |
| <i>STAFF RECEIVABLES</i> | 32.382 |
| <i>AR CUSTOMERS</i> | 18.815 |

The deferred charges relate mainly to payments for IT licences and subscriptions with a validity extending beyond 31 Dec 2021.

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. 4.1M €) to this account.
- Due to technical reasons the payroll for ENER 3 and IF CEED staff is processed under the EDEA company code and is regularised on a regular basis with the EDAR company code (approx. 181K)

In addition to the above, the category comprises internal transfers in/out for payments received on or executed from a different bank account than the one intended for a given transaction.

NOTE 15– FINANCIAL EXPENSES

The financial expenses incurred by EDA during 2021 are related to exchange losses stemming from regularisation of payroll payments in other currencies as staff members are entitled to request the transfer of part of their salary to a bank account denominated in a currency different from EUR.

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. 134k €.

NOTE 17– OTHER RECEIPTS

This category contains staff related recoveries (approx. 24.1k €), supplier refunds (approx. 10k €) and refunded bank charges (approx. 4k).

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NOTE 18 – DEFERRED REVENUE

The deferred revenue is composed of:

- The first Call for Contributions for 2022 which has been issued to the pMS for a total value of 13.199.886 €
- The surplus for the year 2021 at the value of 1.845.359 €

NOTE 19 – CONTINGENT ASSETS AND LIABILITIES

The Agency is the defendant in one legal proceeding before the General Court. Presently, there is no reason to believe that any significant financial obligation would arise as a result of this case. However, this can only be confirmed by the Court judgement which is expected during the course of the year 2022.

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2021 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 2021, which comprise the 2021 Consolidated Budget Implementation Report, the 2021 Budget Implementation Report, the 2021 Balance Sheet, the 2021 Cash Flow Statement, the 2021 Statement of Financial Performance, the 2021 Statement of Changes in Net Assets and Notes to the 2021 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 financial statements of the Agency the Chief Executive provided us with a Management Representation Letter dated 31 March 2022, 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 financial statements 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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 financial statements 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.

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 financial statements.

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 Activity Report, Budget Implementation Report and the Notes to the Annual Accounts, to identify any material inconsistencies with the audited financial statements.

EUROPEAN DEFENCE AGENCY

2021 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 2021 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 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 2022

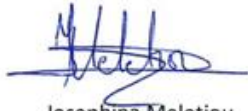
College of Auditors of the European Defence Agency,

Represented by:



Daniel Reisiegel

Chairman of the
College of Auditors



Josephina Meletiou

Member of the
College of Auditors



María Jesús Fernández García

Member of the
College of Auditors