

CONSOLIDATED FINANCIAL STATEMENTS

AT 31 DECEMBER 2025



7.1 Consolidated financial statements

7.1.1 Consolidated profit and loss account

<i>(in € millions)</i>	Notes	2025	2024
Sales	Note 2	22,136.4	20,576.6
Cost of sales		(16,283.2)	(15,202.7)
Research and development expenses		(1,327.8)	(1,273.7)
Marketing and selling expenses		(1,581.6)	(1,590.3)
General and administrative expenses		(725.1)	(692.9)
Restructuring costs	Note 10.3	(132.0)	(118.3)
Income from operations	Note 2	2,086.7	1,698.7
Disposal of assets, changes in scope of consolidation and other	Note 3.2	(22.6)	(278.9)
Impairment of assets	Note 3.2	—	(157.6)
Income of operating activities before share in net income of equity affiliates		2,064.1	1,262.2
Share in net income of equity affiliates	Note 5.1	198.4	95.1
Income of operating activities after share in net income of equity affiliates		2,262.5	1,357.3
Financial interests on gross debt		(232.7)	(289.3)
Financial interests on cash and cash equivalents		116.8	123.5
Interest expense, net	Note 6.1	(115.9)	(165.8)
Other financial expenses	Note 6.1	(65.8)	39.4
Finance costs on pensions and other employee benefits	Note 9.3	(44.0)	(51.3)
Income tax	Note 7.1	(396.5)	(247.3)
Net income relating to continued operations		1,640.3	932.3
Net income relating to discontinued operations	Note 3.1	—	412.1
NET INCOME		1,640.3	1,344.4
Shareholders of the parent company		1,674.5	1,419.5
Of which: net income relating to continued operations, Group share		1,674.5	1,007.4
Of which: net income relating to discontinued operations, Group share		—	412.1
Non-controlling interests		(34.2)	(75.1)
Basic earnings per share <i>(in euros)</i>	Note 8.2	8.15	6.91
Diluted earnings per share <i>(in euros)</i>	Note 8.2	8.13	6.89

Segment information (including Adjusted EBIT calculation) is detailed in Note 2.1.

7.1.2 Consolidated statement of comprehensive income

(in € millions)		2025			2024		
		Group share	Non-controlling interests	Total	Group share	Non-controlling interests	Total
NET INCOME		1,674.5	(34.2)	1,640.3	1,419.5	(75.1)	1,344.4
Translation adjustments	Note 8.1	(582.2)	(4.0)	(586.2)	240.4	0.9	241.3
Cash flow hedge	Note 8.1	130.7	8.6	139.3	(80.6)	(3.6)	(84.2)
Equity affiliates	Note 5.1	(19.1)	—	(19.1)	1.8	—	1.8
Discontinued operations		—	—	—	17.8	—	17.8
Items that may be reclassified to income		(470.6)	4.6	(466.0)	179.4	(2.7)	176.7
Actuarial gains (losses) on pensions	Note 9.3	49.2	2.6	51.8	64.2	1.6	65.8
Financial assets at fair value		6.7	4.3	11.0	(18.0)	(2.1)	(20.1)
Deferred tax	Note 7.2	(17.0)	(0.2)	(17.2)	(32.0)	(2.9)	(34.9)
Equity affiliates	Note 5.1	13.7	—	13.7	6.6	—	6.6
Discontinued operations		—	—	—	2.6	—	2.6
Items that will not be reclassified to income		52.6	6.7	59.3	23.4	(3.4)	20.0
Other comprehensive income (loss) for the period		(418.0)	11.3	(406.7)	202.8	(6.1)	196.7
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,256.5	(22.9)	1,233.6	1,622.3	(81.2)	1,541.1

7.1.3 Consolidated statement of changes in equity

(in € millions)	Number of shares outstanding (thousands)	Share capital	Additional paid-in capital	Retained earnings	Cash flow hedge	Cumulative translation adjustment	Treasury shares	Group share	Non-controlling interests	Total equity
AT 1ST JANUARY 2024	206,668	630.6	3,705.6	3,372.3	(32.4)	(369.8)	(476.3)	6,830.0	139.0	6,969.0
Net income	—	—	—	1,419.5	—	—	—	1,419.5	(75.1)	1,344.4
Other comprehensive income (loss)	—	—	—	23.4	(81.1)	260.5	—	202.8	(6.1)	196.7
Total comprehensive income for 2024	—	—	—	1,442.9	(81.1)	260.5	—	1,622.3	(81.2)	1,541.1
Parent company dividend distribution	—	—	—	(708.4)	—	—	—	(708.4)	—	(708.4)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(14.5)	(14.5)
Share-based payments	—	—	—	60.0	—	—	—	60.0	—	60.0
(Acquisitions)/disposals of treasury shares	(1,355)	—	—	(73.4)	—	—	(202.0)	(275.4)	—	(275.4)
Capital reduction through cancellation of shares ^(a)	—	(12.8)	(573.0)	—	—	—	585.8	—	—	—
Other	—	—	—	(14.1)	—	0.8	—	(13.3)	(0.4)	(13.7)
AT 31 DECEMBER 2024	205,313	617.8	3,132.6	4,079.3	(113.5)	(108.5)	(92.5)	7,515.2	42.9	7,558.1
Net income	—	—	—	1,674.5	—	—	—	1,674.5	(34.2)	1,640.3
Other comprehensive income (loss)	—	—	—	52.6	147.4	(618.0)	—	(418.0)	11.3	(406.7)
Total comprehensive income for 2025	—	—	—	1,727.1	147.4	(618.0)	—	1,256.5	(22.9)	1,233.6
Parent company dividend distribution	—	—	—	(780.7)	—	—	—	(780.7)	—	(780.7)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(1.2)	(1.2)
Share-based payments	—	—	—	37.3	—	—	—	37.3	—	37.3
(Acquisitions)/disposals of treasury shares	164	—	—	(47.2)	—	—	2.0	(45.2)	—	(45.2)
Capital reduction through cancellation of shares ^(a)	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	(14.7)	—	—	—	(14.7)	0.5	(14.2)
AT 31 DECEMBER 2025	205,477	617.8	3,132.6	5,001.1	33.9	(726.5)	(90.5)	7,968.4	19.3	7,987.7

(a) On 08 October 2024, the Board of directors decided to reduce the share capital of Thales by cancelling 4,268,227 treasury shares held in registered form, representing 2.03% of its share capital, with immediate effect.

Retained earnings include actuarial gains and losses on pension obligations amounting to €335.1 million at end 2024 and €244.1 million at end 2025.

7.1.4 Consolidated balance sheet

Assets

<i>(in € millions)</i>	Notes	31/12/25	31/12/24
Goodwill	Note 4.1	8,530.5	8,899.2
Other intangible assets, net	Note 4.2	1,996.1	2,532.7
Property, plant and equipment, net	Note 4.2	3,899.2	3,715.5
Investments in equity affiliates	Note 5	1,712.5	1,648.2
Non-consolidated investments	Note 6.4	140.8	160.6
Other non-current financial assets	Note 6.4	277.5	371.6
Deferred tax assets	Note 7.3	1,276.5	1,366.6
NON-CURRENT ASSETS		17,833.1	18,694.4
Inventories and work in progress	Note 10.1	4,964.2	4,935.5
Contract assets	Note 10.2	3,535.0	3,242.7
Advances to suppliers	Note 10	892.0	895.7
Accounts, notes and other current receivables	Note 10.4	6,845.8	7,146.2
Current derivatives – assets	Note 6.6	149.9	135.1
Current tax receivables	Note 7.3	320.7	160.6
Loans maturing in less than one year		103.6	—
Other current financial assets	Note 6.2	64.6	12.5
Cash and cash equivalents	Note 6.2	4,446.5	4,767.1
CURRENT ASSETS		21,322.3	21,295.4
TOTAL ASSETS		39,155.4	39,989.8

Equity and liabilities

<i>(in € millions)</i>	Notes	31/12/25	31/12/24
Capital, additional paid-in capital and other reserves		8,785.4	7,716.2
Cumulative translation adjustment		(726.5)	(108.5)
Treasury shares		(90.5)	(92.5)
Total attributable to shareholders of the parent company		7,968.4	7,515.2
Non-controlling interests		19.3	42.9
TOTAL EQUITY	Note 8.1	7,987.7	7,558.1
Long-term loans and borrowings	Note 6.2	3,999.4	4,550.9
Non-current derivatives – liabilities	Note 6.6	—	—
Pensions and other long-term employee benefits	Note 9.3	1,420.0	1,589.3
Deferred tax liabilities	Note 7.3	509.6	634.8
NON-CURRENT LIABILITIES		5,929.0	6,775.0
Contract liabilities	Note 10.2	12,384.0	11,541.1
Reserves for contingencies	Note 10.3	1,679.2	1,964.7
Accounts, notes and other current payables	Note 10.4	8,652.3	8,332.7
Current derivatives – liabilities	Note 6.6	151.2	352.7
Current tax payables	Note 7.3	241.9	193.0
Short-term loans and borrowings	Note 6.2	2,130.1	3,272.5
CURRENT LIABILITIES		25,238.7	25,656.7
TOTAL EQUITY AND LIABILITIES		39,155.4	39,989.8

7.1.5 Consolidated statement of cash flows

(in € millions)	Notes	2025	2024
NET INCOME		1,640.3	1,344.4
Less, net income relating to discontinued operations		–	(412.1)
Net income relating to continued operations		1,640.3	932.3
Add (deduct):			
Income tax expense (gain)		396.5	247.3
Net interest expenses		115.9	165.8
Share in net income of equity affiliates	Note 5.1	(198.4)	(95.1)
Dividends received from equity affiliates	Note 5.1	128.2	124.6
Depreciation and amortisation of PPE and intangible assets	Note 4.2	1,087.3	1,155.4
Impairment of assets	Note 3.2	–	157.6
Provisions for pensions and other employee benefits	Note 9.3	143.3	148.8
Loss (gain) on disposal of assets, change in scope of consolidation and other	Note 3.2	22.6	278.9
Provisions for restructuring, net	Note 10.3	15.9	18.4
Other items		14.3	41.1
Operating cash flows before working capital changes, interest and tax		3,365.9	3,175.1
Change in working capital and reserves for contingencies	Note 10	723.5	26.1
Cash contributions to pension plans and other long-term employee benefits, o.w.:	Note 9.3	(234.8)	(129.9)
• UK buy-out remaining payments		(1.1)	(12.5)
• Recurring contributions/benefits		(233.7)	(117.4)
Interest paid		(225.8)	(267.3)
Interest received		106.0	127.7
Income tax paid		(413.0)	(185.3)
Net cash flow from operating activities related to continued activities		3,321.8	2,746.4
Net cash flow from operating activities related to discontinued activities		–	(108.6)
NET CASH FLOW FROM OPERATING ACTIVITIES	+	3,321.8	2,637.8
Acquisitions of property, plant and equipment and intangible assets	Note 4.2	(756.7)	(623.1)
Disposals of property, plant and equipment and intangible assets	Note 4.2	10.4	6.3
Capital expenditures		(746.3)	(616.8)
Acquisitions of subsidiaries and affiliates	Note 6.3	(9.2)	(1,205.8)
Less cash of acquired companies		–	36.8
Disposals of subsidiaries and affiliates	Note 6.3	(76.9)	1,981.4
Less cash of companies sold		–	(461.3)
Repayment of shareholder's loans		–	142.6
Decrease (increase) in loans and non-current financial assets		64.7	(6.3)
Decrease (increase) in current financial assets		(142.1)	101.5
Net financial investments		(163.5)	588.9
Net cash flow used in investing activities related to continued activities		(909.8)	(27.9)
Net cash flow used in investing activities related to discontinued activities		–	(34.9)
NET CASH FLOW USED IN INVESTING ACTIVITIES	-II-	(909.8)	(62.8)
Parent company dividend distribution	Note 8.1	(780.7)	(708.4)
Third party share in dividend distribution of subsidiaries		(2.2)	(14.3)
Purchase of treasury shares		(45.2)	(275.4)
Issuance of debt	Note 6.2	51.1	158.2
Repayment of debt	Note 6.2	(1,879.1)	(1,155.1)
Net cash flow from financing activities related to continued activities		(2,656.1)	(1,995.0)
Net cash flow from financing activities related to discontinued activities		–	(7.3)
NET CASH FLOW FROM FINANCING ACTIVITIES	-III-	(2,656.1)	(2,002.3)
Exchange rate variation relating to continued operations	-IV-	(76.5)	63.7
Exchange rate variation relating to discontinued operations	-V-	–	(76.6)
CHANGE IN CASH AND CASH EQUIVALENTS (NOTE 6.2-B)	I+II+III+IV+V	(320.6)	559.8
Of which, continued activities		(320.6)	787.2
Of which, discontinued activities		–	(227.4)

The Group's net debt position and variation are presented in Notes 6.2 and 6.3.

7.1.6 Notes to the consolidated financial statements

All monetary amounts included in these notes are expressed in millions of euros.

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Note 1. Accounting standards framework

Thales' consolidated financial statements for the year ending December 31, 2025 were approved and authorized for issue by its Board of Directors on March 2, 2026.

In accordance with French law, the financial statements will be deemed final once they have been adopted by the shareholders of the Group at the Annual General Meeting to be held on May 12, 2026.

Thales (parent company) is a French publicly traded joint-stock company (*société anonyme*) registered with the Nanterre Trade and Company Register under number 552 059 024.

1.1 Basis of preparation for the 2025 consolidated financial statements

Thales' consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union at December 31, 2025.

These accounting policies, as described in Note 13, are similar to those applied by the Group for the year ending December 31, 2024.

The amendment to IAS 21 "The effect of changes in foreign exchange rates - lack of exchangeability" described in the Universal Registration Document 2024 has no impact on the Group's consolidated financial statements.

1.2 New standards mandatory after December 31, 2025

The new standards and interpretations adopted by the European Union and applicable to fiscal years opened from January 1, 2026 are as follows :

- Amendments to IFRS 9 and IFRS 7 "Classification and measurement of financial instruments";
- Amendments to IFRS 9 and IFRS 7 «Contracts Referencing Nature-dependent Electricity»

Furthermore, in April 2024, the IASB published IFRS 18 "Presentation and disclosure in financial statements", applicable to annual periods beginning on or after January 1, 2027.

The potential impacts of these new texts are being analyzed.

1.3 Main sources of estimates

The preparation of the Group's consolidated financial statements involves making estimates and assumptions that have an impact on the assessment of the Group's performance and its consolidated assets and liabilities. These estimates are based on past experience and factor in the economic conditions prevailing at the end of the reporting period and any information available as of the date at which the financial statements are prepared. The judgments and estimates used by the Group to prepare the financial statements take into account the current assessment of risks induced by climate change, whether physical, regulatory, or related to customer expectations and sector commitments. In today's global economic environment, the degree of volatility and subsequent lack of visibility are particularly high. Future facts and circumstances could lead to changes in these estimates or assumptions which could affect the Group's financial situation, profit and loss and/or cash flows, notably with regard to:

When these contracts are concluded on the basis of a fixed, lump-sum selling price, their actual duration and cost of development and implementation are likely to be significantly higher than estimated in the bid phase, with a negative impact on Thales' results and financial position. Moreover, in the event of failure to meet performance or schedule targets, customers may sometimes demand payment of penalties, or even terminate the contract.

The recognition of sales and margins relating to these contracts at the end of an accounting period depends mainly on:

- estimated sales and margins on completion, including provisions for technical and commercial risks;
- costs incurred to date in relation to estimated total costs on completion.

Monitoring of costs incurred to date and estimates of figures at completion are based, for each contract, on the Group's internal systems and procedures, with Project Managers playing a key role. These estimates are reviewed regularly by the Operations and Finance Departments, under the supervision of the Group's corporate management, particularly at each end of period reporting.

Recognition of revenue over time (Note 10)

A significant proportion of Thales' business is carried out in the form of long-term projects, sometimes obtained in a highly competitive environment.

These projects may:

- present a very high degree of technological complexity;
- have to meet very demanding operational, regulatory or contractual requirements, which may be difficult to achieve, or may evolve over time;
- face development or supply contingencies during the execution phase, which often lasts several years.

Their contractual structure (prime contractor for large systems, consortium, joint venture, public-private partnership, etc.) can also add constraints and complexity.

Litigation (Note 10.3 and Note 11)

The Group conducts its business in France and abroad in complex and evolving legal and regulatory environments. As a result, it is exposed to technical and commercial disputes. The Group regularly identifies and reviews all current commercial, civil or criminal litigation and pre-litigation, and recognizes any accounting provisions that it considers to be reasonable. Uncertainties concerning litigation in progress are described in Note 11.

Business combinations

Business combinations are accounted for in accordance with the purchase accounting method described in Note 13-b: thus, on the date of the takeover of a company, the acquiree's identifiable assets and liabilities are measured at their fair value. These valuations are performed by independent experts who base their work on assumptions and must estimate the effects of future events, which are uncertain at the acquisition date.

Goodwill (Note 4.1)

Goodwill is subject to impairment tests. The recoverable amount of goodwill is assessed based on forecasts extracted from the strategic plans prepared in accordance with Group procedures. Sensitivity tests are carried out on key assumptions in order to lend greater weight to the conclusions reached.

Pensions and other long-term employee benefits (Note 9.3)

Pensions and other long-term employee benefit commitments are estimated on statistical and actuarial bases in accordance with the policies outlined in Note 13-k. Actuarial assumptions made by the Group (discount rates, inflation rate, mortality tables, etc.) are reviewed each year with the actuaries.

Deferred tax assets (Note 7)

Deferred tax assets are recognized for tax loss carry-forwards and temporary differences between the book value and the tax value of assets and liabilities. The recoverability of these assets is assessed on the basis of forecasts of future tax results of the tax entities over a period of three to five years, the entity's history of tax losses, past non-recurring items and tax strategies specific to each country.

Note 2. Segment information

2.1 Commercial activity and Adjusted EBIT by segment

In order to monitor the operating and financial performance of the entities, the Group's management regularly considers certain key non-GAAP indicators as defined in Note 13-a, which enable them to exclude certain non-operating and non-recurring items.

In particular, Adjusted EBIT, of which the definition has been changed in the first half of 2025, corresponds to income from operations, plus the share in net income of equity affiliates, excluding (i) expenses related to business combinations (amortisation of assets valued as part of the purchase price allocation, other expenses directly linked business combinations) and (ii) the impact of changes in the Thales share price on the expense recognised in the income statement in respect of LTI plans.

2025	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at 31/12	10,804.3	41,577.3	835.3	105.7	53,322.6
Order intake – non-Group	6,121.6	15,127.7	3,872.4	142.2	25,263.9
Sales – non-Group	5,910.2	12,234.0	3,851.9	140.3	22,136.4
Sales – intersegment	176.6	356.6	130.8	(664.0)	–
TOTAL SALES	6,086.8	12,590.6	3,982.7	(523.7)	22,136.4
Adjusted EBIT	560.1	1,619.1	525.9	34.5	2,739.6
• of which: Naval Group	–	–	–	93.6	93.6
• excluding Naval Group	560.1	1,619.1	525.9	(59.1)	2,646.0
Capital expenditures ^(a)	152.9	331.4	98.7	173.7	756.7
Depreciation and amortization ^(a)	103.3	173.9	86.5	122.4	486.1
2024	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at 31/12	10,485.9	39,153.5	875.4	87.4	50,602.2
Order intake – non-Group	6,434.2	14,723.3	4,031.6	100.4	25,289.5
Sales – non-Group	5,470.6	10,969.3	4,023.6	113.1	20,576.6
Sales – intersegment	169.0	347.0	125.5	(641.5)	–
TOTAL SALES	5,639.6	11,316.3	4,149.1	(528.4)	20,576.6
Adjusted EBIT	391.4	1,432.0	584.9	10.3	2,418.6
• of which: Naval Group	–	–	–	93.0	93.0
• excluding Naval Group	391.4	1,432.0	584.9	(82.7)	2,325.6
Capital expenditures ^(a)	134.5	241.6	100.7	146.3	623.1
Depreciation and amortization ^(a)	101.8	167.9	94.2	115.1	479.0

(a) Excluding PPA and IFRS 16. Capital expenditures correspond to the net cash outflow as reported in the consolidated statement of cash-flows.

Business segments are presented in Note 13-a.

In 2025, sales include €211.0 million (€201.3 million in 2024) in other income, mainly subsidies and patent royalties. In 2025, as in 2024, the Group's activities are divided between civil customers, accounting for 44% (compared to 46% in 2024), and military customers, accounting for 56% (compared to 54% in 2024).

Information on key government clients is presented in Note 6.6-b. Moreover, the export turnover booked in 2025 with Dassault Aviation amounts to €1,013.8 million.

Order book, order intake and sales included in the "Other" column relate to corporate activities (Thales parent company, Thales Global Services, Group R&D centers, facilities management), and to the elimination of transactions between business segments.

Unallocated Adjusted EBIT includes the Group's share (35%) in the net income of Naval Group, corporate income from operations which is not assigned to segments, and the cost of vacant premises. Other costs (mainly the costs of foreign holding companies not invoiced) are reallocated to business segments proportionally to their respective non-Group sales.

Order Book evolution:

	2025	2024
Order book at 1 January	50,602.2	45,251.3
Order intake	25,263.9	25,289.5
Sales	(22,136.4)	(20,576.6)
Change in scope and other	(407.1)	638.0
ORDER BOOK AT 31 DECEMBER	53,322.6	50,602.2

Approximately two third of this amount is expected to convert into revenue within the next 3 years.

Cyber activities contribute as follows to the data of the Cyber & Digital sector :

	2025	2024
Order intake - non-Group	1,458.1	1,574.4
Sales - non-Group	1,455.2	1,566.4
Adjusted EBIT	225.4	238.1

The reconciliation between income from operations and Adjusted EBIT is analyzed as follows:

	2025	2024
Income from operations	2,086.7	1,698.7
Share in net income of equity from affiliates	198.4	95.1
Restatements:		
Amortisation of acquisition-related assets (PPA):	380.3	534.4
• Intangible assets	367.9	461.3
• Property, plant and equipment	—	5.8
• Deferred revenues	12.4	67.3
Expenses directly linked to business combinations	14.3	38.6
P&L impact of change in Thales' share price relating to LTI plans ^(a)	44.9	—
PPA amortisation related to equity affiliates entities	15.0	51.8
ADJUSTED EBIT	2,739.6	2,418.6

(a) The retrospective application of the new definition of Adjusted EBIT (see Note 13-a) does not have a significant impact on fiscal year 2024.

2.2 Sales by country of destination

2025	Aerospace	Defence	Cyber & Digital	Other	Thales
Country of destination:					
France	1,377.8	4,508.5	179.2	59.9	6,125.4
United Kingdom	175.7	1,013.7	239.9	5.0	1,434.3
Rest of Europe	2,565.4	2,783.6	829.8	28.8	6,207.6
Sub-total Europe	4,118.9	8,305.8	1,248.9	93.7	13,767.3
USA	712.9	624.8	1,025.6	0.1	2,363.4
Canada	87.3	200.5	93.1	6.1	387.0
Australia and New Zealand	62.8	750.6	97.1	0.8	911.3
Total mature markets	4,981.9	9,881.7	2,464.7	100.7	17,429.0
Emerging markets ^(a)	928.3	2,352.3	1,387.2	39.6	4,707.4
TOTAL	5,910.2	12,234.0	3,851.9	140.3	22,136.4
Revenue recognition method:					
Over time	3,586.4	10,074.4	1,443.5	95.4	15,199.7
At a point in time	2,323.8	2,159.6	2,408.4	44.9	6,936.7
TOTAL	5,910.2	12,234.0	3,851.9	140.3	22,136.4

2024	Aerospace	Defence	Cyber & Digital	Other	Thales
Country of destination:					
France	1,259.4	4,444.9	176.8	50.7	5,931.8
United Kingdom	162.7	971.7	215.7	5.3	1,355.4
Rest of Europe	2,377.3	1,904.9	850.1	22.9	5,155.2
Sub-total Europe	3,799.4	7,321.5	1,242.6	78.9	12,442.4
USA	702.8	770.3	1,137.9	0.8	2,611.8
Canada	82.2	137.6	82.9	6.2	308.9
Australia and New Zealand	48.5	777.0	114.0	0.5	940.0
Total mature markets	4,632.9	9,006.4	2,577.4	86.4	16,303.1
Emerging markets ^(a)	837.7	1,962.9	1,446.2	26.7	4,273.5
TOTAL	5,470.6	10,969.3	4,023.6	113.1	20,576.6
Revenue recognition method:					
Over time	3,320.5	9,041.6	1,350.6	78.3	13,791.0
At a point in time	2,150.1	1,927.7	2,673.0	34.8	6,785.6
TOTAL	5,470.6	10,969.3	4,023.6	113.1	20,576.6

(a) Emerging markets: all countries outside Europe, North America, Australia and New Zealand.

2.3 Non-current assets by country of origin

	31/12/25	31/12/24
France	13,202.3	13,729.6
United Kingdom	794.3	898.1
USA	1,698.6	1,958.2
Others	2,137.9	2,108.5
TOTAL	17,833.1	18,694.4

Note 3. Impact of changes in scope of consolidation and other non-current items

3.1 Change in scope of consolidation

a) Disposal of Transportation business

On 31 May 2024, Thales finalised the sale of its Transport business to Hitachi Rail for an enterprise value of € billion 1,66.

The impact of the transaction on the Group's net debt is as follows:

	2025	2024
Selling price	(55.0)	1,920.0
Less, net cash at the date of disposal	—	(337.0)
Less, lease debt	—	75.0
Net impact of the disposal on the Group's net debt	(55.0)	1,658.0

In the Group's accounts, the activity remained consolidated until the end of May 2024.

In accordance with IFRS 5, net income for the period and income from the disposal of the segment are presented within the result of discontinued operations:

Profit & Loss of discontinued operations	2024
Sales	717.9
Income of operating activities before share in net income of equity affiliates	27.0
Share in net income of equity affiliates	2.5
Financial result	(0.7)
Income tax	0.4
Net income of Transportation business	29.2
Gain on disposal of Transportation activities	382.9
Net income from discontinued operations	412.1

The operating free cash flow of the Transport activities up to the date of disposal is presented below:

	2024
Net cash flow from operating activities related to discontinued activities	(108.6)
Less: UK deficit payment	0.9
CAPEX	(7.8)
OPERATING FREE CASH FLOW	(115.5)

b) Other changes in scope of consolidation

Changes in scope of consolidation 2025

There is no significant change in scope in 2025.

Changes in scope of consolidation 2024

At the beginning of October 2024, Thales finalized the acquisition of Digital Receiver Technology, Inc. from Boeing, a company specialized in software-defined radios dedicated to surveillance and intelligence for the U.S. military. The business has been consolidated since that date. The provisional goodwill amounted to €53.0 million as of the end of 2024. In 2025, the Group carried out a purchase price allocation. After allocating to intangible assets (technologies and customer relationships amounting to €13.6 million and €12.2 million respectively, and the related tax), the residual goodwill amounts to €34.8 million.

At the beginning of May 2024, Thales finalized the acquisition of GetSAT, a company that manufactures antennas dedicated to satellite communication, notably for companies in the defence, civil aviation, and emergency services sectors. The business has been consolidated since May 1, 2024.

The Group carried out an allocation of the purchase price. After allocation to intangible assets (customer relationships and technologies totaling €41.9 million) net of tax, the residual goodwill amounts to €56.2 million.

At the beginning of April 2024, Thales finalized the acquisition of Cobham Aerospace Communications for an amount of €941.3 million, thereby strengthening its position as a global leader in cockpit communication and secure connectivity.

The Group carried out an allocation of the purchase price. After allocation to intangible assets net of tax, the residual goodwill amounts to €519.3 million.

The balance sheet as of the acquisition date is as follows:

Cobham Aerospace Communications	Fair value at acquisition date	Amortization period
Acquired customer relationships	384.4	20 years
Acquired technologies	174.1	13 to 16 years
Acquired backlog	22.7	3 years
Other tangible and intangible fixed assets	12.1	
Deferred taxes	(145.3)	
Other current and non-current assets and liabilities	45.5	
Net cash	(71.5)	
Net asset	(I)	422.0
Purchase price	(II)	941.3
Goodwill	(II) – (I)	519.3

c) Project to merge the space activities of Thales, Airbus and Leonardo

In October 2025, Airbus, Leonardo, and Thales signed a Memorandum of Understanding (MoU) to create a leading European space player. The combined entity will employ around 25,000 people across Europe. With an annual turnover of about 6.5bn€ (end of 2024, pro-forma) and an order backlog representing more than three years of projected sales, this new company will form a robust and competitive entity worldwide.

This is a major milestone in strengthening the European space ecosystem, supporting strategic autonomy and competitiveness, to ensure Europe enhances its role as a key player in the space global market.

Ownership of the new company would be shared among the parent companies, with Airbus, Leonardo and Thales owning respectively 35%, 32,5% and 32,5% stakes. It would operate under joint control, with a balanced governance structure among shareholders.

New company could be operational in 2027, subject to regulatory approvals and satisfaction of other closing conditions. The conditions for applying IFRS 5 relating to discontinued operations are therefore not met at the end of 2025.

In 2025, the turnover of the Space GBU amounted to approximately €2,400 million for a workforce just over 8,000 people.

3.2 Non-current income (expense) of operating activities

	2025	2024
Disposal of investments and businesses	(3.2)	(0.8)
Acquisition and disposal-related fees	(34.1)	(18.7)
Disposal of real estate and other tangible and intangible assets	—	1.7
Impact of settlements/amendments to pensions plans (Note 9)	14.2	(72.6)
Other non recurring items ^(a)	—	(188.5)
Disposal of assets, changes in scope of consolidation and other	(22.6)	(278.9)
Impairment of fixed assets	—	—
Other impairment	—	(157.6)
Impairment of assets ^(a)	—	(157.6)

(a) Impact of revisions to the value of certain assets and contracts, and related liabilities.

Note 4. Property, plant and equipment and intangible assets

4.1 Goodwill

a) Change in goodwill

Goodwill is allocated to cash-generating units (CGUs) corresponding to Thales' Global Business Units (GBU):

	01/01/25	Acquisitions	Reclassification	Exchange rate & other	31/12/25
Avionics	962.9	—	—	—	962.9
Space	488.0	—	—	(0.4)	487.6
Secured Communications and Information Systems ^(a)	833.5	(17.0)	—	(4.5)	812.0
Land and Air Systems	335.9	—	—	(1.8)	334.1
Defence Mission Systems	506.9	—	—	(8.0)	498.9
Cyber & Digital	5,772.0	—	—	(337.0)	5,435.0
TOTAL	8,899.2	(17.0)	—	(351.7)	8,530.5

	01/01/24	Acquisitions	Reclassification	Exchange rate & other	31/12/24
Avionics ^(b)	443.2	519.3	—	0.4	962.9
Space	493.8	—	—	(5.8)	488.0
Secured Communications and Information Systems ^(a)	750.6	109.2	(28.5)	2.2	833.5
Land and Air Systems	322.0	13.2	—	0.7	335.9
Defence Mission Systems	505.2	—	—	1.7	506.9
Cyber & Digital ^(c)	6,424.8	(889.0)	28.5	207.7	5,772.0
TOTAL	8,939.6	(247.3)	—	206.9	8,899.2

(a) GetSAT's goodwill amounts to €56.2 million after purchase price allocation.

Digital Receiver Technology goodwill, originally valued at €53.0 million, has been allocated in 2025. The final goodwill amounts to €36.0 million at the end of 2025.

(b) Cobham Aerospace Communications goodwill amounts to €519.3 million after purchase price allocation.

(c) Imperva's goodwill (€3,466.5 million) recognized in 2023 has been allocated in 2024 to intangible assets and deferred revenues for a net amount after deferred tax of €865 million. The final goodwill amounts to €2,601.5 million.

Tesseract's goodwill (€142.0 million) recognized in 2023 has been allocated in 2024 to intangible assets for a net amount after deferred tax of €24.0 million. The final goodwill amounts to €118.0 million.

b) Impairment tests

Goodwill as well as cash-generating units (CGUs) are subject to annual impairment tests in accordance with the Group's budgetary timetable. All other intangible assets and property, plant and equipment are tested at the CGU level.

For these tests, the value in use is based on discounted future operating cash flows over a three-year period and a terminal value. In certain specific cases (recent acquisitions, non-typical annual results, etc.), the terminal value is based on forecasts over an appropriate period of time.

In the specific case of the Space CGU, terminal value has been calculated on the last year of the 5-year business plan, which notably takes into account:

- a favorable outlook for the Observation, Exploration & Science, Navigation and Military Telecommunications businesses;
- the adaptation plan implemented and;
- the Group's investments in research and development, which should enable us to restore the profitability of our space business over the long-term, with the aim of achieving an Adjusted EBIT margin of around 7% by the end of the plan.
- the return to breakeven, in 2025, as anticipated, of Adjusted EBIT before restructuring.

At the end of 2025, cash flows utilized for the tests came from the budget prepared for the following two years, established in accordance with Group procedures, and extended over the next year. The construction of the third year's flow stems from the strategic business plan. This strategic plan, historically completed by each

GBU during the first semester, is confirmed or revised (if necessary) at the end of December, as part of the impairment test.

These cash flows reflect management's best estimate in the current economic context. At the end of 2025, impairment tests were performed using a discount rate assumption of 8% (same as at the end of 2024) for all CGUs, the specific risks of the CGUs being taken into account in the projections.

The assumptions used for business growth and terminal value are based on a reasonable approach specific to each sector (terminal value generally based on the average income from operations over the three years, growth rate limited to 2%).

On the basis of the values in use, the Group also tested the sensitivity of all CGUs to changes in key assumptions. Taken individually, an increase by 1 point of the discount rate, a decrease by 1 point of the growth rate or a decrease by 2 points in operating profitability over the standard year would not lead to the recognition of any impairment loss.

Furthermore, as part of its low-carbon strategy, the Group is implementing action plans aimed at reducing operational CO₂ emissions, accelerating innovation, and generalizing ecodesign initiatives. The potential impact of these initiatives on cash flows has been integrated into the relevant CGU business plans for the requirements of impairment tests. Based on the analyses conducted as part of the Group's internal work on climate change, the Group has not identified any significant climate-related risk, whose financial consequences would be likely to lead to a loss of value of its assets.

4.2 Property, plant and equipment and other intangible assets

a) Change in net assets

	01/01/25	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	31/12/25
Acquired Intangible assets (note 3.1)	2,348.8	—	—	(367.9)	(167.0)	1,813.9
Capitalised development costs	42.3	20.5	—	(18.4)	(2.6)	41.8
Other intangible assets	141.6	49.1	—	(42.5)	(7.8)	140.4
Intangible assets	2,532.7	69.6	—	(428.8)	(177.4)	1,996.1
Right-of-use from lease contracts	1,282.0	205.1	—	(233.3)	(28.3)	1,225.5
Property, plant and equipment	2,433.5	707.7	(10.4)	(425.2)	(31.9)	2,673.7
Tangible assets	3,715.5	912.8	(10.4)	(658.5)	(60.2)	3,899.2
TOTAL	6,248.2	982.4	(10.4)	(1,087.3)	(237.6)	5,895.3
less, cash payment timing difference		(20.6)	—			
less, new lease contracts		(205.1)	—			
Capital expenditures ^(a)		756.7	(10.4)			

	01/01/24	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	31/12/24
Acquired Intangible assets	1,119.9	—	—	(461.3)	1,690.2	2,348.8
Capitalised development costs	42.0	21.4	—	(20.8)	(0.3)	42.3
Other intangible assets	126.2	62.0	(0.1)	(45.9)	(0.6)	141.6
Intangible assets	1,288.1	83.4	(0.1)	(528.0)	1,689.3	2,532.7
Right-of-use from lease contracts	1,352.1	142.8	—	(209.3)	(3.6)	1,282.0
Acquired tangible assets	5.8	—	—	(5.8)	—	—
Property, plant and equipment	2,238.2	564.8	(6.2)	(412.3)	49.0	2,433.5
Tangible assets	3,596.1	707.6	(6.2)	(627.4)	45.4	3,715.5
TOTAL	4,884.2	791.0	(6.3)	(1,155.4)	1,734.7	6,248.2
less, not paid yet		(25.1)	—			
less, new lease contracts		(142.8)	—			
Capital expenditures ^(a)		623.1	(6.3)			

(a) As presented in the statement of cash flows.

b) Breakdown by item

	31/12/25			31/12/24
	Gross	Depreciation	Net	Net
Technologies acquired	2,129.0	(1,720.8)	408.2	671.2
Customer relationships acquired	1,925.7	(643.1)	1,282.6	1,531.7
Order book acquired	73.3	(72.8)	0.5	1.9
Other intangible assets	400.8	(278.2)	122.6	144.0
Acquired intangible assets (business combinations)	4,528.8	(2,714.9)	1,813.9	2,348.8
Development costs	893.2	(851.4)	41.8	42.3
Other intangible assets	1,177.5	(1,037.1)	140.4	141.6
Intangible assets	6,599.5	(4,603.4)	1,996.1	2,532.7
Right-of-use from lease contracts	2,364.4	(1,138.9)	1,225.5	1,282.0
land	184.0	(115.8)	68.2	63.5
Buildings	2,675.5	(1,799.5)	876.0	846.2
Technical facilities, industrial equipment and tooling	4,080.0	(3,103.8)	976.2	898.3
Other property, plant and equipment	1,690.6	(937.3)	753.3	625.5
Property, plant and equipment	10,994.5	(7,095.3)	3,899.2	3,715.5

Note 5. Investments in equity affiliates

5.1 Change in investments in equity affiliates

	31/12/25	31/12/24
Investments at opening	1,648.2	1,648.4
Share in net income of equity affiliates	198.4	95.1
Translation adjustment	(35.8)	4.4
Cash flow hedge	16.7	(2.6)
Actuarial gains (losses) on pensions	13.7	6.6
Share in comprehensive income of equity affiliates	193.0	103.5
Dividends paid	(128.2)	(124.6)
Dividends voted and not yet paid	–	6.5
Change in scope and other	(0.5)	14.4
Investments at closing	1,712.5	1,648.2
<i>Including Naval Group</i>	<i>924.4</i>	<i>882.4</i>

5.2 Naval group: summary of financial information

Thales holds 35% of the capital of Naval Group and participates jointly with the French government in the governance of the company.

Naval Group is a group specialized in the naval defence industry. The financial statements of Naval Group, **as restated in Thales' financial statements** (PPA), are as follows:

	31/12/25	31/12/24
Balance sheet (100% interest)		
Non-current assets	1,909.9	1,917.7
Current assets	6,469.3	5,742.3
Total assets	8,379.2	7,660.0
Restated equity, attributable to shareholders	1,806.8	1,686.8
Non-controlling interests	(0.1)	0.4
Non-current liabilities	331.6	352.2
Current liabilities	6,240.9	5,620.6
Total equity and liability	8,379.2	7,660.0
NET CASH	1,447.6	506.7
Thales share	31/12/25	31/12/24
Thales' share (35%) in restated equity	632.4	590.4
Goodwill	292.0	292.0
SHARE IN NET ASSETS OF NAVAL GROUP	924.4	882.4
Income statement (100% interest)	2025	2024
Sales	4,678.8	4,354.6
Income (loss) from operating activities, after share in net income of equity affiliates	282.4	253.6
Financial income (loss)	42.4	42.1
Tax	(93.4)	(66.6)
Discontinued activities	3.3	3.9
Restated net income	234.7	233.0
• of which, attributable to shareholders of the company	234.7	233.0
• of which, attributable to non-controlling interests	–	–
Thales share	2025	2024
Thales' share in net income attributable to shareholders of the company	82.1	81.6
• of which, PPA amortisation	(11.5)	(11.5)
Share in net income, before PPA	93.6	93.1
DIVIDENDS RECEIVED FROM NAVAL GROUP	46.5	45.3

5.3 Commitments and related parties

a) Commitments toward equity affiliates

At December 31, 2025, outstanding sureties, endorsements and guarantees granted by Thales S.A. (parent company) to support its joint ventures amounted to €45.0 million (€57.7 million at December 31, 2024). The Group has no significant off-balance sheet commitments to associates.

The Group's policy is to issue these commitments only in proportion to its equity interest, or to obtain counter-guarantees from the other shareholders in proportion to their interest.

b) Transactions with equity affiliates

The transactions with equity affiliates are as follows:

	2025	2024
Sales	395.6	428.7
Purchases	234.0	218.8
Loans and current accounts receivables	68.9	65.0
Borrowings and current accounts payables	—	—

Note 6. Financing and financial instruments

6.1 Financial income

a) Net interest income

	2025	2024
Financial interests related to lease contracts	(36.0)	(35.6)
Other interest expenses ^(a)	(196.7)	(253.7)
Interest income on cash and cash equivalents	116.8	123.5
TOTAL	(115.9)	(165.8)

(a) This amount includes -2.8 million in 2025 and -18.1 million in 2024 for rate swaps.

b) Other financial income

	2025	2024
Foreign exchange gains (losses)	(31.2)	(1.7)
Cash flow hedges, ineffective portion	3.7	1.7
Change in fair value of derivatives ^(a)	(37.4)	4.1
Other	(0.9)	35.3
TOTAL	(65.8)	39.4

(a) This amount mainly includes the change in the fair value of swap points (-44,5 million in 2025, -€1.7 million in 2024).

6.2 Net cash (debt)

Group net cash (debt) is as follows:

		31/12/25	31/12/24
Other current financial assets		64.6	12.5
Cash and cash equivalents		4,446.5	4,767.1
Cash and other short-term investments	(A)	4,511.1	4,779.6
Financial debt		4,796.7	6,430.9
Lease debt		1,332.8	1,392.3
Gross debt ^(a)	(B)	6,129.5	7,823.2
NET CASH (DEBT)	(A-B)	(1,618.4)	(3,043.6)
^(a) Including:			
• Long-term financial debt		3,999.4	4,550.9
• Short-term financial debt		2,130.1	3,272.5
• Fair value of interest rate hedging derivatives		—	(0.2)

a) Current financial assets

		31/12/25	31/12/24
Related parties financial accounts and other		20.0	11.6
Investment securities		44.6	0.9
OTHER CURRENT FINANCIAL ASSETS		64.6	12.5

b) Cash and cash equivalents

At December 31, 2025, cash recorded under consolidated assets amounted to €4,446.5 million (€4,767.1 million at December 31, 2024) and included:

- 3,556.1 million held by the parent company and available for immediate use (€3,910.9 million in 2024). These amounts include 2,999.8 million (€3,376.8 million in 2024) in very short-term deposits with tier-one banks or money market funds (UCITS);
- 890.4 million in the credit balances of subsidiaries (€856.2 million in 2024), most of them outside France. This figure includes payments received in the last days of the financial year and subsequently transferred to the cash pooling account.

c) Financial debt

		31/12/25	31/12/24
Bond issues (nominal value)		3,400.0	4,500.0
NEU CP (treasury bills)		1,034.0	1,455.3
Current accounts in credit with related parties		228.2	330.3
Bank overdrafts		33.3	12.4
Accrued interests and other debts		101.2	132.9
FINANCIAL DEBT		4,796.7	6,430.9

Bonds issues at December 31, 2025

Nominal value	Issue date	Maturity	Type of rate	Coupon	Effective rate	
					Before hedging	After hedging
€500 million	Nov. 2020	March 2026	fixed	0.00%	0.08%	0.08%
€500 million	Jan. 2020	Jan. 2027	fixed	0.25%	0.33%	0.33%
€700 million	May 2020	May 2028	fixed	1.00%	1.10%	1.10%
€600 million	Oct. 2023	Oct. 2028	fixed	4.13%	4.28%	4.28%
€500 million	June 2023	June 2029	fixed	3.63%	3.83%	3.83%
€600 million	Oct. 2023	Oct. 2031	fixed	4.25%	4.42%	4.42%

Financial debt by maturity

31/12/25	Total	Maturity				
		2026	2027	2028	2029	>2029
Financial debt	4,796.7	1,907.2	500.6	1,296.9	496.9	595.1
Contractual cash flows	5,105.6	1,957.4	577.5	1,376.1	543.6	651.0

31/12/24	Total	Maturity				
		2025	2026	2027	2028	>2028
Financial debt	6,430.9	3,044.0	500.1	499.9	1,295.4	1,091.5
Contractual cash flows	6,894.4	3,169.2	577.2	577.4	1,376.0	1,194.6

Financial debt by currency

	31/12/25	31/12/24
Euro	4,763.2	6,429.1
Others	33.5	1.8
TOTAL	4,796.7	6,430.9

Change in financial debt

	01/01/25	Cash flow	Other changes			31/12/25
			Scope	Exchange rates	Other	
Financial debt	6,430.9	(1,592.2)	—	(26.7)	(15.3)	4,796.7

	01/01/24	Cash flow	Other changes			31/12/24
			Scope	Exchange rates	Other	
Financial debt	6,979.2	(774.8)	188.0	53.8	(15.3)	6,430.9

In 2025, the "cash flow" column includes the repayment of the bond maturing in January and October 2025, as well the repayment of NEU CP.

In 2024, the "cash flow" column includes the repayment of the bonds maturing in April 2024, as well as the issuance of NEU CP.

The "other" column includes the changes in fair value of derivatives used to hedge bonds and changes in fair value of debt on acquisition of investments in shares.

d) Lease debt
Change in lease debt

	01/01/25	Cash flow ^(a)	Other changes			31/12/25
			Scope	Exchange rates and other	New debt ^(b)	
Lease debt	1,392.3	(235.8)		(28.8)	205.1	1,332.8

	01/01/24	Cash flow ^(a)	Other changes			31/12/24
			Scope	Exchange rates and other	New debt ^(b)	
Lease debt	1,454.9	(222.1)	4.9	11.8	142.8	1,392.3

(a) Share of lease payments corresponding to the repayment of lease debt.

(b) New lease contracts signed during the year and impact of the renegotiation of existing leases.

Debt maturity

31/12/25	Total	Maturity				
		2026	2027	2028	2029	>2029
Lease debt accounted in the BS	1,332.8	222.9	206.9	175.1	154.3	573.6
Contractual cash flows	1,496.1	256.4	235.2	198.6	173.5	632.4

31/12/24	Total	Maturity				
		2025	2026	2027	2028	>2028
Lease debt accounted in the BS	1,392.3	228.3	206.0	180.9	158.7	618.4
Contractual cash flows	1,551.4	261.1	232.8	203.5	177.1	676.9

6.3 Changes in net debt

	2025	2024
NET CASH (DEBT) AT OPENING	(3,043.6)	(4,190.0)
Net cash flow from operating activities relating to continued operations	3,321.8	2,746.4
Less, UK buy-out remaining payments (Note 9.3)	1.1	12.5
Capital expenditures relating to continued operations	(746.3)	(616.8)
Free operating cash flow relating to continued operations	2,576.6	2,142.1
Net disposal (acquisition) of subsidiaries and affiliates ^(a)	(69.0)	358.8
Of which, Cobham Aerospace Communications	–	(1,012.8)
Of which, Imperva	–	5.8
Of which, Transport business	(55.0)	1,658.0
Of which, other	(14.0)	(292.2)
Contribution to UK buy-out remaining payments (Note 9.3)	(1.1)	(12.5)
Changes in non-current financial assets	(36.2)	(6.3)
Dividends paid by the parent company	(780.7)	(708.4)
Third-party share in dividend distributions of subsidiaries	(2.2)	(14.3)
Purchase of treasury shares ^(b)	(45.2)	(275.4)
New lease debts	(205.1)	(142.8)
Changes in exchange rates and other	(11.9)	(42.8)
Contribution to change in net cash (debt) of continued operations	1,425.2	1,298.4
Contribution to change in net cash (debt) of discontinued operations	–	(152.0)
NET CASH (DEBT) AT CLOSING	(1,618.4)	(3,043.6)

(a) Net of cash (debt) of companies acquired/divested and repayments of shareholders' loans.

(b) Including, in 2024, -€176.4 million linked to a share buy back plan for their cancellation.

6.4 Non-current financial assets

a) Non-consolidated investments

Non-consolidated investments amounted to €140.8 million at the end of 2025 compared to €160.6 million at the end of 2024. At the end of 2025, this item is composed of individually non-material investments.

b) Non-current financial assets

	31/12/25	31/12/24
Loans to related parties	68.9	65.0
Investments taken over from the UK pension fund	138.2	205.0
Loans and other financial assets at amortised cost	53.6	47.1
Loans and other financial assets at market value	38.7	66.0
Gross value	299.4	383.1
Impairment	(21.9)	(11.5)
NET	277.5	371.6

6.5 Summary of financial assets and liabilities

At end 2025, the classification of financial assets and liabilities remained identical to the one disclosed at end 2024.

Receivables, payables and refundable grants are financial assets and liabilities as defined by IAS 32 and IFRS 9, and are measured at amortized cost. They are detailed in Note 10.

	31/12/25					31/12/24		
	At amortised cost	Fair value through:			Accounting value	Fair value	Accounting value	Fair value
		Profit or loss	Equity	Equity with P&L reclass.				
Non-current financial assets:								
Non-consolidated investments	—	—	140.8	—	140.8	140.8	160.6	160.6
Non-current loans and financial assets	100.6	176.9	—	—	277.5	277.5	371.6	371.6
Derivatives documented as hedges	—	—	—	—	—	—	—	—
Current financial assets:								
Derivatives documented as hedges	—	—	—	146.6	146.6	146.6	133.9	133.9
Derivatives not documented as hedges	—	3.3	—	—	3.3	3.3	1.2	1.2
Loans maturing in less than one year	103.6	—	—	—	103.6	103.6	—	—
Current financial assets	20.0	44.6	—	—	64.6	64.6	12.5	12.5
Cash and cash equivalents	2,293.5	2,153.0	—	—	4,446.5	4,446.5	4,767.1	4,767.1
Non-current financial liabilities:								
Long-term debt	3,999.4	—	—	—	3,999.4	4,041.5	4,550.9	4,493.5
Derivative documented as hedges	—	—	—	—	—	—	—	—
Current financial liabilities:								
Derivatives documented as hedges	—	—	—	148.5	148.5	148.5	342.0	342.0
Derivatives not documented as hedges	—	2.7	—	—	2.7	2.7	10.7	10.7
Short-term debt	2,130.1	—	—	—	2,130.1	2,127.2	3,272.5	3,378.9

The fair value of financial assets and liabilities recorded at amortized cost approximates their carrying amount, except for borrowings and debts.

The fair value of bond debt is based on quoted prices (level 1). The fair value of other borrowings and debt is determined for each loan by discounting the expected future cash flows at the Euribor interest rate at the closing date, adjusted for the Group's credit risk (level 2).

The fair value of monetary and non-monetary UCITS funds is measured based on the last known net asset value (level 1). The fair

value of interest rate products (certificates of deposit, short-term deposits, negotiable medium-term notes, etc.) is based on the discounting of coupon flows (nominal and interest) over the remaining life of the product at the closing date. The discount rate used is the market rate corresponding to the maturity and product characteristics (level 2).

The fair value of derivatives is based on models commonly used to assess these financial instruments (models including observable market data - level 2). Counterparty default risk and credit risk have no material impact on the fair value of derivatives.

6.6 Financial risk

a) Market risk

Thales hedges its foreign exchange and interest rate risks using over-the-counter derivatives from tier-one banks. The book value of derivatives used to manage the Group's market risks is presented below.

	31/12/25		31/12/24	
	Assets	Liabilities	Assets	Liabilities
Current derivatives:				
• Foreign exchange derivatives	149.9	151.2	134.9	352.7
• Interest-rate derivatives	—	—	0.2	—
Foreign exchange derivatives, net	—	1.3	—	217.8
Interest-rate derivatives, net	—	—	0.2	—

Foreign exchange risk

Thales hedges currency risks arising in connection with the negotiation of contracts denominated in currencies other than the main production currency, currency risks generated by ordinary commercial operations, risks relating to cash pooling and, in some cases, risks relating to its net investments in foreign operations.

At December 31, 2025 and 2024, the amount of derivatives in the portfolio can be analyzed as follows:

	31/12/25				Market value	31/12/24	
	Nominal value			Total		Nominal value	Market value
	USD	GBP	Other				
Negotiations and trade operations hedges							
Documented as hedges							
Forward currency sales	3,941.1	1,210.7	1,497.3	6,649.1	35.0	7,206.4	(102.6)
Forward currency purchases	2,097.8	1,098.6	1,840.9	5,037.3		5,265.4	
Currency sales (call and put options)	—	—	—	—	0.7	108.9	0.5
Currency purchases (call and put options)	25.5	—	—	25.5		84.7	
Not documented as hedges							
Forward currency sales	—	—	—	—	—	122.9	(0.2)
Forward currency purchases	—	2.6	—	2.6		122.6	
Currency sales (call and put options)	51.5	69.9	—	121.4	0.8	—	0.2
Currency purchases (call and put options)	42.4	46.5	0.3	89.2		29.9	
Hedges related to cash pooling (documented as hedges)							
Currency sales: currency swaps	693.6	22.9	137.9	854.4	4.8	1,155.2	(21.7)
Currency purchases: currency swaps	59.6	876.7	486.6	1,422.9		1,021.8	
Hedges related to net investments in foreign operations (hedge accounting)							
Currency sales: currency swaps	612.8	—	—	612.8	(40.0)	693.0	(84.5)
Currency purchases: currency swaps	—	572.5	—	572.5		602.4	
Hedges related to net investments in foreign operations (not documented as hedges)							
Currency sales: currency swaps	43.7	—	—	43.7	(2.6)	82.3	(9.5)
Currency purchases: currency swaps	—	41.0	—	41.0		72.5	
NET ASSETS (LIABILITIES)					(1.3)		(217.8)

The maturity of the derivatives used to hedge commercial contracts is typically less than three years. Currency swaps are set up to align the maturities of derivatives to the maturities of hedged contracts. Other characteristics of the derivatives are consistent with the ones of the hedged risk.

The change in value of financial instruments (forward transactions) used to hedge cash flow is recognized in equity for the spot rate component. A decrease (increase) of 5% in the dollar against the euro, pound sterling, Canadian dollar or Australian dollar would have had a positive (negative) impact on equity of approximately €87 million at December 31, 2025 and €113 million at December 31, 2024.

The change in value of derivative instruments matched with commercial tender portfolio, which are not eligible for hedge accounting, is recognized in profit and loss. A decrease (increase) of 5% in the dollar against the euro, pound sterling, Canadian dollar or Australian dollar would have no impact on profit or loss at December 31, 2025, as at December 31, 2024.

Interest rate risk

Thales is exposed to interest-rate volatility and in particular its impact on the conditions associated with variable-rate financing. To limit this risk, Thales operates an active interest-rate hedging policy. At December 31, 2024 and 2025, the amount of derivatives in the portfolio was as follows:

	31/12/25		31/12/24	
	Nominal	Market value	Nominal	Market value
Fair value hedge (swaps with variable rate payables):				
• swaps related to NEU CP	329.0	—	670.0	0.2
		—		0.2
Cash flow hedge (swaps with fixed rate payables):				
• pre-hedging swap related to future issue of NEU CP	—	—	(50.0)	—
		—		—
NET ASSETS		—		0.2

The table below summarises the Group's exposure to interest rate risk before and after hedging.

31/12/25	< 1 year		> 1 year		Total	
	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate
Financial debt	(1,559.5)	(347.9)	(2,887.8)	(1.5)	(4,447.3)	(349.4)
Financial assets, cash and cash equivalents	646.9	3,864.2	—	—	646.9	3,864.2
NET EXPOSURE BEFORE IMPACT OF DERIVATIVE INSTRUMENTS	(912.6)	3,516.3	(2,887.8)	(1.5)	(3,800.4)	3,514.8
Hedging derivatives	329.0	(329.0)	—	—	329.0	(329.0)
NET EXPOSURE AFTER IMPACT OF DERIVATIVE INSTRUMENTS	(583.6)	3,187.3	(2,887.8)	(1.5)	(3,471.4)	3,185.8

31/12/24	< 1 year		> 1 year		Total	
	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate
Financial debt	(2,588.3)	(455.7)	(3,383.6)	(3.3)	(5,971.9)	(459.0)
Financial assets, cash and cash equivalents	—	4,779.6	—	—	—	4,779.6
NET EXPOSURE BEFORE IMPACT OF DERIVATIVE INSTRUMENTS	(2,588.3)	4,323.9	(3,383.6)	(3.3)	(5,971.9)	4,320.6
Hedging derivatives	670.0	(670.0)	(50.0)	50.0	620.0	(620.0)
NET EXPOSURE AFTER IMPACT OF DERIVATIVE INSTRUMENTS	(1,918.3)	3,653.9	(3,433.6)	46.7	(5,351.9)	3,700.6

Based on the Group's average net cash, taking into account hedging instruments, a 1-point rise in interest rates would increase net interest income by €28.3 million in 2025 (€19.0 million in 2024).

b) Customer credit risk

Credit risk relates to the risk that a party to a contract will default on its commitments or fail to pay what it owes.

Credit risk relating to governmental customers

Governmental customers account for around 60% of Thales' sales. Some of the countries with which Thales works could present a significant credit risk which could, for example, lead them to suspend an order in production, or render them unable to pay on delivery, as agreed under the terms of the contract. To limit its exposure to these risks, Thales takes out insurance with export credit agencies (such as Bpifrance) or private insurers.

In 2025, only three customers accounted for annual sales in excess of €500 million: the French government (around €4.5 billion versus €4.2 billion in 2024), the UK government (around €1.0 billion versus €1.0 billion in 2024), and the Australian government (around €0.7 billion versus €0.7 billion in 2024).

At December 31, 2025, these three countries had first-class or high-quality ratings (France: A+ by S&P Global Ratings and Aa3, negative outlook by Moody's; the United Kingdom: AA by S&P Global Ratings and Aa3 by Moody's; Australia: AAA by S&P Global Ratings and Aaa by Moody's).

Risk of default relating to non-governmental customers

Non-governmental customers (private critical infrastructure operators, aircraft operators, etc.) account for less than approximately 40% of Thales' sales. These customers may encounter major and/or prolonged financial difficulties that could lead to payment defaults or order cancellations. Such occurrences could have a negative impact on the Group's sales, profitability and financial position.

To mitigate these risks, Thales conducts regular analyses of the ability of its customers to meet their obligations. When necessary, Thales may request bank guarantees or corporate guarantees, or may use credit insurers.

The Group's Finance Department consolidates all the information relating to the Group's exposure to credit risk, notably by identifying and analyzing the aging of overdue accounts and notes receivable that have not been impaired. At December 31, 2025 and 2024, the aging of these accounts and notes receivable is as follows:

31/12/25	Total	Unmatured receivables	Receivables past due:		
			Less than 3 months	3 to 6 months	More than 6 months
Accounts receivable, gross	4,113.6	2,666.2	1,127.2	116.9	203.3
Accounts receivable, depreciation	(144.6)	(45.4)	(5.3)	(7.2)	(86.7)
ACCOUNTS RECEIVABLE, NET	3,969.0	2,620.8	1,121.9	109.7	116.6

31/12/24	Total	Unmatured receivables	Receivables past due:		
			Less than 3 months	3 to 6 months	More than 6 months
Accounts receivable, gross	4,549.4	3,198.4	1,076.7	65.1	209.2
Accounts receivable, depreciation	(131.0)	(73.2)	(8.9)	(1.6)	(47.3)
ACCOUNTS RECEIVABLE, NET	4,418.4	3,125.2	1,067.8	63.5	161.9

Credit risk related to banking counterparties

Financial investments are diversified. They relate to first ranking debt and are negotiated with tier-one banks.

Thales trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties.

These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded on the balance sheet under assets and liabilities. However, they do fall within the scope of disclosures to be provided under IFRS 7 on offsetting.

31/12/25	Gross value (before offset)	Offset amounts on balance sheet	Net presented in balance sheet	Impact of other offsetting agreements		Net
				Offsetting agreements	Financial collateral	
Derivatives – Assets	149.9	—	149.9	(107.0)	—	42.9
Derivatives – Liabilities	151.2	—	151.2	(107.0)	—	44.2

31/12/24	Gross value (before offset)	Offset amounts on balance sheet	Net presented in balance sheet	Impact of other offsetting agreements		Net
				Offsetting agreements	Financial collateral	
Derivatives – Assets	135.1	—	135.1	(111.0)	—	24.1
Derivatives – Liabilities	352.7	—	352.7	(111.0)	—	241.7

c) Liquidity risk

The Group's liquidity risk is the risk of not being able to meet its cash needs out of its financial resources. In particular, it relates specifically to Thales' level of exposure to changes in the main market indicators that could lead to an increase in the cost of credit or even to a temporary limitation of access to external sources of financing.

The Group manages this risk by trying to anticipate its cash needs and ensures that these are covered by the Group's short-term and long-term financial resources, as follows:

- shareholders' equity (Note 8.1);
- financial debt (Note 6.2, including its breakdown by maturity);
- confirmed bank credit line, undrawn as of December 31, 2025, amounting to €1,500 million and maturing in 2028;
- as well as a commercial paper program (NeuCP).

The Group consolidates and pools its cash surpluses and needs for its various businesses, allowing it to simplify the cash management of those businesses by managing a consolidated position and accessing the financial markets through the Thales parent company, which is rated by S&P Global Ratings (A-, stable outlook) and Moody's (A2, stable outlook).

The Group's funding agreements contain no covenants linked to changes in Thales' credit rating. A lower credit rating would result in an (capped) increase in the margins applicable to the undrawn confirmed bank credit line mentioned above; symmetrically, a higher rating would lead to a decrease in the applicable margin (with a floor).

The undrawn confirmed credit line also includes a clause reducing the margin used to calculate the non-utilization fee applicable if greenhouse gas emissions are reduced. As the reduction targets were achieved by December 31, 2023, the Group benefited from a reduction in the cost of the non-utilization fee for 2025, same as in 2024. This benefit was paid by the Group to the Thales Solidarity Funds.

Note 7. Income tax

The income tax expense takes into account specific local tax rules, including the tax consolidation systems in France, Group Relief in the United Kingdom and tax consolidation in USA.

7.1 Income tax expense

	2025	2024
Current tax	(510.5)	(442.5)
Deferred tax	114.0	195.1
TOTAL	(396.5)	(247.4)

Reconciliation between theoretical and actual tax expense

	2025	2024
Net income	1,640.3	1,344.4
Less: net income of discontinued activities	0.0	(412.1)
Less: share in net income of equity affiliates	(198.4)	(95.1)
Less: income tax	396.5	247.3
Net income before tax and share in net income of equity affiliates	1,838.4	1,084.5
Theoretical average tax rate	24.7%	26.6%
Theoretical tax benefit (expense)	(453.7)	(288.5)
Reconciliation items:		
• Impact of research tax credits	66.0	76.6
• Impact of reduced tax rates	35.3	33.7
• Taxes not taken into account in the theoretical rate	(35.5)	(36.2)
• Additional contribution in France	(74.8)	0.0
• Impact of dividends paid	(15.8)	(11.0)
• Impact of tax rates changes on deferred tax	(8.1)	(3.3)
• Change in provision for deferred tax assets	75.3	(47.0)
• Prior years adjustments	9.0	19.0
• Other	5.8	9.3
Income tax benefit (expense) recognized in profit and loss	(396.5)	(247.4)
Effective tax rate	21.6%	22.8%

The theoretical average tax rate corresponds to the sum of theoretical taxes of consolidated companies, divided by the consolidated net income before tax and share in net income of equity affiliates.

The theoretical tax of each consolidated company corresponds to the application of the local tax rate to net income before tax. Accordingly, the theoretical average tax rate reflects the relative contribution of the different countries to the Group's consolidated net income. France, which has a tax rate of 25.83%, represented around 65% of income before tax in 2025 (60% in 2024).

In 2025, the Group also recorded an additional tax contribution in France of €74.3 million, temporarily increasing the ordinary-law tax rate from 25.83% to 36.13%.

The impact of tax credits includes:

- the impact of tax exemption on research tax credits in France (€169.5 million in 2025, €180.6 million in 2024);
- the tax benefits related to research activities that are recognized in income tax (notably in the United States, the Netherlands, Canada, and Australia).

The line "impact of reduced tax rates" includes the effect of the 10.3% tax rate in France on the royalties of patents and deeds of industrial property.

"Taxes not taken into account in the theoretical rate" mainly include state taxes in the United States and the IRAP in Italy.

7.2 Deferred tax recognized through equity

	2025		2024	
	Base	Tax	Base	Tax
Fully consolidated entities				
Translation of the financial statements of foreign subsidiaries	(586.2)	—	241.3	—
Cash flow hedges	184.5	(45.2)	(101.5)	17.3
Other items reclassified to income	(401.7)	(45.2)	139.8	17.3
Actuarial gains and losses/pensions	51.8	(17.2)	65.8	(34.9)
Financial asset at fair value	11.0	—	(21.2)	—
Other items not reclassified to income	62.8	(17.2)	44.6	(34.9)
Share-based payment and other		(10.5)		(13.3)
TOTAL DEFERRED TAX RECOGNIZED IN EQUITY DURING THE YEAR		(72.9)		(30.9)

7.3 Tax assets and liabilities presented on the balance sheet

	01/01/25	Income (expense)	Equity	Cash flow	Scope & exch. rates	Other	31/12/25
Current income tax assets	160.6	—	—	176.9	(3.6)	(13.2)	320.7
Current income tax liabilities	(193.0)	(510.5)	—	236.1	7.0	218.5	(241.9)
Current income tax, net	(32.4)	(510.5)	—	413.0	3.4	205.3	78.8
Deferred tax assets	1,366.6	28.9	(72.9)	—	(68.5)	22.4	1,276.5
Deferred tax liabilities	(634.8)	85.1	—	—	40.2	(0.1)	(509.6)
Deferred tax, net	731.8	114.0	(72.9)	—	(28.3)	22.3	766.9
TOTAL		(396.5)	(72.9)	413.0			

	01/01/24	Income (expense)	Equity	Cash flow	Scope & exch. rates	Other	31/12/24
Current income tax assets	194.3	(120.5)	—	66.7	20.1	—	160.6
Current income tax liabilities	(220.5)	(322.0)	—	118.6	(5.8)	236.7	(193.0)
Current income tax, net	(26.2)	(442.5)	—	185.3	14.3	236.7	(32.4)
Deferred tax assets	1,183.3	70.0	(30.9)	—	112.1	32.1	1,366.6
Deferred tax liabilities	(319.4)	125.1	—	—	(440.5)	—	(634.8)
Deferred tax, net	863.9	195.1	(30.9)	—	(328.4)	32.1	731.8
TOTAL		(247.4)	(30.9)	185.3			

a) Current income tax

Income tax paid is presented net of tax credits utilized. Tax credits allocated to tax payments during the current year or to tax to be paid in the coming year are presented under "Other".

b) Deferred tax
Changes by type

	At 01/01/25	(Expense)/ Income for the period	Equity	Scope & exch. rates	At 31/12/25
Temporary differences:	1,120.7	(10.2)	(78.4)	(63.8)	968.3
• pensions and similar benefits	460.8	(89.1)	(18.7)	4.2	357.2
• intangible assets	(307.4)	50.6	—	36.1	(220.7)
• provisions on contract	221.5	15.9	—	(11.4)	226.0
• other	745.8	12.4	(59.7)	(92.7)	605.8
Tax loss carry-forwards	671.5	48.9	—	20.0	740.4
Total before depreciation	1,792.2	38.7	(78.4)	(43.8)	1,708.7
Depreciation	(1,060.4)	75.3	5.5	37.8	(941.8)
TOTAL NET DEFERRED TAX ASSETS	731.8	114.0	(72.9)	(6.0)	766.9

	At 01/01/24	(Expense)/ Income for the period	Equity	Scope & exch. rates	At 31/12/24
Temporary differences:	1,252.9	214.5	(10.9)	(335.8)	1,120.7
• pensions and similar benefits	501.4	(37.3)	(23.2)	19.9	460.8
• intangible assets	(49.9)	133.5	—	(391.0)	(307.4)
• provisions on contract	208.8	18.8	—	(6.1)	221.5
• other	592.6	99.5	12.3	41.4	745.8
Tax loss carry-forwards	627.4	27.6	—	16.5	671.5
Total before depreciation	1,880.3	242.1	(10.9)	(319.3)	1,792.2
Depreciation	(1,016.4)	(47.0)	(20.0)	23.0	(1,060.4)
TOTAL NET DEFERRED TAX ASSETS	863.9	195.1	(30.9)	(296.3)	731.8

Other temporary differences mainly include accrued expenses deductible in the following year as well as temporary differences related to amortization of property, plant and equipment.

Tax loss carry-forward

Total tax loss carry-forward represent a potential tax saving of €740.4 million at December 31, 2025 (€671.5 million at December 31, 2024). The corresponding expiry dates are as follows:

	At 31/12/25		At 31/12/24
2026	1.2	2025	1.3
2027-2030	4.7	2026-2029	0.2
Beyond 2030	3.8	Beyond 2029	6.6
Not time limited	730.7	Not time limited	663.4
TOTAL	740.4	TOTAL	671.5
O/w, depreciated	(693.4)	O/w, depreciated	(624.9)
NET DEFERRED TAX ASSET	47.0	NET DEFERRED TAX ASSET	46.6

As described in Note 13-j, only deferred tax assets related to tax losses which the Group expects to recover are recognized on the balance sheet. In particular, the Group takes into account any loss carry-forward limitations, forecast taxable income of the tax entities concerned, over a three to five year time-frame, the entity's tax loss history, non-recurring past events and tax strategies specific to each country.

Note 8. Equity and earnings per share

8.1 Equity

a) Share capital

At December 31, 2025, as for December 31, 2024, the share capital of the Thales parent company amounted to €617,825,739 and comprised 205,941,913 shares with a par value of €3.

b) Treasury shares

Thales parent company held 464,490 of its own shares at December 31, 2025. They were accounted for as a deduction from equity for an amount of €(90.5) million.

In accordance with the authorizations granted to the Board of Directors by the Annual General Meeting, the Company carried out the following transactions in 2024 and 2025:

	2025	2024
Treasury shares at opening	628,731	3,541,786
Purchases as part of a liquidity agreement	1,023,742	603,565
Disposals as part of a liquidity agreement	(1,034,176)	(564,071)
Transfer to employees as part of the employee share purchase plan	(32,307)	(452,348)
Delivery of free shares	(286,500)	(352,731)
Purchases in the market ^(a)	165,000	2,120,757
Cancelled shares	—	(4,268,227)
Treasury shares at closing	464,490	628,731

(a) Including 1,245,757 shares in 2024 as part of the share buyback program announced on 3 March 2022.

At December 31, 2025 and 2024, as part of the liquidity agreement managed by Kepler Cheuvreux, the following numbers of shares were held in the liquidity account:

	2025	2024
Number of shares	73,305	83,739
Cash (in € million)	16.7	11.6

c) Translation adjustments

Translation adjustments result from the translation of financial statements of companies whose functional currency is not the euro, offset as applicable by the impact of derivative instruments denominated in foreign currencies to hedge net investments in foreign operations.

Translation adjustments are recorded in equity as "other comprehensive income", and are subsequently reclassified to income on the disposal date of related investments. They break down as follows:

	2025	2024
Translation adjustments at 1 January	(108.5)	(369.8)
Changes in value	(618.0)	246.0
Reclassified to profit and loss	—	14.5
Gross change	(618.0)	260.5
Deferred tax	—	—
Scope and other	—	0.8
Translation adjustments at 31 December	(726.5)	(108.5)

The main exchange rates used to translate financial statements of entities with a functional currency different from the euro are as follows:

(in euros)	31 December 2025		31 December 2024		31 December 2023	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Australian dollar	1.7581	1.7543	1.6772	1.6438	1.6263	1.6347
Pound sterling	0.8726	0.8567	0.8292	0.8450	0.8691	0.8688
U.S. dollar	1.1750	1.1314	1.0389	1.0808	1.1050	1.0829

d) Reserves for cash flow hedge

The Group uses derivatives to hedge against changes in the value of future cash flows. In the consolidated financial statements, the effective portion of changes in fair value of these derivatives is recognized directly in equity, until such time as the hedged flows affect profit and loss.

	2025	2024
Cash flow hedge at 1 January	(113.5)	(32.4)
Changes in value of derivatives	230.9	(73.5)
Reclassified to operating (income)/expense	(37.2)	(39.6)
Reclassified to income tax (benefit)/expense	10.4	8.2
Changes in scope and exchange rates	(56.7)	23.8
Cash flow hedge at 31 December	33.9	(113.5)

A positive (negative) balance at closing means that the exchange rates and interest rates of the derivative documented as hedges are generally more (less) favorable than the rates prevailing at the closing date.

e) Parent company dividend distribution

The per-share dividend amounted to €3.40 in 2023 and €3.70 in 2024.

On 2 March 2026, the Board of Directors decided to propose to shareholders, who will be convened to a General Meeting on 16 May 2026, the payment of a dividend of [€3.90] per share for the year 2025.

If approved, the dividend will be detached on May 18, 2026 and paid on May 20, 2026. The dividend will be paid fully in cash and will amount to [€2.95] per share, after deducting the interim dividend of €0.95 per share paid in December 2025.

Dividends paid in 2024 and 2025 are described below:

Year	Approved by	Description	Dividend per share (in euro)	Payment date	Payment method	Total (€ million)
2025	Board of Directors on 30 September 2025	2025 interim dividend	€0.95	Dec. 2025	cash	195.2
	General Meeting on 16 May 2025	Balance for 2024	€2.85	May 2025	cash	585.5
	Total dividends paid in 2025					780.7
2024	Board of Directors on 8 October 2024	2024 interim dividend	€0.85	Dec. 2024	cash	174.2
	General Meeting on 15 May 2024	Balance for 2023	€2.60	May 2024	cash	534.2
	Total dividends paid in 2024					708.4
2023	Board of Directors on 28 September 2023	2023 interim dividend	€0.80	Dec. 2023	cash	165.7

f) Non-controlling interests

This item principally includes Leonardo's interest in the Thales Alenia Space subgroup (33%), and Siemens's and Philips Medical Systems International's interest in Trixell SAS (49%).

The individual contributions of these minority shareholders to the Group's key financial indicators are not material. The cash of these two companies is unrestricted and is exclusively pooled with Thales' Corporate Treasury Department.

8.2 Earnings per share

		2025	2024
Numerator (in € million):			
Net income, Group share	(A)	1,674.5	1,419.5
Of which: net income relating to continued operations, Group share		1,674.5	1,007.4
Of which: net income relating to discontinued operations, Group share		—	412.1
Denominator (in thousands):			
Average number of shares outstanding	(B)	205,476	205,523
Free shares and units plans ^(a)		403	498
Diluted average number of shares outstanding	(C)	205,879	206,021
Net earnings per share (in euros)	(A)/(B)	8.15	6.91
Of which: basic earnings relating to continued operations, per share		8.15	4.90
Of which: basic earnings relating to discontinued operations, per share		—	2.01
Diluted net earnings per share (in euros)	(A)/(C)	8.13	6.89
Of which: diluted earnings relating to continued operations, per share		8.13	4.89
Of which: diluted earnings relating to discontinued operations, per share		—	2.00
Average share price		€230.97	€148.29

(a) Shares/units that are subject to internal performance conditions are only taken into account when the performance conditions are achieved.

Note 9. Employee benefits

9.1 Consolidated headcount

Consolidated headcount includes all employees of fully consolidated companies. It does not include employees of equity affiliates. At end-2025, Thales' headcount stood at 84,958 (83,020 in 2024). Three quarters of the headcount comprises employees with grades equivalent to engineer, specialist or manager.

9.2 Personnel expenses

In 2025, wages, salaries and payroll taxes amounted to 9,483.6 million (€9,247.1 million in 2024).

9.3 Provisions for pensions and other employee benefits

The Group grants to its employees post-employment benefits (pensions, end-of-career severance, medical coverage, etc.) and other long-term benefits (long-service and jubilee awards, etc.).

a) Description of the plans

The Group's existing plans are either defined-contribution plans or defined-benefit plans.

Defined-contribution plans

In certain countries, the Group pays contributions based on salaries to state organizations overseeing basic pension schemes (e.g., *Sécurité Sociale* or the compulsory supplementary scheme AGIRC-ARRCO in France). Beyond these basic pension schemes, Thales also contributes to other defined-contribution plans (e.g., in the Netherlands and the United Kingdom since 2002). These plans do not impose any obligations on the Group other than the payment of contributions: there is no related benefit obligation and contributions are expensed in the period they are incurred.

Defined-benefit plans

Defined-benefit plans relate to different types of benefits:

- pensions and end-of-career indemnities (legal or contractual), mainly in France (representing more than 80% of the French liability) and

other long-term benefits (jubilee awards, etc.), particularly in France. In general, these commitments are not covered by any assets;

- supplementary pension schemes, mainly in the United Kingdom, in Germany and in Switzerland. These schemes provide a pension based on the beneficiary's average salary, indexed to inflation. The present value of the Group's obligations and the fair value of plan assets are measured independently. A provision is recognized if the value of the assets is insufficient to cover the obligations.

On December 1st, 2023, Thales reached an agreement to insure all the commitments under the main UK pension scheme (Thales UK Pension Scheme).

On July 10th, 2025, the insurer Rothesay took over all of Thales's commitments ("buy-out") under this scheme. This final step resulted in the legal transfer of the associated assets and liabilities, with no impact on the Group's results.

The expenses recorded in the 2024 and 2025 financial years cover the administrative costs incurred as part of this transaction.

b) Provisions recognized on the balance sheet

	2025	2024
Provision at opening	(1,589.3)	(1,552.7)
Current service cost (income from operations)	(99.3)	(97.5)
Past service cost and settlements (non recurring operating income)	14.2	(72.6)
Net interest cost	(55.2)	(48.1)
Pension fund management cost	(0.5)	(0.5)
Actuarial gains and losses on other long-term employee benefits	11.7	(2.7)
Finance costs on pensions and other long-term employee benefits	(44.0)	(51.3)
Total expense for the period	(129.1)	(221.4)
Actuarial gains and losses (other comprehensive income) ^(a)	51.8	65.8
Benefits and contributions	234.8	129.9
• of which, buy-out remaining payments in the UK	1.1	12.5
• of which, other benefits and contributions	233.7	117.4
Translation adjustment	10.0	(0.9)
Changes in scope of consolidation and other	1.8	(10.0)
PROVISION AT CLOSING	(1,420.0)	(1,589.3)
Of which:		
• post-employment benefits	(1,201.8)	(1,364.7)
• other long-term benefits	(218.2)	(224.6)

(a) Mainly due to the change in discount rates

c) Changes in defined benefit obligations and plans assets

2025	UK	France	Other	Total
Obligation at 1st January	(2,970.2)	(1,266.9)	(582.3)	(4,819.4)
Current service cost	—	(76.6)	(22.7)	(99.3)
Interest cost	(2.9)	(43.4)	(13.5)	(59.8)
Plan participant contributions	—	—	(4.9)	(4.9)
Amendments/settlements (a)	2,771.9	—	24.4	2,796.3
Experience gains (losses)	—	(26.6)	(5.8)	(32.4)
Actuarial gains (losses)/financial assumptions	—	97.7	31.7	129.4
Actuarial gains (losses)/demographic assumptions	—	(27.1)	0.4	(26.7)
Actuarial gains (losses) on long-term benefits	—	10.9	0.8	11.7
Benefits paid by plan assets	—	3.6	7.1	10.7
Benefits paid by employer	0.8	101.3	21.6	123.7
Changes in scope, exchange rates and other	97.5	(0.9)	9.5	106.1
Obligation at 31 December	(102.9)	(1,228.0)	(533.7)	(1,864.6)
Plan assets at 1st January	2,904.4	44.7	280.7	3,229.8
Expected return on plan assets	—	1.6	3.0	4.6
Employer's contribution	2.6	95.7	12.8	111.1
Plan participant contributions	—	—	4.9	4.9
Amendments/settlements (a)	(2,755.9)	—	(26.2)	(2,782.1)
Benefits paid by plans assets	—	(3.6)	(7.1)	(10.7)
Experience gains (losses)	(15.5)	3.5	10.3	(1.7)
Changes in scope, exchange rates and other	(94.1)	—	(0.7)	(94.8)
Plan assets at 31 December	41.5	141.9	277.7	461.1
Asset ceiling at 31 December	—	0.1	(16.6)	(16.5)
PROVISIONS AT 31 DECEMBER	(61.4)	(1,086.0)	(272.6)	(1,420.0)

2024	UK	France	Other	Total
Obligation at 1st January	(3,240.8)	(1,279.5)	(570.3)	(5,090.6)
Current service cost	—	(76.5)	(21.0)	(97.5)
Interest cost	(140.9)	(39.7)	(13.7)	(194.3)
Plan participant contributions	—	—	(5.6)	(5.6)
Amendments/settlements	(27.2)	(13.3)	(2.1)	(42.6)
Experience gains (losses)	98.3	(25.1)	2.9	76.1
Actuarial gains (losses)/financial assumptions	308.3	55.3	2.9	366.5
Actuarial gains (losses)/demographic assumptions	—	17.9	(0.1)	17.8
Actuarial gains (losses) on long-term benefits	—	(1.9)	(0.8)	(2.7)
Benefits paid by plan assets	179.1	3.4	21.0	203.5
Benefits paid by employer	0.7	92.3	26.5	119.5
Changes in scope, exchange rates and other	(147.7)	0.2	(22.1)	(169.6)
Obligation at 31 December	(2,970.2)	(1,266.9)	(582.4)	(4,819.5)
Plan assets at 1st January	3,234.2	50.1	256.1	3,540.4
Expected return on plan assets	140.6	1.7	3.9	146.2
Employer's contribution	6.2	(6.5)	10.7	10.4
Plan participant contributions	—	—	5.6	5.6
Amendments/settlements	(30.0)	—	—	(30.0)
Benefits paid by plans assets	(179.1)	(3.4)	(21.0)	(203.5)
Experience gains (losses)	(413.9)	3.2	13.5	(397.2)
Changes in scope, exchange rates and other	146.4	(0.4)	12.0	158.0
Plan assets at 31 December	2,904.4	44.7	280.8	3,229.9
Asset ceiling at 31 December	—	—	0.3	0.3
PROVISIONS AT 31 DECEMBER	(65.8)	(1,222.2)	(301.3)	(1,589.3)

(a) in connection with the "buy-out" in UK

d) Actuarial assumptions used

The actuarial assumptions used are determined according to the economic environment and specific criteria of each country and each system. The most sensitive assumptions are as follows:

2025	UK	France
Inflation rate	2.61%	1.83%
Wages /pension increase rate	NA	3.44%
Average duration of the plans (years)	NA	10
Discount rate	5.47%	3.99%

2024	UK	France
Inflation rate	3.07%	2.03%
Wages /pension increase rate	2,10%- 2,90%	3.62%
Average duration of the plans (years)	12	11
Discount rate	5.36%	3.39%

For each country, the discount rates are obtained by reference to the Iboxx Corporate AA index, which reflects the rate of return of very high-quality corporate bonds, with maturity dates equivalent to the duration of the plans being measured, and in the same currency.

The sensitivity of the net obligation to a change in the discount rate at December 31, 2025, excluding the United Kingdom, is as follows:

Sensitivity in basis points	+25	+50	+100	-25	-50	-100
Decrease (increase) in provision (in € millions)	42.5	84.9	163.3	(49.1)	(98.3)	(203.4)

e) Futur payments in France

Estimated benefits paid by the employer in France for the years to come are as follows:

	31/12/25
2026	58.9
2027	77.2
2028	93.3
2029	108.7
2030	126.5
2031-2036	519.3

9.4 Share-based payment

At December 31, 2025, the following shares were outstanding:

- 979,810 free shares;
- 282,857 phantom shares, payable in cash at the end of a four-year vesting period.

All of these plans are submitted to internal performance conditions over the three financing years following their grant date. The features of these plans are described in chapter 6.2 of the 2025 Registration Document.

a) Allotment of free shares

Date of Board decision	Vesting period	Share price at grant date	Number of free shares at 31/12/24 ^(a)	Shares allotted in 2025	Shares cancelled in 2025	Shares delivered in 2025	Number of free shares at 31/12/25
26/06/2025	26/06/2025 to 26/06/2029	€242.40	—	196,597	(724)	—	195,873
25/06/2024	25/06/2024 to 25/06/2028	€158.10	243,978	—	(2,206)	—	241,772
20/07/2023	20/07/2023 to 20/07/2027	€138.55	284,250	—	(1,880)	—	282,370
30/06/2022	30/06/2022 to 30/06/2026	€116.00	262,065	—	(2,270)	—	259,795
01/07/2021	01/07/2021 to 01/07/2025	€86.04	287,200	—	(950)	(286,250)	—
							979,810

(a) After adjustment.

b) Allotment of phantom shares indexed to the value of Thales shares

Date of Board decision	Vesting period	Number of phantom shares at 31/12/24 ^(a)	Phantom shares allotted in 2025	Phantom shares cancelled in 2025	Phantom shares delivered in 2025	Number of phantom shares at 31/12/25
26/06/2025	26/06/2025 to 26/06/2029	—	56,311	(150)	—	56,161
25/06/2024	25/06/2024 to 25/06/2028	72,430		(1,884)		70,546
20/07/2023	20/07/2023 to 20/07/2027	84,340		(2,900)		81,440
30/06/2022	30/06/2022 to 30/06/2026	77,370		(2,660)		74,710
01/07/2021	01/07/2021 to 01/07/2025	91,845		(1,805)	(90,040)	—
						282,857

(a) After adjustment.

c) Expenses related to share-based payments

In the consolidated financial statements, the benefit granted to beneficiaries of the above-mentioned plans is recognized as an operating expense. These amounts are presented below:

Plans	Residual fair value at the end of 2025	2025 expense	2024 expense
Free shares	(74.0)	(37.3)	(31.2)
Phantom shares and other schemes ^(a)	(27.3)	(29.5)	(18.2)
Employee share purchase plan	—	—	(28.8)
Social contributions related to the plans	(33.3)	(45.0)	(15.4)
TOTAL	(134.6)	(111.8)	(93.6)
Of which, offsetting entries:			
• Shareholders' equity		37.3	60.0
• Current operating liabilities		74.5	33.6

(a) This line includes the expense relating to the long-term incentive plan (LTIP) of the Chairman and CEO, the conditions of which are described in the relevant years Registration or Universal Registration Documents.

9.5 Compensation of Directors and senior corporate officers

Expenses recognized in respect of compensation, benefits and social security contributions attributed to Directors and members of the Executive Committee are as follows:

	2025	2024
Short-term benefits:		
• Fixed compensation	7.5	7.3
• Variable compensation	6.1	7.1
• Employer social security contributions	8.7	7.0
• Board attendance fees	1.1	1.1
Other benefits (including social contributions):		
• Post-employment benefits	4.7	4.5
• Share-based payments	16.2	7.8

In the event of a member joining or leaving the Executive Committee during the year, the compensation taken into account in the above table is that corresponding to the period of presence.

At December 31, 2025, the share of directors in net Group pension obligations (Note 9.3) amounted to €9.9 million.

Note 10. Current operating assets and liabilities

Current operating assets and liabilities include working capital (WCR) components and reserves for contingencies, as defined in Note 13-d.

The changes in these items are presented below:

Change for the period	01/01/24	Changes in WCR and reserves	Scope, exch. rate and reclass.	31/12/24	Changes in WCR and reserves	Scope, exch. rate and reclass.	31/12/25
Inventories, work in progress and set-up costs	4,250.8	602.4	82.3	4,935.5	148.4	(119.7)	4,964.2
Contract assets	2,897.0	312.9	32.8	3,242.7	435.7	(143.4)	3,535.0
Advance to suppliers	786.4	170.2	(60.9)	895.7	8.8	(12.5)	892.0
Accounts, notes and other receivables	6,269.1	918.9	(41.8)	7,146.2	264.5	(564.9)	6,845.8
Current derivatives – assets	133.4	1.4	0.3	135.1	15.0	(0.2)	149.9
Contract liabilities	(9,788.6)	(1,712.5)	(40.0)	(11,541.1)	(1,501.9)	659.0	(12,384.0)
Reserves for contingencies	(1,726.7)	22.2	(260.2)	(1,964.7)	159.3	126.2	(1,679.2)
Accounts, notes and other payables	(7,644.1)	(360.0)	(328.6)	(8,332.7)	(269.2)	(50.4)	(8,652.3)
Current derivatives – liabilities	(187.8)	–	(164.9)	(352.7)	–	201.5	(151.2)
WCR and reserves, net	(5,010.5)	(44.5)	(781.0)	(5,836.0)	(739.4)	95.6	(6,479.8)
Restructuring provisions		18.4			15.9		
INCREASE (DECREASE) IN WCR AND RESERVES		(26.1)			(723.5)		

10.1 Inventories, work in progress, and set-up costs

	31/12/25	31/12/24
Goods	66.6	59.4
Raw materials	1,645.7	1,540.8
Semi-finished and finished goods	2,478.2	2,464.2
Work in progress	1,342.5	1,350.3
Gross value	5,533.0	5,414.7
Depreciation	(698.6)	(667.4)
Inventories and work in progress, net	4,834.4	4,747.3
Gross	962.8	1,057.9
Depreciation	(833.0)	(869.7)
Set-up costs, net	129.8	188.2
TOTAL	4,964.2	4,935.5

10.2 Contract assets and liabilities

	31/12/25	31/12/24
Unbilled receivables, gross	11,737.5	11,054.9
Unbilled receivables, depreciation	(8.6)	(15.6)
Advances received from customers	(8,193.9)	(7,796.6)
Contract assets	3,535.0	3,242.7
Advances received from customers	(18,558.1)	(16,981.2)
Unbilled receivables	9,255.1	8,658.5
Deferred income	(3,081.0)	(3,218.4)
Contract liabilities	(12,384.0)	(11,541.1)

For a given contract, a contract asset (liability) represents the accumulated revenue not yet invoiced, less advances received from customers. This amount increases as and when revenue is recognized, and decreases when invoices are issued to the customers or advance payments are received.

10.3 Reserves for contingencies

	01/01/25	Utilisation	Additions	Reversal (surplus)	Scope, exch. Rate and reclass.	31/12/25
Restructuring	60.3	(38.5)	46.6	7.8	(9.7)	66.5
Litigation	242.9	(37.2)	79.6	(38.5)	14.7	261.5
Guarantees	246.2	(54.7)	66.7	(25.0)	(2.7)	230.5
Losses at completion	436.4	(134.3)	162.3	(15.4)	20.7	469.7
Provisions on contracts	459.7	(59.4)	100.5	(24.2)	(114.5)	362.1
Other ^(a)	519.2	(246.3)	64.9	(14.2)	(34.7)	288.9
TOTAL	1,964.7	(570.4)	520.6	(109.5)	(126.2)	1,679.2

	01/01/24	Utilisation	Additions	Reversal (surplus)	Scope, exch. Rate and reclass.	31/12/24
Restructuring	40.7	(24.3)	47.6	(4.9)	1.2	60.3
Litigation	274.5	(25.4)	51.2	(53.9)	(3.5)	242.9
Guarantees	251.0	(74.6)	75.5	(5.7)	—	246.2
Losses at completion	431.3	(154.0)	188.8	(33.4)	3.7	436.4
Provisions on contracts	466.0	(140.3)	108.1	(24.2)	50.1	459.7
Other ^(a)	263.2	(56.8)	121.2	(17.1)	208.7	519.2
TOTAL	1,726.7	(475.4)	592.4	(139.2)	260.2	1,964.7

(a) This line includes technical provisions of insurance companies, provisions for labor-related risks, vendor warranties, environmental guarantees and other.

The breakdown of restructuring costs is as follows:

	2025	2024
Additions for the period	(46.6)	(47.6)
Utilisation for the period	38.5	24.3
Reversals for the period	(7.8)	4.9
Net	(15.9)	(18.4)
Expenses for the period	(116.1)	(99.9)
RESTRUCTURING COSTS	(132.0)	(118.3)

10.4 Maturity of current receivables and payables

The amounts presented in the balance sheet for this item break down as follows:

	31/12/25			31/12/24
	Total	< 1 year	> 1 year	Total
Accounts receivables gross	4,113.5	4,107.1	6.4	4,549.4
Accounts receivables depreciation	(144.6)	(137.8)	(6.8)	(131.0)
Accounts receivables, net	3,968.9	3,969.3	(0.4)	4,418.4
Tax receivables (excluding income tax)	1,996.6	1,870.3	126.3	1,826.5
Other receivables, gross	891.6	802.0	89.6	908.6
Other receivables, depreciation	(11.3)	(11.3)	—	(7.3)
Other receivables, net	2,876.9	2,661.0	215.9	2,727.8
Account, notes and other receivables	6,845.8	6,630.3	215.5	7,146.2
Accounts and notes payable	2,952.7	2,952.7	—	3,008.4
Accrued holiday pay and payroll taxes	2,788.3	2,702.9	85.4	2,660.2
Tax payables (excluding income tax)	1,901.1	1,900.8	0.3	1,787.5
Other creditors and accrued liabilities	1,010.2	886.9	123.3	876.6
ACCOUNTS NOTES AND OTHER PAYABLES	8,652.3	8,443.3	209.0	8,332.7

The changes in provisions on accounts and notes receivable break down as follows:

	01/01/25	Additions/reversal	Exchange rate and scope	31/12/25
Provisions on accounts and notes receivable	(131.0)	(24.5)	10.9	(144.6)

The Group may assign trade receivables, mainly from the French State, and commercial paper. At December 31, 2025, outstanding derecognized receivables amounted are zero (€93.6 million at December 31, 2024). Since these assignments are without recourse in case of debtor default, the receivables in question are subject to "de-recognition" of the asset.

The Group has implemented a reverse factoring program primarily aimed at securing its strategic supplies and supporting its suppliers

by providing them with a pre-financing solution. The outstanding amount of supplier invoices included in the reverse factoring program at December 31, 2025 stands at €24,6 million (€35 million at December 31, 2024), classified under the item 'Suppliers and other current liabilities' on the balance sheet.

10.5 Commitments linked to commercial contracts

The Group's contractual commitments towards its counterparties (mainly its customers) can be subject to three types of guarantees or warranties:

a) Bank guarantees

- **Bid bonds:** In the ordinary course of its activities, the Group regularly responds to invitations to tender. When requested by the customer, bid bonds are delivered in order to demonstrate the definitive nature of the bid and to indemnify the customer if the Group fails to meet its commitments. At December 31, 2025, bid bonds issued amounted to €31.7 million (€52.6 million at December 31, 2024).
- **Performance bonds:** From the signature of a contract up until its completion, the Group may also issue performance bonds for its customers, with a bank acting as an intermediary, in order to cover the payment of damages to the customer in the event that the Group does not meet its contractual commitments. At December 31, 2025, performance bonds amounted to €1,370.9 million (€1,220.4 million at December 31, 2024). Technical, operational and financial costs incurred by the Group in order to meet its obligations are valued on a contract-by-

contract basis, and are included in the cost to completion of the contract. Where this is not the case, a provision is set aside in the consolidated financial statements for any potential risk, estimated on a contract-by-contract basis.

- **Advance payment bonds:** In order to finance contract execution, the Group may receive advance payments from its customers, in accordance with contractual terms, which are recognized in liabilities in the balance sheet. In order to guarantee reimbursement of these advance payments if the contractual obligations are not met, the Group may deliver, at the customer's request, an advance payment bond. At December 31, 2025, advance payment bonds amounted to €3,564.9 million (€3,496.6 million at December 31, 2024).
- **Warranty retention bonds:** The Group evaluates and sets aside provisions for warranty costs in order to guarantee the conformity of goods sold to the customer during the contractual warranty period. In many cases, the provisional withholding of payment contractually applying during this period can be replaced by a warranty retention bond using a bank as intermediary. At December 31, 2025, warranty retention bonds amount to €56.6 million (€69.1 million at December 31, 2024).

The maturity dates of these commitments are:

	< 1 year	1 to 5 years	> 5 years	31/12/25	31/12/24
Bid bonds	20.7	3.6	7.4	31.7	52.6
Performance bonds	459.7	469.3	441.9	1,370.9	1,220.4
Advance payment bonds	765.7	1,612.0	1,187.2	3,564.9	3,496.6
Warranty retention bonds	12.2	11.0	33.4	56.6	69.1
Other bank bonds	144.4	258.1	126.8	529.3	734.7
TOTAL	1,402.7	2,354.0	1,796.7	5,553.4	5,573.4

Guarantees are issued by Thales SA (parent company) in favor of customers or financial institutions to guarantee the obligations of the Group's subsidiaries to these third parties, mainly in relation to commercial contracts. These guarantees amount to €11,570.1 million, of which €3,273.1 million is in favor of financial institutions.

b) Offsetting commitments

The awarding of major contracts, particularly within the defence sector, may be subject to legal or regulatory offsetting of the execution of local obligations, which can take the form of direct offsetting, semi-direct offsetting or indirect offsetting.

The associated risks are described in section 3.1.3.a of the 2025 Universal Registration Document.

Note 11. Administrative, judicial or arbitration claims

As of the date of these consolidated financial statements, the judicial investigation initiated in 2022 in relation to the business relations of Gemalto (now Thales Communication et Sécurité Numériques) prior to its acquisition by Thales in 2019 is still ongoing.

In June 2024, several searches took place at various sites in France, the Netherlands, and Spain, as part of two preliminary investigations initiated by the French Parquet National Financier (PNF).

In November 2024, the French Parquet National Financier (PNF) and the British Serious Fraud Office (SFO) initiated an investigation in relation to four Thales entities located in France and the United Kingdom, regarding the performance of a project in Asia. These investigations are all ongoing.

In all these investigations, Thales denies the allegations brought to its knowledge and is fully cooperating with the judicial authorities. However, the outcome of these proceedings, including potential financial consequences if any, cannot be assessed at this time.

As of the date hereof, there is no other administrative, judicial or arbitration claims, pending or threatened, which could have any significant effect on the financial position or profitability of the Company and/or the Group.

Note 12. Subsequent events

Following the adoption of the France's 2026 budget, the temporary additional contribution to corporate tax has been renewed for the year 2026, leading to an additional tax of 41.2% applicable in 2026 and resulting in an overall tax rate of 36.13% (instead of the normative rate of 25.83%). For the 2026 financial year, Thales thus expects an additional tax expense of €90 to €100 million, an impact slightly higher than in the 2025 financial year.

Furthermore, it should be noted that the impact of the temporary additional contribution to corporate tax for Naval Group could have a negative impact of around €8 million on Thales' Adjusted EBIT in 2026.

These various impacts are expected to result in a corresponding cash outflow in 2026.

Note 13. Accounting policies

a) Presentation of the financial statements

Consolidated profit and loss account

Expenses in the income statement are presented analytically by function.

Income from operations is equal to income of operating activities before taking into account:

- gains and losses on disposals of property, plant and equipment and intangible assets, businesses or investments;
- the impact of changes in scope on consolidated net income before tax (Note 13-b);
- the impact of the amendment, curtailment or settlement of pension plans and other long-term benefits;
- other operating items resulting from unusual events, with a material impact on the financial statements, including impairment of assets.

Consolidated balance sheet

A significant portion of the Group's activities in its different business segments have long-term operating cycles. Accordingly, assets (liabilities) that are usually realized (settled) within the entities' operating cycles (inventory, accounts receivable and payable, advance payments, reserves, etc.) are classified in the consolidated balance sheet as current assets and liabilities, with no distinction between the amounts due within one year and those due after one year.

Consolidated statement of cash flows

The statement of cash flows provides an analysis of the change in cash and cash equivalents, as presented in the balance sheet and defined in Note 13-i. The statement of cash flows is prepared using the indirect method based on consolidated net income and is broken down into three categories:

- net cash flow from operating activities, including interest. Income tax payments are included in this caption, except when directly associated to investing or financing activities;
- net cash flow used in investing activities, including net operating investments (acquisition and disposal of property, plant and equipment and intangible assets, capitalization of development costs) and net financial investments;
- net cash flow used in financing activities including dividends paid, capital subscriptions, the purchase/sale of treasury shares, the issuance and repayment of debt, and changes in bank overdrafts, etc.

The Group also discloses the changes in its net cash (debt), which is a non-GAAP measure. **Net cash (debt)** is the difference between the sum of "cash and cash equivalents" and "current financial assets" items and short and long-term borrowings, after deduction of interest rate derivatives. Changes in net cash (debt), as presented in Note 6.3, notably reflect **free operating cash flow**, defined as net cash flow from operating activities, less capital expenditures, less deficit payments on pensions in the United Kingdom.

Segment information, Adjusted EBIT and Adjusted net income

The business segments presented by the Group are as follows:

- the Aerospace segment combines the "Avionics" and "Space" Global Business Units. They develop on-board systems and services for private sector customers (aircraft manufacturers, airlines, satellite operators, etc.) and for government/defence customers (national governments, space agencies and other semi-public organizations);
- the Defence & Security segment combines the "Secure Communications and Information Systems", "Land and Air Systems" and "Defence Mission Systems" Global Business Units. They develop equipment, systems and services for armed forces and for the protection of networks and infrastructure, mainly for a government/defence customer base;
- the Cyber & Digital sector includes cybersecurity and digital identity activities for businesses and administrations. They develop global products focused on data security and premium services, so as physical identities and their digital counterparts for payment, mobile network access, and government-issued identities (passports, ID cards, driver's licenses, etc....).

The Transportation business segment has been considered as a discontinued operation as from the date of the signature of the put option agreement with Hitachi Rail. Consequently, financial data of this segment are excluded from segment information in Note 2.

In order to monitor and compare its operating and financial performances, the Group presents the following key indicators:

Adjusted EBIT corresponds to income from operations, plus the share in net income of equity affiliates, excluding (i) expenses related to business combinations (amortisation of assets valued as part of the purchase price allocation, other expenses directly linked business combinations) (ii) the impact of changes in the Thales share price on the expense recognised in the income statement in respect of LTI plans.

Adjusted net income, as presented in the Group's management report, is the net income, less the following items, net of the corresponding tax effects:

- amortization of acquired assets (PPA);
- expenses directly related to business combinations;
- impairment of non-current assets;
- result of disposals, scope variations and others;
- changes in the fair value of derivative foreign exchange instruments, recognized in "Other financial income and expenses";
- actuarial gains or losses on long-term employee benefits, included in "Finance costs on pensions and other employee benefits".
- Impact of changes in the Thales share price on the expense recognised in the income statement in respect of LTI plans.

Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the pro rata temporis weighted average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share only take into account instruments with a dilutive effect on earnings per share. The dilutive effect of free shares and unit allotments is calculated using the treasury stock method, taking into account the average share price over the relevant period.

Off-balance sheet commitments

Disclosures regarding off-balance sheet commitments are presented in the following notes:

- Note 9.3.a: funding obligations in respect of pensions;
- Note 10.5: commitments linked to commercial contracts.

Related parties

The Group has identified the following related parties: shareholders of Thales SA (parent company), notably the French State and Dassault Aviation, companies controlled by these shareholders, companies under joint control or significant influence, Directors and Senior Corporate Officers.

Section 6.2.3.3 of the 2025 Universal Registration Document describes the main provisions concerning the shareholders agreement governing relations between the French State ("Public Sector") and Dassault Aviation ("Industrial Partner") within Thales, the convention on the protection of national strategic interests and the specific convention binding the State and Thales.

Information related to transactions with related parties is presented in the following notes:

- sales with the French State (mainly with the *Direction Générale de l'Armement*, the French defence procurement agency) in Note 6.6-b;
- sales with Dassault Aviation, mainly export, in Note 2.1;
- transactions with equity affiliates in Note 5.3.

Transactions with these related parties take place within a recurring operating context. Transactions with other related parties are not material.

Expenses recognized in respect of compensation, benefits and social security contributions attributable to Directors and members of the Executive Committee are presented in Note 9.5.

b) Scope of consolidation and changes in scope

Scope of consolidation

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

The main consolidated companies are listed in Note 1.5.

The full list of affiliates outside of France is available on the Group's website (<https://www.thalesgroup.com/en/global/corporate-responsibility/key-documents>).

Business combinations

Business combinations are accounted for under the acquisition method as described in IFRS 3. Under this method, the Group recognizes identifiable assets acquired and liabilities assumed at fair value on their acquisition date. It also recognizes non-controlling interests in an acquiree on their acquisition date.

When taking the control of an entity previously accounted under the equity method, the share previously held is revalued at fair value through profit or loss.

Contractually agreed earn-outs/price adjustments are estimated at the date of acquisition/ disposal of businesses and recorded under "Other financial liabilities"/"Other financial assets".

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

Negative goodwill is immediately recognized in "other operating income". Positive goodwill related to controlled companies is recognized in balance sheet assets under intangible assets. Positive goodwill related to equity affiliates is recognized under "investments in joint ventures/associates".

Goodwill is not amortized but is subject to impairment tests each year. Goodwill impairment is booked as an expense under "impairment" within "income from operations" and may not be reversed. Goodwill impairment related to equity affiliates is recognized in "share in net income of equity affiliates" and may be reversed.

c) Revenue

The Group's principles of revenue recognition are the following:

Unbundling of multiple performance obligations within a single contract

Some contracts include the supply to the customer of distinct goods and services (for instance contracts combining Build and Run activities). In such situations, the contract must be segmented into several components ("performance obligations"), each component being accounted for separately, with its own revenue recognition method and margin rate.

The contract price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Thales expects to be entitled in exchange for the supply of these goods or services.

Options notified by the customer for the supply of distinct additional goods or services are generally accounted for separately from the initial contract.

Evaluation of revenue allocated to performance obligations

Variable considerations included in the selling price are taken into account only to the extent that it is highly probable that a significant reversal in the amount of revenue already recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Penalties for late delivery or for the improper execution of a performance obligation are recognized as a deduction from revenue.

If the financing component is deemed significant, the selling price is adjusted to reflect a "cash" selling price for the goods and services provided. A financing component exists when parties have agreed to set up a financing to the advantage of one of them, through contractual terms.

Revenue includes income from claims only when it is highly probable that such claims will be accepted by the customer.

Contractual amendments negotiated with customers are included in the selling price only when they become legally enforceable.

Revenue allocation among performance obligations

Some contracts related to Cybersecurity activities (sale of licenses and associated services) contain multiple performance obligations. The associated revenue is allocated to each distinct performance obligation based on their specific selling price.

These prices are generally determined based on the observable prices of products or services sold separately to similar customers under comparable circumstances (including any price discounts granted), or following the residual approach if no observable prices exist.

Recognition of revenue over time or at a point in time

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e., when the control of the promised goods or services is transferred to the customer.

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use; and
- the Group has an irrevocable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date, in the event of termination for reasons other than Thales' failure to perform as promised.

These criteria are fulfilled by the vast majority of Group contracts that include the design and delivery of complex goods.

Revenue from the sale of goods with an alternative use, and/or for which the Group has no enforceable right to payment in case of termination for convenience by the customer, is recognized when the goods are delivered to the customer. This essentially concerns equipment (mainly in civil avionics) and spare parts.

Revenue from service contracts is generally recognized over time, as the customer simultaneously receives and consumes the benefits of these services provided by Thales.

Percentage of completion method

The percentage of completion method generally used by the Group is expense-based: revenue is recognized based on costs incurred to date in relation to all the costs expected upon completion.

Margin recognition

Expected losses on contracts are fully recognized as soon as they are identified, pursuant to the provisions of IAS 37 on onerous contracts.

Order book

Order book (as disclosed in Note 2.1) corresponds to the amounts of the selling price allocated to the performance obligations not yet unsatisfied (or partially unsatisfied) at the closing date.

Only contracts for which the client cannot withdraw without substantial penalty are taken into account. Variable elements are retained when they are considered highly probable.

d) Operating assets and liabilities

Inventories and work in progress

Inventories and work in progress are carried at their production cost (determined using the FIFO or weighted-average cost method) and written down when their net sale value becomes lower than the production cost. Work in progress, semi-finished and finished goods are stated at direct cost of raw materials, production labor and subcontractor costs incurred during production, plus an appropriate portion of production overhead and any other costs that can be directly allocated to contracts.

When material, the cost of debt incurred during the construction period of a qualifying asset is incorporated in the value of this asset. If the funding is specific, the loan interest rate is used, otherwise the Group's financing rate is used.

Set-up costs

These costs cover preparatory work, not directly financed by the customer but necessary for the execution of the contract. They do not contribute to the determination of the percentage of completion of the contract. They are capitalized and amortized as and when the revenue is recognized.

Contract assets and liabilities

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities".

Customer receivables

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

Impairment losses are accounted for, based on a prospective assessment of the credit risk on the initiation of the receivable, and its deterioration over time. The changes in impairment are presented in Note 10.4.

The Group is authorized to assign trade receivables, mainly from the French State, and commercial paper. As these assignments, which are without recourse in case of default by the debtor, involve the transfer of substantially all corresponding risks and rewards (Thales holding the dilution risk), they are "derecognized." Thales' continued involvement (as this is defined by IFRS 7) in the transferred receivables corresponds to the keeping of the recovery mandate.

e) Research and development expenses

A significant share of research and development expenses is funded by customers and government agencies (see Note 13.c for accounting). Internally funded research and development expenses are charged to the profit and loss account as incurred, except for project development costs which meet the criteria of capitalization below:

- the product or process is clearly defined, and costs are separately identified and reliably measured;
- the technical feasibility of the product or project is clearly demonstrated, and the Group's experience in this area is established;
- adequate resources are available to complete the project successfully;
- a potential market for the products exists or their usefulness, in case of internal use, is demonstrated;
- the company intends to produce and market, or use the new product or process, and can demonstrate its profitability. Profitability is assessed on the basis of prudent commercial assumptions in order to reflect contingencies inherent to the long cycles of the Group's activities, in particular Aerospace. Minimum internal rates of return are required in the case of projects deemed risky.

Capitalized development costs mainly relate to the Group's Aerospace and Security activities, for which the developed products are relatively generic and can be sold to a large number of potential customers. By contrast, development costs linked to Defence activities are for more specific and restricted markets with a limited number of players: the specific features of the products developed make it harder to share development work and therefore harder to capitalize the associated costs.

Development costs are then amortized over the useful life of the product. The method of amortization is generally determined by reference to expected future quantities over the period in which future economic benefits will be earned. If the method cannot be determined reliably, straight-line amortization is adopted. The period of amortization depends on the type of activity.

Assets are also subjected to impairment loss tests. The terms and assumptions taken into account to conduct these tests are described in Note 4.1. These impairment losses can be reversed. Impairment loss reversal criteria are identical to those retained when first capitalizing development costs on a new project.

The Group receives tax credits related to research carried out by its subsidiaries. These tax credits are considered as operating grants and are therefore included in income from operations, when their award is not dependent on the generation of taxable income. Otherwise, they are recognized as a deduction from income tax expense.

f) Restructuring costs

Provisions for restructuring costs are accounted for when restructuring programs have been agreed and approved by a competent body and have been announced before the balance sheet date, resulting in an obligating event of the Group to the third parties in question, as long as the Group does not expect compensation for these costs.

These costs primarily relate to severance payments, costs for notice periods not worked and other costs linked to the closure of facilities such as write-offs of fixed assets. These costs and the costs directly linked to restructuring measures (removal costs, training costs of transferred employees, etc.) are recognized under "restructuring costs" in the profit and loss account.

g) Property, plant and equipment and intangible assets

Intangible assets

The Group's intangible assets mainly include:

- goodwill (Note 13-b);
- assets acquired in business combinations, primarily acquired technologies, customer relationships and the order book. These assets are recognized at fair value and amortized over their useful lives. The fair value of the assets is based on the market value. If no active market exists, the Group uses methods based on forecasts of the present value of the expected future operating cash flows (excess earnings method, royalty method, etc.);
- capitalized development costs (Note 13-e).

Intangible assets are submitted to impairment tests.

The amortization period of intangible assets recognized as part of a business combination (customer relationships, technologies, and trademarks) depends on the nature of the acquired business. It generally ranges from 4 to 22 years and is amortized on a straight-line basis. No intangible assets have been identified as having an indefinite useful life.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation of property, plant and equipment is generally calculated on the basis of the following typical useful lives:

- 20 years for buildings;
- 1 to 10 years for technical facilities and industrial equipment and tooling;
- 5 to 10 years for other property, plant and equipment (vehicles, fixtures, etc.).

The depreciable amount takes into account the residual value of the asset. The various components of property, plant and equipment are recognized separately when their estimated useful lives or patterns of use, and thus the period over which they are depreciated or the depreciation methods applicable to them, are materially different.

Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset.

h) Leases

Contracts defined as a lease according to IFRS 16 (that is to say contracts which give the lessee a right to control the use of an identified asset for a period of time in exchange for consideration) are accounted for in the balance sheet, with the exception of low value assets and contracts with a duration below 12 months (by simplification, as allowed by the standard). In the Group's financial statements, lease contracts accounted for in the balance sheet are mainly real estate contracts (offices and production sites) and, to a lesser extent, service vehicles and some IT equipment.

Leases are accrued on the balance sheet at the date when the underlying asset is made available to the lessee. The lease liability is accrued against a right to use the rent asset, and is equal to the committed future lease payments discounted over the duration of the lease, as well as the exercise price of the options when it is reasonably certain that they will be exercised. The right-of-use asset is adjusted, if applicable, by the payments made in advance to the lessor, the initial direct costs incurred net of the incentives received by the lessor, and dismantling costs when an obligation is identified.

In the case of real estate contracts, the initial lease term retained for the lease liability calculation corresponds to the contractual term which is usually non-cancellable, the Group accepting most of the time to renounce to early termination options in order to benefit from favorable economic conditions. For these contracts, renewal options are generally not taken into account as the contractual terms are long and the date of exercise of these options is too far for the Group to be able to judge their exercise reasonably certain.

The Group may reassess this duration in the course of a contract duration in the case where a significant event occurs, such as a reorganization plan or expensive leasehold improvements. In such situations, the Group pays attention to the consistency between the amortization duration of the leasehold improvements and the term retained for the calculation of the lease liability.

Besides, when the end date of a contract is close, and in the absence of a moving project, the lease term is re-estimated in order to reflect the Group's intention to renew the contract. In such a situation, as for open-end contracts (but cancellable anytime with termination notice by the lessee or the lessor) or for short-term contracts renewable without limitation by tacit agreement, the end date of the contract is estimated taking into account the applicable legal and contractual conditions, but also the particular context of each contract (fluidity of the local real estate market, relations with the lessor...) and economic conditions surrounding the lease (appreciation of the economic loss which represents, for the Group, the abandoning of improvements or constructions made on the leased asset...). This methodology is consistent with the IFRIC's position taken on November 2019.

For other types of lease, there is usually no early termination or extension options, the lease term retained therefore corresponds to the non-cancellable period.

Future lease payments are discounted using the incremental borrowing rate of the lessee. The latest is calculated taking into account the financing arrangements of the Group, that is to say it is based on both the risk-free rate of the lessee and the margin applicable to Thales SA for financing with a maturity corresponding to the duration of the commitment.

The right-of-use asset is presented within the tangible assets (Note 4.2). It is amortized on a straight-line basis over the useful life of the underlying asset. The amortization charge for the right of use is included in Adjusted EBIT.

The lease liability is presented in the balance sheet within the financial debt (Note 6.2). The interest charge is presented in the profit and loss account within the net interest income (Note 6.1).

Within the statement of cash flows:

- the interests paid are included within the net cash flow from operating activities;
- the reimbursement of the debt ("capital" portion of the rent paid) is presented in the financing cash flow on the line "repayment of debt". Thus, it is not included in the cash flow from operating activities;
- new lease liabilities have no effect on the cash flow statement insofar as they are balanced with a right of use recognized in the assets of the balance sheet.

i) Financial assets, financial liabilities and derivatives

Financial assets

IFRS 9 introduces a single approach to classification and measurement of financial assets, based on the characteristics of the financial instruments and on the Group's management intention. Thus:

- financial assets with expected cash flows that solely correspond to principal and interest payments are measured at amortized costs if managed only to collect these flows;
- in other cases, financial assets are measured at fair value through the income statement, except for equity investments not held for trading and whose changes in value affect optionally the Other Comprehensive Income (OCI).

These principles are reflected as follows on the assets presented in the Group's balance sheet:

- **Investments** are measured at fair value. Fair value corresponds to the market price for shares quoted on a regulated market. For other shares, fair value is usually determined using valuation models provided by independent third parties, or by reference to the share in net equity held by the Group.

Changes in fair value are recognized either on the income statement or, subject to an irrevocable option, investment by investment, through OCI with no reclassification to the income statement. This latter option has been chosen by the Group for all non-consolidated investments at the end of 2021. Consequently, subsequent changes in fair value and gains (losses) on disposal will be directly accounted for through shareholders' equity, with no impact on the income statement. Only dividends must remain accounted for through the financial result.

- **Receivables and financial loans** are recognized at amortized cost. They are subject to impairment if an expected loss or an impairment indicator is identified. This impairment, recognized in "other financial income (expense)", may subsequently be reversed through profit and loss if the conditions so justify.
- **Deposits** that Thales intends to hold until maturity are recognized at amortized cost.
- **Other financial assets** (including mutual funds and equivalent products) are estimated at fair value through profit and loss.

Cash and cash equivalents

"Cash and cash equivalents" include cash at bank and in hand as well as cash equivalents (short-term and liquid investments that are easily converted into a known amount of cash and exposed to negligible risk of a change in value).

Financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate. Upon initial recognition, premiums, redemption and issuance costs are included in the calculation of the effective interest rate and are recognized in the profit and loss account on an actuarial basis over the life of the loan.

Derivatives

The Group uses financial instruments to manage and reduce its exposure to risks of changes in interest rates and foreign exchange rates.

Foreign exchange derivatives used to hedge commercial contracts, and eligible for hedge accounting are accounted for as follows:

- the effective portion of the change in fair value of the hedging instrument is recognized directly in equity until such time as the hedged flows affect profit and loss. The ineffective portion is recognized in profit and loss;
- the amount of the foreign currency denominated transaction is subsequently translated at the exchange rate prevailing at the date of inception of the hedge.

Changes in the fair value of premiums or discounts related to forward foreign currency contracts are recognized in "other financial income (expense)" as they are excluded from the hedging relationship.

The time value of foreign exchange options documented as hedges is considered as a cost of hedging: changes in fair value are accounted for through OCI, with reclassification to the financial result in line with the hedged item.

Concerning **foreign exchange derivatives subscribed to hedge financial assets/liabilities**, documented as fair value hedges, the swap point is spread over the duration of the financial asset/liability.

Interest-rate derivatives are used either as fair value hedges or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in the value of assets and liabilities;
- a cash flow hedge is a hedge of the exposure to changes in the value of future cash flows (unknown future interest flows payable on existing variable-rate borrowings or on highly probable future borrowing issues, for example).

In the case of fair value hedge relationships, particularly for the portion of fixed-rate bond debt swapped for a variable rate, the financial liabilities hedged by the interest-rate derivatives are re-measured to the extent of risk hedged. Changes in the value of hedged items are recognized in profit and loss for the period and are offset by symmetrical adjustments in interest-rate derivatives.

In the case of cash flow hedging relationships, the effective portion of changes in fair value of interest-rate derivatives shown in the balance sheet is recognized directly in equity until such time as the hedged flows affect profit and loss.

Fair value of financial instruments

IFRS 13 requires a hierarchy of valuation techniques for each financial asset and liability. The categories are defined as follows:

- level 1: valuation is based on quoted (non-adjusted) prices in active markets for identical assets or liabilities;
- level 2: valuation is based on information other than quoted market prices that is observable for the asset or liability, either directly or indirectly;
- level 3: valuation is based on unobservable information.

j) Deferred tax assets and liabilities

Thales recognizes deferred taxes when the tax value of an asset or liability differs from its book value or in case of a reportable deficit.

Deferred tax assets are not recognized on the balance sheet if it is likely that the company concerned will not be able to recover them. To assess its ability to recover deferred tax assets, the Group takes into account forecast taxable income of the tax entities concerned, over a three to five year time-frame, the entity's tax loss history, non-recurring past events and tax strategies specific to each country.

k) Pensions and other long-term employee benefits

The Group's defined benefit plan commitments are measured by independent actuaries using the projected unit credit method on the basis of estimated salaries at the date of retirement. The calculations mainly take into account assumptions concerning discounting as well as inflation, mortality and staff turnover rates, etc.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between projected and actual results – give rise to actuarial gains and losses:

- actuarial gains and losses on post-employment benefits are recognized in full within other comprehensive income, and are not subsequently reclassified to profit and loss. Where appropriate, the same treatment is applied to adjustments linked to the ceiling on net assets for plans in surplus;
- actuarial gains and losses on other long-term benefits are recognized immediately in financial income (Note 9.3).

Past service cost, measured in cases of amendments or curtailments of plans, and plan settlements are recognized in full within other operating income (loss) in the period in which it is incurred.

Net interest expense, determined based on the discount rate of obligations, is recognized in financial income.

l) Share-based payment

Free share plans

Thales regularly grants performance shares to its employees. These allotments give rise to an expense representing the fair value of services received at the grant date. This payroll expense is recognized against equity.

The fair value of services rendered is determined as the product of the fair value of a share and the number of shares acquired. The fair value of a share is calculated once on the date the rights are granted, net of the present value of dividends not received by employees during the vesting period and taking into account any market conditions.

Internal performance and attendance conditions are taken into account in estimating the probable number of instruments that employees are expected to vest at the end of the vesting period. The final number of shares vested is updated at the end of the vesting period based on the fulfillment of internal performance and attendance conditions.

The expense related to these plans is included in the income from operations with the consolidated reserves account as counterpart without impact on total equity. As the payment of compensation is subject to presence conditions, the corresponding expense is recorded over the vesting period on a straight-line basis. When appropriate, the expense is adjusted over the vesting period to reflect any losses of rights.

Phantom shares indexed to the value of Thales shares

As these are cash-settled plans, IFRS 2 requires an evaluation of vested services and the liability assumed at fair value. Until the payment of this liability, the debt is reassessed at the closing date and recognised in profit and loss. The reassessment of the debt takes into account the achievement of performance and/or presence conditions, as well as the change in value of the underlying shares.

m) Power Purchase Agreements

The Group has entered into contracts for the supply of decarbonised electricity with physical delivery (Power Purchase Agreements/PPA). Based on the analysis carried out, it was determined that: these contracts do not involve the control of production entities as defined under IFRS 10; do not constitute lease agreements as defined under IFRS 16; these contracts are concluded to cover the operational needs of the Group and are consequently under the 'own use' exemption provided for by IFRS 9.

Note 14. Fees paid to statutory auditors

Total fees paid to Thales' statutory auditors by the parent company and members of their consolidated networks for financial years 2025 and 2024 (including fees related to Transport segment up to the end of May 2024) are shown below.

In 2024, the fees of PwC, sustainability auditor, were added. As of the General Meeting in May 2025, PwC became Thales' statutory auditor, replacing Forvis Mazars.

Other services cover tasks required by law (e.g., interim dividend, capital increase, etc.) and other services compatible with the statutory auditors' role (certification of expenditures, agreed procedures engagements, services of a tax-related nature without material impact, etc.).

In € thousands	Forvis Mazars		EY		PwC		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Certification of accounts	—	5,698	6,898	6,953	5,754	—	12,652	12,651
• Issuer	—	857	434	424	868	—	1,302	1,281
• Subsidiaries	—	4,841	6,464	6,529	4,886	—	11,350	11,370
Certification of sustainability information	—	—	—	—	800	788	800	788
• Issuer	—	—	—	—	800	788	800	788
• Subsidiaries	—	—	—	—	—	—	—	—
Other services	—	889	1,239	1,096	681	—	1,920	1,985
• Issuer	—	176	98	120	198	—	296	296
• Subsidiaries	—	713	1,141	976	483	—	1,624	1,689
TOTAL	—	6,587	8,137	8,049	7,235	788	15,372	15,424

Note 15. List of main consolidated companies

(excluding Thales SA, the parent company)

Company name	Country	% Interest 31/12/25	% Interest 31/12/24
1. Consolidated subsidiaries ^(a)			
Advanced Acoustic Concepts, LLC	United States	100%	100%
Imperva, Inc.	United States	100%	100%
Thales Aerospace Communications Rungis et Troyes	France	100%	100%
Thales Alenia Space France SAS	France	67%	67%
Thales Alenia Space Italia SpA	Italy	67%	67%
Thales Australia Ltd	Australia	100%	100%
Thales Avionics, Inc.	United States	100%	100%
Thales AVS France SAS	France	100%	100%
Thales Belgium SA	Belgium	100%	100%
Thales Canada Inc.	Canada	100%	100%
Thales Defense & Security, Inc.	United States	100%	100%
Thales Deutschland GmbH	Germany	100%	100%
Thales DIS Brasil Cartões e Soluções de Tecnologia Ltda	Brazil	100%	100%
Thales DIS CPL USA, Inc.	United States	100%	100%
Thales DIS France SAS	France	100%	100%
Thales DIS Mexico SA de CV	Mexico	100%	100%
Thales DIS (Singapore) Pte Ltd	Singapore	100%	100%
Thales DIS Technologies B.V.	Netherlands	100%	100%
Thales DIS UK Ltd	United Kingdom	100%	100%
Thales DIS USA, Inc.	United States	100%	100%
Thales DMS France SAS	France	100%	100%
Thales IAS France SAS	France	100%	100%
Thales Aerospace Communications France	France	100 %	100 %
Thales Nederland B.V.	Netherlands	99%	99%
Thales Services Numériques SAS	France	100%	100%
Thales SIX GTS France SAS	France	100%	100%
Thales Solutions Asia Pte Ltd	Singapore	100%	100%
Thales UK Ltd	United Kingdom	100%	100%
Trixell	France	51%	51%
2. Joint ventures & associates (equity method)			
Airtanker Ltd	United Kingdom	15%	15%
Arab International Optronics	Egypt	49%	49%
Aviation Communications & Surveillance Systems	United States	30%	30%
Diehl Aerospace GmbH	Germany	49%	49%
Elettronica SpA	Italy	33%	33%
Lynred	France	50%	50%
Naval Group	France	35%	35%
Telespazio SpA	Italy	33%	33%
Telit Cinterion	United Kingdom	25%	25%

(a) Companies with sales representing more than 0.5% of consolidated sales.

Exemptions for subsidiaries publication:

Gemalto BV (previously Gemalto Holding BV) has been exempted from its obligation to publish consolidated financial statements since 2019, as Thales applies the exemption 408 in the Netherlands.