Investor meeting

March 2022
Thales today: a set of focused, technology-driven businesses

Sales by segment:
- 28% Aerospace
- 54% Defense & security
- 19% Digital identity & security

Total sales: €16.2bn\(^{(a)}\)

<table>
<thead>
<tr>
<th>Segment</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Medium-term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defense &amp; security</td>
<td>8.1%</td>
<td>10.2%</td>
<td>10.8 to 11.1%</td>
<td>12%</td>
</tr>
</tbody>
</table>

EBIT margin:

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>8.1%</td>
</tr>
<tr>
<td>2021</td>
<td>10.2%</td>
</tr>
<tr>
<td>2022</td>
<td>10.8 to 11.1%</td>
</tr>
</tbody>
</table>

R&D total spend:
- ~70% Customer-funded R&D
- ~30% Self-funded R&D
- €3.5bn\(^{(a)}\)

Sales by segment:
- Flight avionics: #3 worldwide
- Civil satellites: #2 worldwide
- Defense sensors & mission systems: #1 in Europe
- Air Traffic Management: #1 worldwide
- Data protection: #1 worldwide
- Smart payment and SIM cards: #1 worldwide

(a) 2021. Excluding transport, now treated as discontinued operations (IFRS5)

Investor meeting - 3
Thales builds on 4 key strengths

<table>
<thead>
<tr>
<th>Cutting edge R&amp;D</th>
<th>Deep domain knowledge</th>
<th>Large digital asset base</th>
<th>Global presence</th>
</tr>
</thead>
<tbody>
<tr>
<td>€3.5bn+, ~20% of sales</td>
<td>Top 3 globally or #1 in Europe across businesses</td>
<td>Thales portfolio: digital “by nature”</td>
<td>Presence in 50+ countries and sales in 100+ countries</td>
</tr>
<tr>
<td>~70% customer-funded</td>
<td>Leverage across end markets with many technological similarities</td>
<td>Significant organic and inorganic initiatives, targeting 4 key digital technologies</td>
<td>Proven ability to address complex markets and partnerships</td>
</tr>
<tr>
<td>29,000+ engineers</td>
<td>Top 100 global innovator for 7th consecutive year</td>
<td>Large integrated network of digital native talents</td>
<td>Capitalizing on 40+ year presence</td>
</tr>
<tr>
<td>Top 100 global innovator for 7th consecutive year</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Connectivity
- Mobility, IoT
- Big data analytics
- Cybersecurity
- Artificial intelligence

Thales portfolio:
- digital “by nature”
- Large integrated network of digital native talents

Presence in 50+ countries and sales in 100+ countries

Investor meeting - 4
Introduction to Thales

Key priorities

Sustainability: safer, greener, more inclusive

2021 Full Year results

Outlook
Executing full-speed on value-maximizing strategy

1. Refocus portfolio on 3 leading and highly synergistic businesses
2. Accelerate R&D investments to reinforce technology leadership
3. Take our sustainability performance to the next level
4. Constantly roll out new operational performance action plans
5. Leverage sustainably high cash generation
Portfolio focused on 3 leading and highly synergistic businesses

Critical decision chain

- Sensing and data gathering
- Data transmission and storage
- Data processing and decision making

Aerospace
- Observation satellites
- Military communications
- Flight management systems

Defense & Security
- Advanced sensors
- Digital security
- Airspace surveillance

Digital identity & Security
Accelerate R&D investments to reinforce technology leadership

Core digital technologies now systematically integrated in products
- Cybersecurity
- Big data analytics and artificial intelligence
- Connectivity, IoT
- Digital identity, biometrics

Accelerating R&D investment areas
- Edge and far edge computing
- Quantum sensors and communication
- Cloud security

Self-funded R&D

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2019(a)</th>
<th>2020(b)</th>
<th>2021</th>
<th>Medium-term target</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of sales</td>
<td>4.9%</td>
<td>6.1%</td>
<td>6.1%</td>
<td>6.3%</td>
<td>&gt;6.5%</td>
</tr>
</tbody>
</table>

(a) 2019 pro forma Gemalto over 12 months
(b) 2020, 2021 and medium-term: continued operations (excl. transport)
Take our sustainability performance to the next level

**Sustainability drives growth**
- Double-digit growth in cybersecurity
- Major satellite projects in navigation, environmental monitoring, and to reduce the digital divide
- Research funding for “green” aircraft/airport operations

**Solid progress on key internal initiatives**
- Comprehensive action plan, focused on 4 priority areas
- Submission of climate targets to SBTi on track
- Step change in governance

**Best-in-class ethics & compliance practices**

**Portfolio addresses major societal issues**
- **Safer**
  - Keep citizens safe in both physical and digital worlds
    - Defense
    - Digital security
    - Infrastructure security
- **Greener**
  - Environmental monitoring and navigation satellites
  - Optimization of aircraft operations
  - Air Traffic Management
  - Training and simulation
- **More inclusive**
  - Grant universal access to fundamental rights
    - Telecom satellites
    - Identity documents
    - e-Government
Constantly roll out new operational performance action plans

Groupwide operational performance initiatives

- Procurement performance
- Engineering competitiveness
- Support function efficiency
- Excellence in delivery

Key 2022 priorities

- Engineering transformation
- Manufacturing competitiveness, Industry 4.0
- Deployment of Sales & Operation Planning (S&OP) best practices
- Fixed cost adaptation post transport disposal
Leverage sustainably high cash generation

Highly cash generative businesses, with diversified cash cycles
- Large projects with downpayments vs short-cycle flow businesses
- Commercial vs institutional customers

2019-2023 cash generation significantly above cumulative adjusted net result

Cash-in from transport disposal

Balanced capital allocation to support sustainable value creation
- Continued investment in own business
- M&A
- Dividend
- Share buyback
Disciplined M&A strategy

Strategic focus on bolt-on acquisitions, up to €500m enterprise value
- Reinforcing group technology portfolio
- Expanding geographical footprint

No intention to diversify into markets other than those already served

Key financial criteria
- Contribution to growth
- Potential for synergies
- Valuation

Examples of recent acquisitions

<table>
<thead>
<tr>
<th>RUAG S&amp;T</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simulation &amp; training solutions for security organizations and armed forces</td>
</tr>
<tr>
<td>~€90m sales, ~500 employees</td>
</tr>
<tr>
<td>Strong complement to Thales’s simulation and training portfolio</td>
</tr>
<tr>
<td>Creates European leader in niche segment</td>
</tr>
<tr>
<td>Expected closing: H1 2022</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Moog’s navigation aids business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Navigation aids for military air traffic control</td>
</tr>
<tr>
<td>~€25m sales, ~50 employees</td>
</tr>
<tr>
<td>Complements Thales’s navigation aid offer</td>
</tr>
<tr>
<td>Strengthens Thales’s presence in the US</td>
</tr>
<tr>
<td>Closed in December 2021</td>
</tr>
</tbody>
</table>
Summary

Focus on 3 leading high tech ESG-aligned businesses
- Simplified exposure to 3 long-term growth markets
- Able to sustainably deliver double-digit margins

Continued implementation of key Ambition 10 strategic levers
- Further acceleration of R&D investments
- Constant focus on operational performance

Leveraging sustainably high cash generation
- Strict M&A discipline
- Cash returns to shareholders
Introduction to Thales

Key priorities

Sustainability: safer, greener, more inclusive

2021 Full Year results

Outlook
Sustainability ambitions anchored in our purpose

**Our purpose**

“Building a future we can all trust”

**Our ambitions**

Maximize the sustainability impact of our portfolio of solutions

Embed ambitious sustainability commitments in all processes

Working to make the world safer, greener and more inclusive
Addressing major societal issues through a unique portfolio of solutions

Greener: ~20%
Design solutions to observe and understand climate phenomena and to reduce the environmental impact of our customers
- Environmental monitoring and navigation satellites
- Optimization of aircraft operations
- Air Traffic Management
- Training and simulation

More inclusive: ~20%
Grant universal access to fundamental rights: legal identity, bridging the digital divide
- Telecom satellites
- Identity documents
- e-Government

Safer: ~60%
Keep citizens safe in both physical and digital worlds
- Defense
- Digital security
- Infrastructure security

Percentage based on IFRS5 2021 sales (excluding transport)
Sustainability: a strong space market growth driver, notably in Europe

Space projects at the heart of European Union political priorities, driving significant budget increases

- Unprecedented European Space Agency and EU budgets already secured
- Additional opportunities arising from new plans
  - 30% of Next Generation EU recovery plans to be dedicated to sustainability initiatives
  - “Secure connectivity initiative” under discussion, targeting space-based high-speed connectivity everywhere

Double-digit market growth forecasts for space-based commercial Internet connectivity market

Sustainability-focused European space budgets (€bn per year)

Sources: ESA Financial Obligations (ESA Stakeholders), EC MFF; estimates for NGEU recovery plans and EC’s secure connectivity initiative; EUMETSAT; national agencies.
Scope: navigation, observation, telecom, space situational awareness
Optimization of aircraft operations: a major CO₂ reduction opportunity for aviation

Major CO₂ emission reduction achievable through operations optimization

➤ 10 to 15% CO₂ reduction
  - CO₂-optimized trajectories
  - Weather-related optimization (“windsurfing”)
  - Other optimization levers: ground, fuel load
➤ Non-CO₂-related benefits: condensation trails

Lever: combined digital transformation of avionics and Air Traffic Control systems

➤ Development of breakthrough AI-based tools
➤ Adoption of new flight and ATC procedures
➤ Applicable to existing in-service aircrafts
➤ Cumulative with other initiatives

Possible CO₂ emission reduction via aircraft operations optimization
(avoided emissions, million tons of CO₂)

Thales is uniquely positioned to address this massive opportunity
Addressing aircraft operations optimization through continuous innovations in both avionics and Air Traffic Control

**Purpose**
- Improve flight trajectories (climb, cruise, descent) via end-to-end optimization functionalities/applications from both certified avionics and non-certified sources

**Contributions**
- Digitally-connected avionics & cloud-based services delivering up-to-date traffic and weather data
- Climate-based route design
- Certification and first sales expected in 2024

**Capitalizing on Thales’ capabilities to deliver on this opportunity**

- Deliver civil Air Traffic Control solutions that promote safe, orderly and expeditious air traffic flow while minimizing environmental impacts
- Green airspace optimization solutions
- Collaborative optimization tools
- Secure digital air/ground data exchange
- First capabilities introduced in TopSky ATC One as of 2025
Defense is essential to safe, stable and prosperous societies

We live in a globalised and increasingly unpredictable world, facing emerging threats.

Combining military capability, diplomacy and development assistance is necessary to achieve stability, resolve disputes non-violently and prevent conflicts.

The protection offered by Defense to wider society provides the foundation for sustainability and protection of the planet.

Thales supports nations around the world to achieve these aims and counter the physical and virtual threats they face.
Thales: leading in one of the most regulated global industries

**What we stand for**

**Operating ethically**: selling our products and services responsibly

**Strict compliance with laws** of the countries and regions in which we operate

Core priority to **be proactive** with developing and sharing best practice; striving for continuous improvement

---

**Strict export controls**
Committed and certified to stringent export control regulations
Processes integrated in day-to-day business through training, audit, and focus on continuous improvement

**Zero-tolerance on corruption**
Clearly defined policy, shared with all employees and audited regularly
ISO 37001 certification

**Involvement in nuclear and controversial weapons**
White phosphorous phase out by mid 2022
French nuclear missile program: < 0.1% of group sales

**Making AI trustworthy**
Transparent, Understandable, Ethical and Environmentally-friendly AI - putting humans at the center
Thales’ solutions deliver both enhanced performance and reduced environmental footprint

Sales to defense customers by product type, 2020

Increasing mission performance whilst reducing size, weight, power and logistics

- **Sensors** 45%
  - Sonoflash sonobuoy
  - Sophie Ultima thermal imager
  - Talios multi-function pod

- **Defense systems** 23%
  - Collaborative combat
  - Autonomous mine warfare

- **Networks and C4ISR**(a) solutions 32%
  - Synaps-H radios
  - Synthetic training & flight simulators

Increased efficiency through improved asset collaboration across all domains

(a) C4ISR: Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance
Cybersecurity: trusted digital identities and data privacy for all

Cybersecurity is key to sustainability
- Increasingly impacting identity thefts, data leaks, ransomware attacks undermine trust in digital transformation
- Privacy and sovereignty build trust

Thales: recognized global leader in data protection and identity & access management
- Total cybersecurity sales: €1bn+ in 2021
- 2,800+ cybersecurity engineers

€500m+ high margin incremental growth opportunity by 2025

Cybersecurity product market growth (€bn)

Source: Gartner, IDC

Cybersecurity framework

Identify
Protect
Detect
Respond
Recover
Sustainability: main targets

**Strategy for a low-carbon future**
- Reduction of operational CO₂ emissions\(^{(a)}\):
  - - 35% in 2023
  - - 50% in 2030
  - NET ZERO in 2040

  **Boosting product innovation and eco-design across portfolio**

  **Robust engagement plan with supply chain**

  **Action plan to be submitted to SBTi certification**

**Diversity & inclusion**
- 75% of management committees with at least 3 women in 2023

**Ethics & compliance**
- Anticorruption: 100% of exposed employees trained every 2 years, ISO 37001 certification in 2023

**Health & safety at work**
- Frequency rate of accidents at work with subsequent lost work time\(^{(c)}\): - 30% in 2023

**(a)** Scope 1 + Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto. Previous target: -20% by 2023 and -40% by 2030

**(b)** Top 13% of global workforce. Percentage of women in total workforce: 27%

**(c)** Compared to 2018 frequency rate

---

70% of workforce incentivized on sustainability KPIs
## Sustainability: 2021 key figures

### Strategy for a low-carbon future

<table>
<thead>
<tr>
<th>Targets</th>
<th>2018</th>
<th>2020 result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>35% reduction of operational CO₂ emissions</strong>&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>-36%&lt;sup&gt;(b)&lt;/sup&gt;</td>
<td>-36%&lt;sup&gt;(b)&lt;/sup&gt;</td>
</tr>
<tr>
<td>by 2023</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>100% of new developments incorporating eco-design</strong></td>
<td>82%</td>
<td>82%</td>
</tr>
<tr>
<td>by 2023</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Diversity & inclusion

<table>
<thead>
<tr>
<th>Targets</th>
<th>2018</th>
<th>2020 result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>75% of management committees with at least 3 women</strong></td>
<td>49%</td>
<td>71%</td>
</tr>
<tr>
<td>by 2023</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>20% of women in senior management</strong>&lt;sup&gt;(c)&lt;/sup&gt;</td>
<td>16.5%</td>
<td>18.9%</td>
</tr>
<tr>
<td>by 2023</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Ethics & compliance

<table>
<thead>
<tr>
<th>Targets</th>
<th>2018</th>
<th>2020 result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>100% of exposed employees trained on anticorruption every 2 years</strong></td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Health & safety at work

<table>
<thead>
<tr>
<th>Targets</th>
<th>2018</th>
<th>2020 result</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>30% reduction of frequency rate of accidents at work with subsequent lost work time</strong>&lt;sup&gt;(d)&lt;/sup&gt;</td>
<td>0%</td>
<td>-34%&lt;sup&gt;(e)&lt;/sup&gt;</td>
</tr>
<tr>
<td>by 2023</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Notes

- **(a)** Scope 1+ Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto
- **(b)** 2020 and 2021 boosted by low level of business travel due to Covid-19 crisis
- **(c)** Top 13% of global workforce. Percentage of women in total workforce: 27%
- **(d)** Compared to 2018 frequency rate
- **(e)** 2020 and 2021 boosted by high level of work-from-home due to Covid-19 crisis
Introduction to Thales

Key priorities

Sustainability: safer, greener, more inclusive

2021 Full Year results

Outlook
Full-Year 2021 highlights

**Results**
- New record order intake
- Back to significant sales growth
- Double-digit EBIT margin
- Unprecedented level of free operating cash-flow...
  ...driving major upgrade to 2019-23 cash conversion target

**Strategy**
- Announcement of transport disposal
- Acceleration of sustainability strategy
2021 key financial figures

Order intake and book-to-bill\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>16,824</td>
<td>+18%</td>
</tr>
<tr>
<td>2021</td>
<td>19,909</td>
<td></td>
</tr>
</tbody>
</table>

Sales\(^{(a)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>15,371</td>
<td>+5.3%</td>
</tr>
<tr>
<td>2021</td>
<td>16,192</td>
<td></td>
</tr>
</tbody>
</table>

EBIT and EBIT margin\(^{(a)}\) \(^{(b)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>€m and %</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,248</td>
<td>8.1%</td>
</tr>
<tr>
<td>2021</td>
<td>1,649</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

Adjusted net income\(^{(b)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>937</td>
<td>+45%</td>
</tr>
<tr>
<td>2021</td>
<td>1,361</td>
<td></td>
</tr>
</tbody>
</table>

Free operating cash-flow\(^{(b)}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>€m</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1,057</td>
<td>+138%</td>
</tr>
<tr>
<td>2021</td>
<td>2,515</td>
<td></td>
</tr>
</tbody>
</table>

Dividend

<table>
<thead>
<tr>
<th>Year</th>
<th>€</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>1.76</td>
<td>+45%</td>
</tr>
<tr>
<td>2021</td>
<td>2.56 (^{(c)})</td>
<td></td>
</tr>
</tbody>
</table>

\(^{(a)}\) 2020 figures have been adjusted to reflect the application of IFRS5 (transport disposal)

\(^{(b)}\) The definition of all non-GAAP measures can be found in appendix

\(^{(c)}\) Proposed to the 11 May 2022 Annual General Meeting
2021 order intake

Record high order intake despite ongoing Covid-19 impacts, driven by a strong Q4
- 12 large\(^{(a)}\) orders booked in Q4 2021
- 21 large\(^{(a)}\) orders booked in 2021

2021 book-to-bill of 1.23 and 1.28 excluding DIS, whose book-to-bill is structurally equal to 1

Strong performance across geographies
- Fourth year in a row of record order intake in mature markets
- +38% rebound in emerging markets

Small orders\(^{(b)}\) up by 4%, growing across the 3 segments and driven by Aerospace at +6%

\(^{(a)}\) With a unit value over €100m
\(^{(b)}\) With a unit value of less than €10m

Order intake by contract unit value

<table>
<thead>
<tr>
<th>Unit Value</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>€10m &lt; Unit value &lt; €100m</td>
<td>3,785</td>
<td>4,946</td>
</tr>
<tr>
<td>Unit value &gt; €100m</td>
<td>4,925</td>
<td>6,491</td>
</tr>
<tr>
<td>Unit value &lt; €10m</td>
<td>8,114</td>
<td>8,472</td>
</tr>
</tbody>
</table>

Reported growth: +18%
Organic growth: +18%

2021 order intake

16,824

19,909

2020
2021
2021 organic sales growth

Positive currency impacts in Q4 offset H1 2021 headwind
- Q4: €59m, +1.2% of sales
- FY2021: €10m, +0.1% of sales

Organic sales growth reflecting on-going recovery
- Q4: all operating segments progressing vs. Q4 2020, including double-digit growth at DIS
- FY2021: progressive recovery driven by Space and Defense
  - Flight avionics and IFE sales down by 8%

Mature markets up by 7.1% while emerging markets remain flat vs. 2020

Drivers of sales change
- Reported growth: +5.3%
- Organic growth: +5.3%

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Growth</th>
<th>€m</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>+11</td>
<td>15,371</td>
</tr>
<tr>
<td>Q2</td>
<td>+70</td>
<td>15,441</td>
</tr>
<tr>
<td>Q3</td>
<td>+639</td>
<td>16,080</td>
</tr>
<tr>
<td>Q4</td>
<td>+151</td>
<td>16,192</td>
</tr>
</tbody>
</table>

Currency and scope
- Currency: +11
- Scope: +1

2020

2021

Investor meeting - 30
Summary adjusted P&L: from sales to EBIT

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m</td>
<td>% of sales</td>
<td>€m</td>
</tr>
<tr>
<td>Sales</td>
<td>16,192</td>
<td>27.2%</td>
<td>15,371</td>
</tr>
<tr>
<td>Gross margin</td>
<td>4,405</td>
<td>27.2%</td>
<td>4,016</td>
</tr>
<tr>
<td>Indirect costs</td>
<td>(2,797)</td>
<td>-17.3%</td>
<td>(2,680)</td>
</tr>
<tr>
<td>o/w R&amp;D expenses</td>
<td>(1,027)</td>
<td>-6.3%</td>
<td>(943)</td>
</tr>
<tr>
<td>o/w Marketing &amp; Sales expenses</td>
<td>(1,226)</td>
<td>-7.6%</td>
<td>(1,210)</td>
</tr>
<tr>
<td>o/w General &amp; Administrative expenses</td>
<td>(545)</td>
<td>-3.4%</td>
<td>(527)</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>(91)</td>
<td></td>
<td>(160)</td>
</tr>
<tr>
<td>Share in net result of equity-accounted affiliates, excluding Naval Group</td>
<td>63</td>
<td></td>
<td>50</td>
</tr>
<tr>
<td><strong>EBIT, excluding Naval Group</strong></td>
<td><strong>1,580</strong></td>
<td><strong>9.8%</strong></td>
<td><strong>1,227</strong></td>
</tr>
<tr>
<td>Share in net result of Naval Group</td>
<td>69</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td><strong>1,649</strong></td>
<td><strong>10.2%</strong></td>
<td><strong>1,248</strong></td>
</tr>
</tbody>
</table>
2020 to 2021 EBIT bridge

Scope, currency and pensions

Gross margin

R&D: -84
Marketing & sales: -17
G&A: -19
Restructuring: +69
Equity affiliates: +61

Naval Group: +47
Others: +13

2020 EBIT: +385

2021 EBIT: 1,649

Scope: -4
Currency: +5
Pensions: +5

€m
**Aerospace: 2021 key figures**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Change total</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>5,631</td>
<td>3,822</td>
<td>+47%</td>
<td>+48%</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>4,463</td>
<td>4,217</td>
<td>+5.8%</td>
<td>+6.1%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>202</td>
<td>-76</td>
<td>NM</td>
<td>NM</td>
</tr>
<tr>
<td>in % of sales</td>
<td>4.5%</td>
<td>-1.8%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Very strong growth in order intake driven by record high Space and a progressive rebound of Flight Avionics and In-Flight Entertainment

- Strong momentum in both institutional space projects and commercial telecom activities
- Avionics up 33% in Q4 (including new Rafale orders in military avionics)

Organic sales growth resulting from exceptionally strong Space growth, and Avionics still slightly down at ~-3%, despite Flight Avionics aftermarket up by 13%

EBIT back to positive contribution
Defense & Security: 2021 key figures

- Third year record high order intake with a backlog now over 3 years of revenues
  - 13 large (€100m+) orders in 6 countries, including jumbo contracts in France and Egypt
  - Book-to-bill up from 1.23 in 2020 to 1.30 in 2021
  - New record high backlog of €26.1bn, providing extended visibility

- Solid organic growth vs. Covid-disrupted FY2020, +3.5% organic growth vs. high comps FY 2019

- EBIT margin once again in upper range of medium-term guidance range
  - Additional R&D efforts (+50bps) to support future growth

### 2021 vs. 2020

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Change total</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>11,185</td>
<td>9,922</td>
<td>+13%</td>
<td>+12%</td>
</tr>
<tr>
<td>Sales</td>
<td>8,633</td>
<td>8,085</td>
<td>+6.8%</td>
<td>+5.7%</td>
</tr>
<tr>
<td>EBIT</td>
<td>1,111</td>
<td>1,039</td>
<td>+7.0%</td>
<td>+8.6%</td>
</tr>
</tbody>
</table>

in % of sales

12.9% 12.9%
Digital Identity & Security (DIS): 2021 key figures

Order intake structurally aligned with sales for most businesses

Full Year organic sales up by 2% despite on-going disruptions in biometrics and supply chain tensions

- Strong double digit growth in cybersecurity
- Smart cards up 2.5% organically, with a strong Q4 despite chips shortage
- Biometrics at ~6% organically but with encouraging signs of recovery in Q4

Strong EBIT margin progression, fully aligned with medium term target

- Commercial margin improvement across all businesses
- Leverage on higher cybersecurity and smart cards sales
- Full impact of cost synergies

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Change total</th>
<th>Change organic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,995</td>
<td>3,023</td>
<td>-1%</td>
<td>+1%</td>
</tr>
<tr>
<td>Sales</td>
<td>2,995</td>
<td>2,992</td>
<td>+0.1%</td>
<td>+2.0%</td>
</tr>
<tr>
<td>EBIT</td>
<td>358</td>
<td>324</td>
<td>+10.3%</td>
<td>+6.2%</td>
</tr>
</tbody>
</table>

in % of sales

11.9%            10.8%
### Cash conversion: from EBIT to Free Operating Cash Flow

**2021, €m**

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>1,649</td>
</tr>
<tr>
<td>Financial interest</td>
<td>-58</td>
</tr>
<tr>
<td>Income tax</td>
<td>-145</td>
</tr>
<tr>
<td>Equity affiliates</td>
<td>-87</td>
</tr>
<tr>
<td>Capex</td>
<td>+48</td>
</tr>
<tr>
<td>Change in WCR</td>
<td>+776</td>
</tr>
<tr>
<td>Other items</td>
<td>+177</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization</td>
<td>+494</td>
</tr>
<tr>
<td>Net operating investment</td>
<td>-446</td>
</tr>
<tr>
<td>Free operating cash-flow</td>
<td>2,359</td>
</tr>
<tr>
<td>Transport</td>
<td>+156</td>
</tr>
<tr>
<td>Adjusted net income</td>
<td>2,515</td>
</tr>
<tr>
<td>Transport</td>
<td>2,515</td>
</tr>
<tr>
<td>Continued operations</td>
<td>1,361</td>
</tr>
<tr>
<td>Total</td>
<td>1,361</td>
</tr>
</tbody>
</table>

**Notes:***
- Free operating cash-flow: **1,649**
- Total: **2,515**
- Adjusted net income: **2,515**

**Additional Information:**
- Free operating cash-flow for transport is **2,515**
- Adjusted net income is **1,361**

**Percentage Change:**
- **Continued operations:** +185%
## Movement in net debt over 2021

<table>
<thead>
<tr>
<th>Category</th>
<th>Change (€m)</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net debt at 31 Dec 20</td>
<td>-2,515</td>
<td></td>
</tr>
<tr>
<td>Free operating cash-flow</td>
<td>2,549</td>
<td></td>
</tr>
<tr>
<td>Transport: 156</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deficit payment on UK pensions</td>
<td>+99</td>
<td></td>
</tr>
<tr>
<td>Acquisitions &amp; disposals</td>
<td>+53</td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>+417</td>
<td></td>
</tr>
<tr>
<td>New leases (IFRS16)</td>
<td>+137</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>+56</td>
<td></td>
</tr>
<tr>
<td>Net debt at 31 Dec 21</td>
<td>795</td>
<td></td>
</tr>
</tbody>
</table>

Note: The numbers are in millions of euros.
Investor meeting - 38

Adjusted EPS and cash returns

**Adjusted EPS and dividend per share**

€

<table>
<thead>
<tr>
<th>Year</th>
<th>Adjusted EPS</th>
<th>Pay-out ratio</th>
<th>Dividend</th>
<th>xx%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.64</td>
<td>38%</td>
<td>1.75</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td>5.55</td>
<td>38%</td>
<td>2.08</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>6.61</td>
<td>9%</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>4.40</td>
<td>40%</td>
<td>1.76</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>6.39</td>
<td>40%</td>
<td>2.56(a)</td>
<td></td>
</tr>
</tbody>
</table>

**Adjusted EPS only 3% below 2019**
- Up 8% per year since 2017

**Proposed 2021 dividend:**
- €2.56 per share(a)
  - Pay-out ratio confirmed at 40%
  - Up 10% per year since 2017

**Share buy back program on 3.5% of the share capital(c)**

(a) Subject to approval by the 11 May 2022 Annual General Meeting
(b) Pay-out adjusted in April 2020 in the context of the Covid-19 crisis. Initial ratio: 38%
(c) Approximately 7.47 million shares
Introduction to Thales

Key priorities

Sustainability: safer, greener, more inclusive

2021 Full Year results

Outlook
Aerospace: a solid multi-year recovery

Avionics and IFE benefiting from multi-year air transport rebound

- Structural cost adaptation completed
- Margin leverage on sales recovery and development of a single global services business line

Space: record 2021 order intake underpins sustained 5%+ growth

- Major wins across key institutional markets
- Flexible telco satellite product line Space Inspire selected by SES and Intelsat
- R&D investments sustained

Global air traffic scenarios

- 2010-19 CAGR: +6%
- Latest IATA update (January 2022)

Space sales trend

- 5%+ CAGR
- (a) Trajectory does not assume the booking of a major telecom constellation
Defense & Security: a compelling growth and margin profile

Sustained defense budget growth across key Thales markets

Leading positions on many faster growing market segments

- Radars and sonars
- Secured networks and connectivity
- Command and control solutions

New growth opportunities

- New generation air surveillance, including counter UAV
- Defense cloud solutions
- Collaborative combat

Industry-leading margins

2022-24 defense budget growth in key Thales markets

<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>+5%</td>
</tr>
<tr>
<td>Australia</td>
<td>+6%</td>
</tr>
<tr>
<td>UK</td>
<td>+4% (b)</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>+1%</td>
</tr>
<tr>
<td>Asia</td>
<td>+6%</td>
</tr>
<tr>
<td>Middle-East</td>
<td>+5%</td>
</tr>
<tr>
<td>North America</td>
<td>+2%</td>
</tr>
</tbody>
</table>

Defense business 2022-24 sales growth vs peers

- +4% to +6%

(a) Source: Jane’s Defense Budget, February 2022. Asia: India, South Korea and Singapore, Middle-East: Saudi Arabia, UAE, Qatar and Egypt
(b) 2021-24, +6% real equipment procurement and support CAGR from 20/21 to 24/25 as described in February 2022 Defense equipment plan
(c) 10 largest US/UK/EU listed defense companies. Defense segment for non pure defense companies. Sales CAGR based on Bloomberg consensus at 23 February 2022.
DIS: delivering in line with strategic ambition

Compelling delivery on EBIT and free operating cash flow

- Cost synergies above plan
- Disciplined focus on costs and cash
- Rigorous management of chip shortage
- Maximizing value of smart card businesses

Adding several growth platforms to Group portfolio

- Data protection, IoT and cloud security
- Identity & Access Management
- 5G SIM and eSIM
- Public and commercial biometrics
- Product revenue synergies

DIS EBIT and EBIT margin

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT (€m)</th>
<th>EBIT margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 (last year standalone)</td>
<td>236</td>
<td>7.6%</td>
</tr>
<tr>
<td>2021 incl. synergies outside DIS</td>
<td>358</td>
<td>+4.3 pts to 11.9%</td>
</tr>
<tr>
<td>2021 ~420</td>
<td>~420</td>
<td></td>
</tr>
</tbody>
</table>

DIS Free operating cash flow

<table>
<thead>
<tr>
<th>Year</th>
<th>~420 (last year standalone)</th>
<th>~400 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>177</td>
<td>x2.5</td>
</tr>
<tr>
<td>2021</td>
<td>~400</td>
<td></td>
</tr>
</tbody>
</table>

Selected DIS fast-growing markets

<table>
<thead>
<tr>
<th>Market</th>
<th>2025 market size</th>
<th>2020-25 forecasted market growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Data protection</td>
<td>~€9bn</td>
<td>x2</td>
</tr>
<tr>
<td>Identity and Access Management</td>
<td>~€15bn</td>
<td>x2</td>
</tr>
<tr>
<td>5G SIM and eSIM shipments</td>
<td>~1.2bn units</td>
<td>x3</td>
</tr>
</tbody>
</table>

Sources: Gartner, IDC, ABI
Sustained and sustainable cash conversion, driving major upgrade to 2019-2023 target

3 factors driving 2021 outperformance
- Very strong order intake, especially in emerging markets
- Internal cash initiatives and positive one-offs
- Cut-off effects

20-point upgrade to 2019-2023 cash conversion target
- Now targeting 115%+ on a reported basis\(^{(a)}\)
- Equivalent to ~€5.5bn free operating cash-flow over 2021-2023
- 2022: unwinding of 2021 cut-off effects fully offset by expected downpayments

\(^{(a)}\) Previous target: “around 95% on average over the 2019-2023 period, on a reported basis”
2022 perspectives and priorities

**Business environment assumptions**

- Improving health situation driving gradual air traffic recovery
- Supply chain challenges and inflation picking up (wages, energy, logistics)
- Degrading geopolitical context
  - Economic sanctions and disruptions induced by Russian invasion of Ukraine
  - Higher defense spending

**Key priorities**

- Addressing short-term operational challenges: staffing, supply chain, consequences of economic sanctions...
- Continued focus on growth initiatives
  - Further ramp up of DIS synergies
  - Digital innovation opportunities
- Execution of transport disposal
- Further implementation of ESG strategy
2022 financial objectives

Order intake  
Book-to-bill above 1

Sales  
€16.6 to 17.2 billion\(^{(a)}\)
  corresponding to +2% to +6% organic growth

EBIT margin\(^{(b)}\)  
10.8% to 11.1%\(^{(a)}\)

---

(a) Assuming no new major disruptions of the health situation, of the economic context, and of global supply chains. Current assessment of the impact of the Russia-Ukraine crisis on 2022 sales to both countries: ~€100m. Based on February 2022 scope and foreign exchange rates

(b) Non-GAAP measure: see definition in appendix
Appendix
A strong set of focused businesses

<table>
<thead>
<tr>
<th>Segment</th>
<th>Sub-segment</th>
<th>Civil 2021 sales (€m)</th>
<th>Military 2021 sales (€m)</th>
<th>Market position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aerospace</strong></td>
<td><strong>Flight avionics</strong>&lt;sup&gt;(a)&lt;/sup&gt; including cockpit avionics, communications, electrical systems, training and simulation (of which civil: ~€900m, military: ~€600m)</td>
<td>~1,500</td>
<td>~300</td>
<td>#3 worldwide (flight avionics)</td>
</tr>
<tr>
<td></td>
<td><strong>Connected in-flight entertainment (IFE)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Microwave tubes</strong> for satellite, medical, scientific and military applications</td>
<td>~500</td>
<td></td>
<td>#1 worldwide</td>
</tr>
<tr>
<td></td>
<td><strong>Space solutions</strong> for telecom, observation, navigation and exploration</td>
<td>~2,150</td>
<td></td>
<td>#2 worldwide (civil satellites)</td>
</tr>
<tr>
<td><strong>Defense &amp; security</strong></td>
<td><strong>Sensors and mission systems</strong> including radars, sonars, optronics, mission systems for aircraft, ships and submarines, missiles and armored military vehicles</td>
<td>~4,500</td>
<td></td>
<td>#1 in Europe</td>
</tr>
<tr>
<td></td>
<td><strong>Communications, command and control systems</strong> including military communications and networks, military command and control systems (C4I), cybersecurity, Air Traffic Management, and homeland security solutions</td>
<td>~4,100</td>
<td></td>
<td>#2 worldwide (military tactical communications)</td>
</tr>
<tr>
<td><strong>Digital identity &amp; security</strong></td>
<td><strong>Digital identity and security solutions</strong> including identity management &amp; data protection, biometrics, Internet of Things connectivity modules, mobile connectivity solutions (removable SIM and eSIM) and EMV payment cards</td>
<td>~3,000</td>
<td></td>
<td>#1 worldwide</td>
</tr>
</tbody>
</table>

<sup>(a)</sup> Transport now treated as discontinued operations (IFRS5)
Aerospace segment: identity card

2 Global Business Units
Avionics
Space

17,100 employees in 31 countries

Main industrial footprint
France, Italy, Spain, UK, USA, Singapore

€4.4bn 2021 sales
4.5% 2021 EBIT margin
1.8 years Dec 21 backlog

Sales by solutions
- 48% Space
- 34% Flight avionics and other aircraft equipment and services
- 6% Connected in-flight entertainment (IFE)
- 11% Microwave tubes

Sales by region
- 66% Europe
- 13% North America
- 1% Australia/NZ
- 20% Rest of world
- 1% Rest of world

Organic sales growth
- 2017: +4%
- 2018: +1%
- 2019: -4%
- 2020: -24%
- 2021: +6%

EBIT margin
- 2017: 10.0%
- 2018: 10.0%
- 2019: 9.3%
- 2020: -1.8%
- 2021: 4.5%
Defense & Security segment: identity card

3 Global Business Units
Land & Air Systems
Defense Mission Systems
Secure Communications & Information Systems

32,000 employees in 36 countries

Main industrial footprint
Australia, Canada, France, Netherlands, UK

€8.6bn 2021 sales
12.9% 2021 EBIT margin
3.0 years Dec 21 backlog

Sales by solutions
- 23% Military communications and networks
- 31% Mission systems
- 11% C4ISR systems
- 4% Cyber-defense
- 9% ATM / Other civil
- 14% Sensors
- 7% Weapon systems and munitions

Sales by region
- 23% Rest of world
- 10% Australia/NZ
- 6% North America
- 61% Europe of which France: 40% UK: 8% Germany & Netherlands: 5%

Organic sales growth
- 2017: +9%
- 2018: +6%
- 2019: +6%
- 2020: -2%
- 2021: +6%

EBIT margin
- 2017: 10.9%
- 2018: 12.6%
- 2019: 14.0%
- 2020: 12.9%
- 2021: 12.9%
Digital Identity & Security (DIS) segment: identity card

1. Global Business Unit
   Digital Identity and Security

14,700 employees in 53 countries

Main industrial footprint
France, USA, Singapore, Mexico

€3.0bn 2021 sales

11.9% 2021 EBIT margin

NM Dec 21 backlog

Sales by solutions
- IoT solutions: 12%
- Biometrics: 18%
- Mobile connectivity: 17%
- Cloud Protection & Licensing: 21%
- Banking & Payment: 32%

Sales by region
- Europe: 30%
- Asia Pacific: 15%
- Rest of world: 24%
- Australia/NZ: 2%
- North America: 29%

Organic sales growth
- n/a n/a n/a +2%

EBIT margin
- 2017: n/a
- 2018: 7.6%
- 2019: 8.5%
- 2020: 10.8%
- 2021: 11.9%

(a) Underlying (b) Pro forma 12 months
Global leader in flight avionics and connected in-flight entertainment

Sales by solutions

- €1.8bn (2021)
- 85% Flight avionics and other aircraft equipment and services
- 15% Connected in-flight entertainment

Sales by platform type

- €1.8bn (2021)
- 30% Narrowbody platforms
- 14% Regional aircraft, business jets and civil helicopters
- 11% Widebody platforms
- 37% Military platforms

Commercial sales by activity type

- €1.15bn (2021)
- 54% Original equipments
- 46% Aftermarket support and services

Main avionics platforms

- **Air transport**
  - A320
  - A330/340
  - A350
  - B787
  - B747
  - ATR
  - Dash 8
  - CRJ
  - SSJ 100

- **Business jets**
  - Bombardier
  - Cessna
  - Dassault
  - Gulfstream

- **Helicopters**
  - Airbus helicopters
  - Airbus Tiger
  - NH1 NH90
  - Bell Cobra/Huey
  - Sikorsky

- **Military aircraft**
  - Airbus 400M
  - Airbus MRTT
  - Boeing F/A-18
  - Dassault Rafale
  - Dassault Mirage 2000
  - LM F-16

Connected in-flight entertainment (IFE)

- **Main platforms**
  - A330/A340
  - A320
  - A350
  - B787
  - B777
  - B737
Highly diversified Defense & Security customer base

Defense & Security sales by region, 2021

- 39% outside Europe
- 40% France
- 10% Middle East
- 9% Asia
- 10% Australia/NZ
- 6% North America
- 9% Rest of Europe
- 5% Germany & Netherlands
- 8% United Kingdom
- 4% Rest of world

Thales on board the Rafale

- **SPECTRA ELECTRONIC WARFARE SUITE**: 360° detection and action radar in the electromagnetic, laser and infrared domains.
- **TALIOS**: The first optronic targeting and to cover the entire decision chain, from intelligence gathering to neutralisation.
- **ELECTRICAL SYSTEMS**: Modular computer providing all sensors data fusion and enabling multiple mission reconfigurations.
- **FRONT SECTOR OPTRONICS**: Opticron target detection, tracking, location and identification.
- **AESA RBE2**: Active Electronically Scanned Array (AESA) RBE2 multifunction radar.
- **ADVANCED MAN MACHINE INTERFACE**: Combined Head-up/Head-down displays > lateral displays.
- **MISSILE ELECTRONICS**: Seekers and proximity fuses.
- **AREDS**: Airborne Reconnaissance Observation System for day/night IMINT, Detection, Reconnaissance, Identification.
- **COMMUNICATION NAVIGATION IDENTIFICATION SUITE**.
- **TRAINING AND SIMULATION**.
## 2021 order intake by destination

<table>
<thead>
<tr>
<th>Region</th>
<th>FY 2021 (€ millions)</th>
<th>FY 2020 (€ millions)</th>
<th>Total Change (%)</th>
<th>Organic Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>France</strong></td>
<td>6,455</td>
<td>4,487</td>
<td>44%</td>
<td>44%</td>
</tr>
<tr>
<td><strong>United Kingdom</strong></td>
<td>955</td>
<td>1,162</td>
<td>-18%</td>
<td>-20%</td>
</tr>
<tr>
<td><strong>Rest of Europe</strong></td>
<td>5,300</td>
<td>5,257</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td><strong>12,711</strong></td>
<td><strong>10,905</strong></td>
<td><strong>17%</strong></td>
<td><strong>16%</strong></td>
</tr>
<tr>
<td><strong>North America</strong></td>
<td>2,230</td>
<td>1,930</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td><strong>Australia / NZ</strong></td>
<td>586</td>
<td>770</td>
<td>-24%</td>
<td>-27%</td>
</tr>
<tr>
<td><strong>Mature markets</strong></td>
<td><strong>15,527</strong></td>
<td><strong>13,605</strong></td>
<td><strong>14%</strong></td>
<td><strong>14%</strong></td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>1,829</td>
<td>1,497</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td><strong>Middle East</strong></td>
<td>856</td>
<td>999</td>
<td>-14%</td>
<td>-13%</td>
</tr>
<tr>
<td><strong>Rest of the world</strong></td>
<td>1,696</td>
<td>723</td>
<td>135%</td>
<td>137%</td>
</tr>
<tr>
<td><strong>Emerging markets</strong></td>
<td><strong>4,381</strong></td>
<td><strong>3,219</strong></td>
<td><strong>36%</strong></td>
<td><strong>38%</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>19,909</strong></td>
<td><strong>16,824</strong></td>
<td><strong>18%</strong></td>
<td><strong>18%</strong></td>
</tr>
</tbody>
</table>
## 2021 sales by destination

<table>
<thead>
<tr>
<th></th>
<th>FY 2021</th>
<th>FY 2020</th>
<th>Total</th>
<th>Organic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>In € millions</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>France</td>
<td>4,545</td>
<td>4,168</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>940</td>
<td>968</td>
<td>-3%</td>
<td>-6%</td>
</tr>
<tr>
<td>Rest of Europe</td>
<td>3,719</td>
<td>3,331</td>
<td>12%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>9,204</td>
<td>8,467</td>
<td>9%</td>
<td>8%</td>
</tr>
<tr>
<td>North America</td>
<td>1,952</td>
<td>1,887</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Australia / NZ</td>
<td>994</td>
<td>944</td>
<td>5%</td>
<td>1%</td>
</tr>
<tr>
<td><strong>Mature markets</strong></td>
<td>12,150</td>
<td>11,298</td>
<td>8%</td>
<td>7%</td>
</tr>
<tr>
<td>Asia</td>
<td>2,057</td>
<td>2,079</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td>Middle East</td>
<td>1,084</td>
<td>1,039</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Rest of the world</td>
<td>901</td>
<td>954</td>
<td>-6%</td>
<td>-4%</td>
</tr>
<tr>
<td><strong>Emerging markets</strong></td>
<td>4,042</td>
<td>4,073</td>
<td>-1%</td>
<td>0%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>16,192</td>
<td>15,371</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>
**Summary adjusted P&L: from EBIT to adjusted net income**

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2020</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>1,649</td>
<td>1,248</td>
<td></td>
</tr>
<tr>
<td>Cost of net financial debt and other financial results</td>
<td>(78)</td>
<td>(84)</td>
<td></td>
</tr>
<tr>
<td>Finance costs on pensions and other employee benefits</td>
<td>(30)</td>
<td>(37)</td>
<td></td>
</tr>
<tr>
<td>Income tax</td>
<td>(244)&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>(232)</td>
<td></td>
</tr>
<tr>
<td>Effective tax rate</td>
<td>17.3%</td>
<td>22.0%</td>
<td></td>
</tr>
<tr>
<td>Adjusted net income - discontinued operations</td>
<td>117</td>
<td>58</td>
<td></td>
</tr>
<tr>
<td>Adjusted net income</td>
<td>1,414</td>
<td>953</td>
<td></td>
</tr>
<tr>
<td>Minus, Minorities</td>
<td>(53)</td>
<td>(16)</td>
<td></td>
</tr>
<tr>
<td>Adjusted net income, Group share</td>
<td>1,361</td>
<td>937</td>
<td></td>
</tr>
<tr>
<td>EPS: Adjusted net income, Group share, per share (in €)</td>
<td>6.39</td>
<td>4.40</td>
<td></td>
</tr>
</tbody>
</table>

<sup>(a)</sup> Includes €46m non cash one-off items related to tax law changes in Italy and UK. Tax rate excluding one-offs: 20.6%
## EBIT by operating segment

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€m / % of sales</td>
<td></td>
<td>total</td>
</tr>
<tr>
<td>Aerospace</td>
<td>202</td>
<td>4.5%</td>
<td>-76</td>
</tr>
<tr>
<td>Defense &amp; Security</td>
<td>1,111</td>
<td>12.9%</td>
<td>1,039</td>
</tr>
<tr>
<td>Digital Identity &amp; Security</td>
<td>358</td>
<td>11.9%</td>
<td>324</td>
</tr>
<tr>
<td><strong>EBIT - operating segments</strong></td>
<td><strong>1,671</strong></td>
<td><strong>10.4%</strong></td>
<td><strong>1,287</strong></td>
</tr>
<tr>
<td>Other</td>
<td>-22</td>
<td></td>
<td>-39</td>
</tr>
<tr>
<td><strong>EBIT - excluding Naval Group</strong></td>
<td><strong>1,580</strong></td>
<td><strong>9.8%</strong></td>
<td><strong>1,227</strong></td>
</tr>
<tr>
<td>Naval Group</td>
<td>69</td>
<td></td>
<td>22</td>
</tr>
<tr>
<td><strong>EBIT - total</strong></td>
<td>1,649</td>
<td>10.2%</td>
<td>1,248</td>
</tr>
</tbody>
</table>
### Organic sales growth per quarter

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th></th>
<th>2019</th>
<th></th>
<th>2020</th>
<th></th>
<th>2021</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
<td>Q2</td>
</tr>
<tr>
<td>Aerospace</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+9%</td>
<td>-3%</td>
<td>-7%</td>
<td>-7%</td>
<td>-6%</td>
<td>+2%</td>
<td>-12%</td>
<td>-38%</td>
</tr>
<tr>
<td>Defense &amp; Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>+8%</td>
<td>0%</td>
<td>+1%</td>
<td>+12%</td>
<td>+10%</td>
<td>+4%</td>
<td>+2%</td>
<td>+5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Identity &amp; Security</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-15%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>+10%</td>
<td>0%</td>
<td>+1%</td>
<td>+1%</td>
<td>+3%</td>
<td></td>
<td>+2%</td>
<td>+18%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>-2%</td>
<td></td>
<td>-4%</td>
<td>-20%</td>
<td>-4%</td>
<td>-9%</td>
<td>-4%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

---

Investor meeting - 58
Definition of non-GAAP measures and other remarks

Rounding of amounts in euros
In the context of this presentation, the amounts expressed in millions of euros are rounded to the nearest million. As a result, the sums of the rounded amounts may differ very slightly from the reported totals. All ratios and variances are calculated based on underlying amounts, which feature in the consolidated financial statements.

Definitions
- **Organic**: at constant scope and exchange rates;
- **Book-to-bill ratio**: ratio of orders received to sales;
- **Mature markets**: All countries in Europe excluding Russia and Turkey, North America, Australia and New Zealand;
- **Emerging markets**: All other countries, i.e. Middle East, Asia, Latin America and Africa.

Non-GAAP measures
This presentation contains non-Generally Accepted Accounting Principles (GAAP) financial measures. Thales regards such non-GAAP financial measures as relevant operating and financial performance indicators for the Group, as they allow non-operating and non-recurring items to be excluded. Thales definitions for such measures may differ from similarly titled measures used by other companies or analysts.

- **EBIT**: income from operations; *plus* the share of net income or loss of equity affiliates; *less*: amortization of acquired assets (PPA), expenses recorded in the income from operations that are directly related to business combinations. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2021.
- **Adjusted net income**: net income, *less* the following elements, net of the corresponding tax effects: (i) amortization of acquired assets (PPA), (ii) expenses recorded in the income from operations or in “financial results” which are directly related to business combinations, which by their nature are unusual, (iii) disposal of assets, change in scope of consolidation and other, (iv) impairment of non-current assets, (v) changes in the fair value of derivative foreign exchange instruments (recognized under "other financial income and expenses" in the consolidated financial statements), (vi) actuarial gains or losses on long-term benefits (recognized under “finance costs on pensions and employee benefits” in the consolidated financial statements). See note 13-a of the consolidated financial statements at 31 December 2021. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS .... See page 16 and 17 of the 2021 results press release for detailed calculation of these other indicators.
- **Free operating cash flow**: net cash flow from operating activities, *less*: capital expenditures, *less*: deficit payments on pensions in the United Kingdom. See notes 13-a, 6.3 (continued operations) and 1.4 of the consolidated financial statements at 31 December 2021.
- **Net cash (debt)**: 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. See note 6.2 of the consolidated financial statements at 31 December 2021.
This presentation contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from these forward-looking statements due to various risks and uncertainties, as described in the Company’s Universal Registration Document, which has been filed with the French financial markets authority (Autorité des marchés financiers – AMF).

This document may not be reproduced, modified, adapted, published, translated, in any way, in whole or in part without the prior written consent of Thales - © Thales 2022
All rights reserved.

www.thalesgroup.com