H1 2026 results

23rd July 2026

www.thalesgroup.com

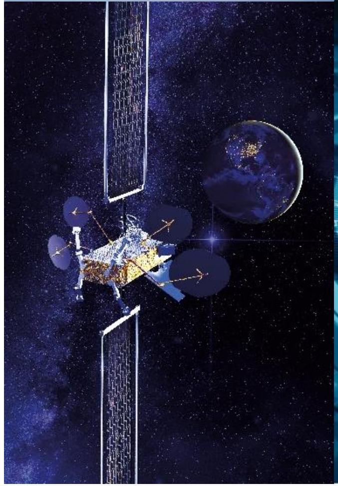
H1 2026 highlights

Results

- Robust order intake momentum driven by Defence and Space, reflecting the strength of Thales products and solutions
- Sales growth reflects successful ramp-up in Defence, rebound in Cyber and resilience in Aerospace
- Robust improvement in profitability year-over-year
- Exceptional free operating cash-flow generation

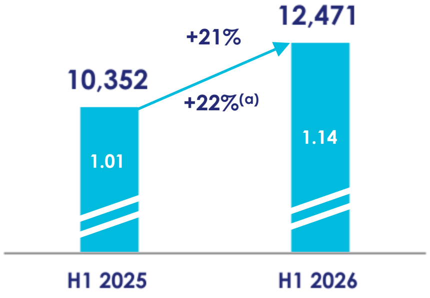
Key achievements in H1

- Launch of new solutions to enhance counter drone capabilities
- Promising partnerships established to accelerate in fast-growing areas
- Planned acquisition of Exail, announced early July, aiming at creating a world-class player in autonomous underwater warfare and reinforcing Thales' capabilities in inertial navigation

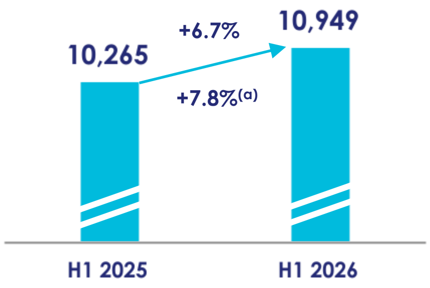


H1 2026 key figures

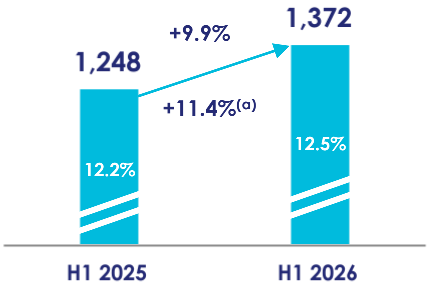
Order intake and book-to-bill (€m)



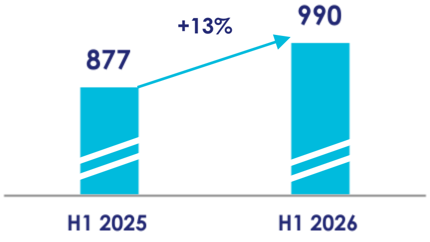
Sales (€m)



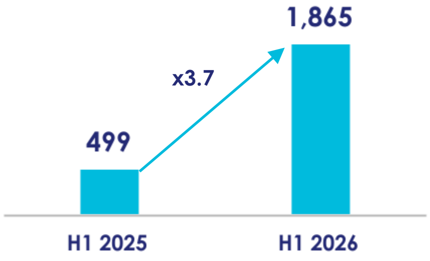
Adjusted EBIT[b] (€m and %)



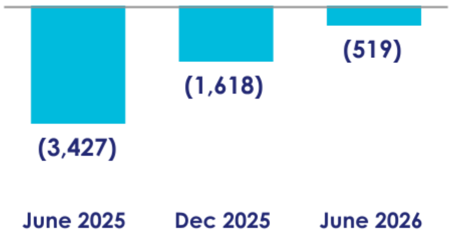
Adjusted net income, Group share[b] (€m)



Free operating cash flow[b] (€m)



Net cash (debt) position[b] (€m)



(a) Organic: at constant scope and exchange rates
(b) The definition of all non-GAAP measures can be found in appendix

H1 2026 order intake

> Solid H1 order intake

- > Strong momentum across the business and notably in Space and in Defence
- > All the geographies contributing to growth, notably Middle-East

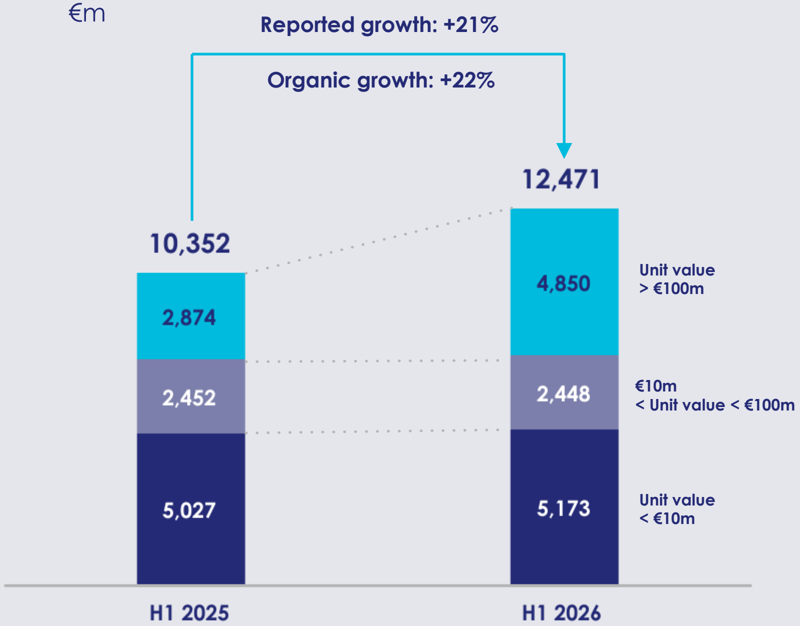
> 18 large orders[a] booked in H1 2026

- > 13 large orders in Defence, major contracts in Air Defence and in the naval domain
- > 5 large orders in Space driven by strong institutional demand

> Small orders[b] up 5% organically

(a) With a unit value over €100m
(b) With a unit value of less than €10m

> Order intake by contract unit value



H1 2026 organic sales growth

> **Solid sales growth, up 7.8% organically and 9.6% ex one-offs**

- Double-digit growth in Defence in both Q1 and Q2, driven by continued production ramp-up and solid execution
- Good momentum in Avionics, while Space sales impacted by one-off
- Cyber recovering growth as expected in Q2

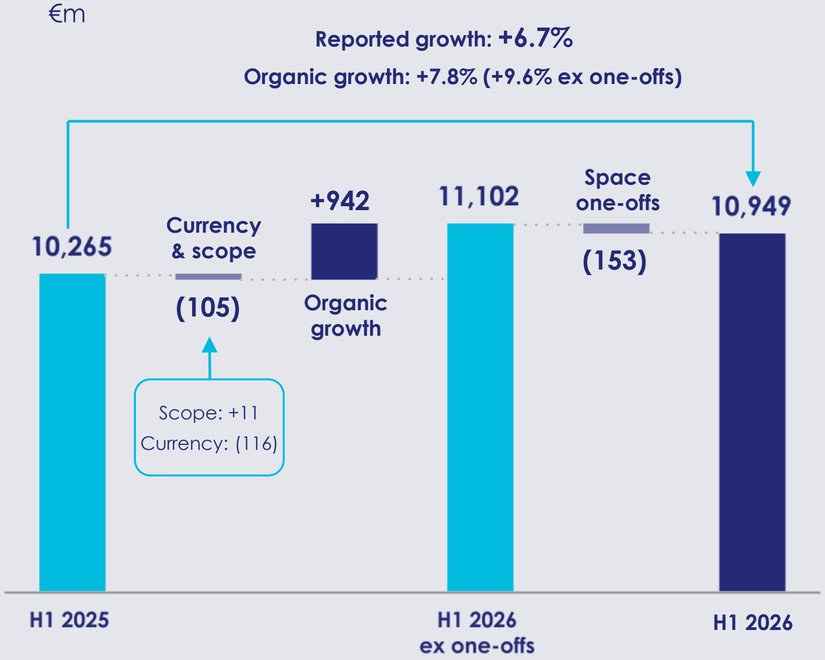
> **Sustained growth from both mature and emerging markets**

- Europe: +9.4%
- Emerging markets: +14.6%, of which Middle-East +36.7%

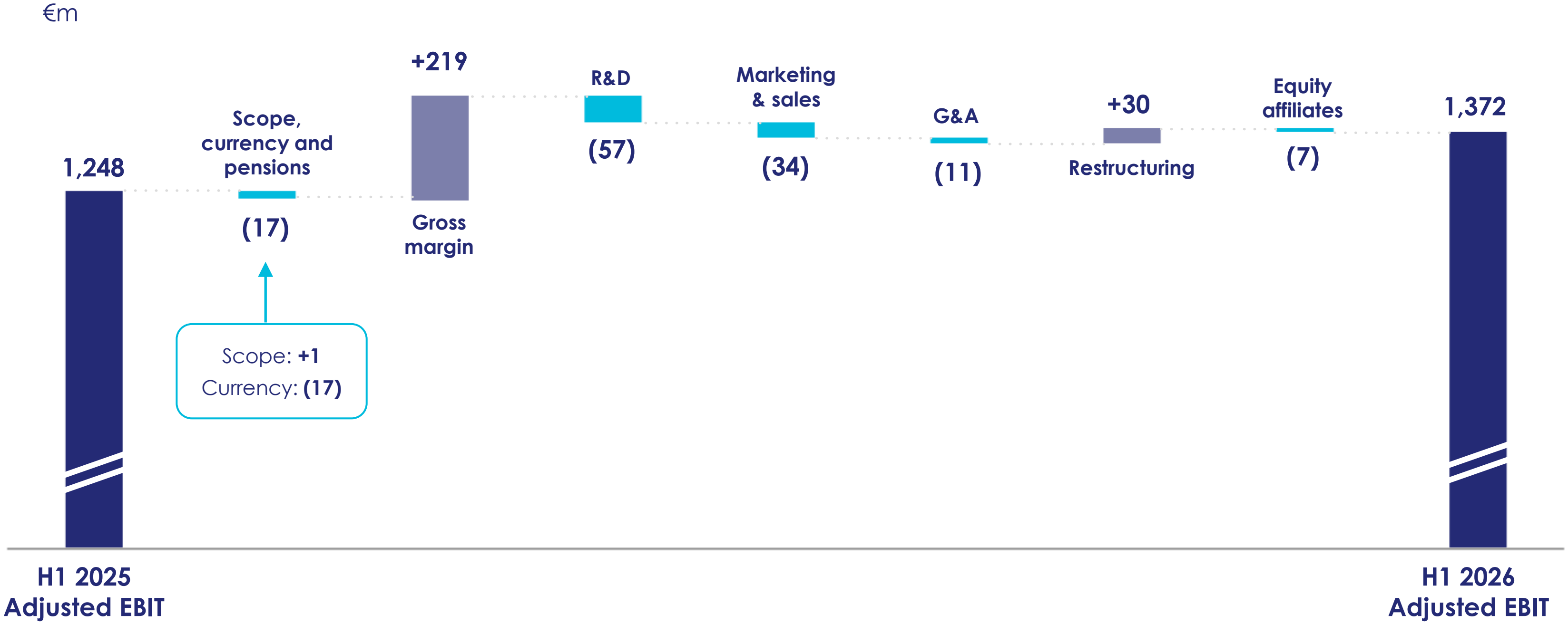
> **Scope and currency impact**

- Minor scope impact
- Negative currency impact, mainly linked to EUR/USD evolution in Q1

H1 sales growth drivers



H1 2025 to H1 2026 Adjusted EBIT bridge



Aerospace: H1 2026 key figures

€m	H1 2026	H1 2025	Change Total	Change Organic
Order intake	**3,260**	**2,658**	+23%	+24%
Sales	**2,779**	**2,759**	+0.7%	**+8,8%** ex one-off +2.1 %
Adjusted EBIT	**289**	**252**	+14.8%	+17.2%
in % of sales	*10.4%*	*9.1%*	*+1.3 pts*	*+1.3 pts*

> Robust order intake driving solid growth

- Sustained momentum for Space activities
- Continued strong demand, notably from institutional clients, with 5 large contracts in H1 2026

> Sales up +8.8% ex one-off, driven by Avionics

- Sales up in Avionics, with limited impact from lower air traffic in H1
- Solid underlying growth in Space, offset by the cancellation of two telco satellites cutting sales by €(150)m

> Sharp increase in Adjusted EBIT margin

- Significant improvement in Space profitability vs. H1 2025

Defence: H1 2026 key figures

€m	H1 2026	H1 2025	Change Total	Change Organic
Order intake	**7,351**	**5,762**	*+28%*	*+28%*
Sales	**6,316**	**5,593**	*+12.9%*	*+13.1%*
Adjusted EBIT	**875**	**718**	*+21.8%*	*+22.0%*
in % of sales	*13.8%*	*12.8%*	*+1.0 pts*	*+1.0 pts*

> **Order intake reaching a solid €7.4bn in H1 2026, up 28%**
- 13 large contracts booked in H1 2026 vs. 6 in H1 2025
- Sustained demand across the whole portfolio and geographies, in particular for Air Defence solutions

> **H1 Sales up +13% organically**
- Continued double-digit increase with +11.9% organic growth in Q2, supported by production ramp-up notably in sensors and effectors

> **Adjusted EBIT up +22%, material increase in margin**
- +100 bps increase in operating margin

Cyber & Digital: H1 2026 key figures

€m	H1 2026	H1 2025	Change Total	Change Organic
Sales	**1,797**	**1,849**	*(2.8)%*	*+0.4%*
o/w Cyber	681	696	*(2.2)%*	*+1.6%*
o/w Digital Identity	1,116	1,153	*(3.2)%*	*(0.3)%*
Adjusted EBIT	**195**	**267**	*(26.9)%*	*(23.5)%*
In % of sales	*10.9%*	*14.4%*	*(3.6) pts*	*(3.4) pts*
o/w Cyber	95	98	*(3.0)%*	*+5.5%*
o/w Digital Identity	100	168	*(40.8)%*	*(39.5)%*

> Cyber sales up organically, Digital Identity stable on high comps

- Recovery in Cyber sales growth, up +1.6% in H1 and +4.5% in Q2
- Digital Identity virtually flat yoy on an inflated 2025 basis of comparison

> Adj. EBIT up organically in Cyber, Digital Identity reflects 2025 one-off

- Digital Identity margin down year-on-year, due to positive one-offs booked in H1 2025
- Challenging context in Payment Services and Biometrics
- Cyber Adjusted EBIT up +5.5% organically in H1, with margin broadly stable at 14.0%

Summary adjusted P&L: from Adj. EBIT to Adj. net income

€m	H1 2026	H1 2025
Adjusted EBIT	**1,372**	**1,248**
Cost of net financial debt and other financial results	(55)	(86)
Finance costs on pensions and other employee benefits	(27)	(26)
Income tax	(310)	(277)
Effective tax rate	*25.8%* [1]	*26.7%*
Adjusted net income	**980**	**859**
Minorities	10	18
Adjusted net income, Group share	**990**	**877**
Adjusted net income, Group share, per share (in €)	**4.82**	**4.27**
Temporary additional corporate tax in France	(57)	(60)
Adjusted net income, Group share excluding temporary additional corporate tax in France	**1,047**	**937**

[1] *Excluding additional temporary tax surcharge in France in H1 2026, the effective tax rate is 21.0%*

H1 2026 Free operating cash flow

> **Exceptional free operating cash flow generation**

> **Marked improvement in WCR variance**
> - Continued supportive momentum on order intake
> - Favorable customer payment phasing, reflecting strong project execution

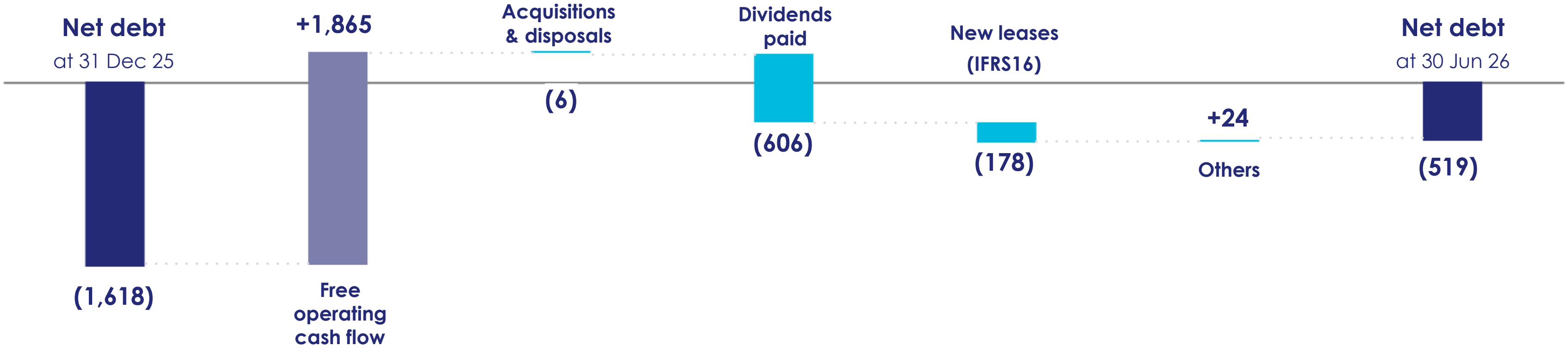
> **2026 Adjusted Net Income to FOCF conversion ratio upgraded to 100%-110% on July 3rd**

	€m	H1 2026	H1 2025
	Operating cash flow before WCR changes, interest and tax	**1,734** [1]	**1,526**
+	Change in WCR and reserves for contingencies	552 [1]	(530)
+	Pension cash out	(78)	(76)
+	Net financial interests	(26)	(40)
+	Income tax paid	(11)	(71)
+	Net operating investments	(307)	(310)
=	**Free operating cash flow**	**1,865**	**499**

[1] *Excluding the impact of F126 programme cancellation for €450m*

Movement in net debt over H1 2026

€m



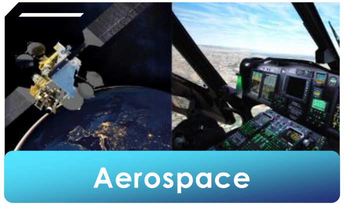
2026 half-year results

Strategy and outlook

Strong fundamentals supporting profitable growth for Thales

> Secular opportunity in Defence: growing demand and high visibility

- Strong organic growth thanks to Thales' ongoing **ramp-up** efforts
- Thales' **customer intimacy** and **product portfolio** are key strategic advantages
- Upcoming **acquisition of Exail** will be a key contributor to robust growth going forward



> Strong structural growth momentum in Aerospace

- **Structural growth in air traffic** outweighs cyclical effects of the conflict in the Middle East on avionics
- Organic growth to be enriched with **Exail's complementary solutions** in inertial systems
- Thales well-positioned to address growing needs for **European Space sovereignty**, with Bromo in sight

> Cyber & Digital: Thales on track to capture increasing demand

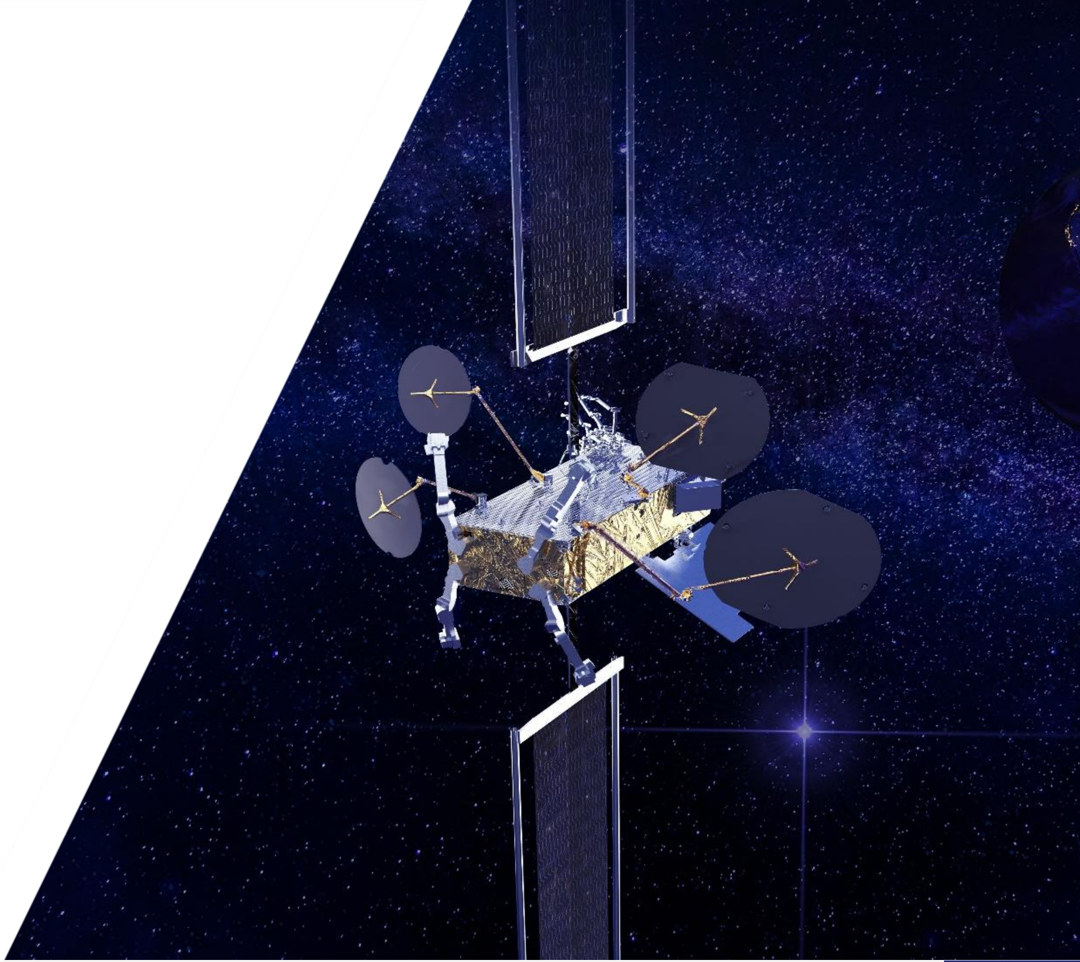
- Cybersecurity **sales reorganisation** starting to bear fruits
- Ongoing **AI adoption** enlarges the opportunity set for cybersecurity solutions
- **New promising products** addressing evolving customer needs

2026 outlook: all guidance upgraded or confirmed

	2026 Financial objectives[a]	Update	Updated objectives
Order Intake	Book-to-bill above 1	Upgraded	Book-to-bill above 1.1
Organic sales growth	+6% to +7% corresponding to €23.3 to €23.6 billion	Confirmed	Underlying improvement offsetting one-offs
Adjusted EBIT margin	12.6% to 12.8%	Confirmed	On track
FOCF conversion ratio	95% to 100%	Upgraded	100% to 110%

a. Based on June 2026 scope, (i.e including the consolidation of the Space activity), an average EUR/USD rate of 1.18 over 2026; assuming no new major disruptions of macroeconomic and geopolitical context.
b. Non-GAAP measure: see definition in appendix.

Appendix



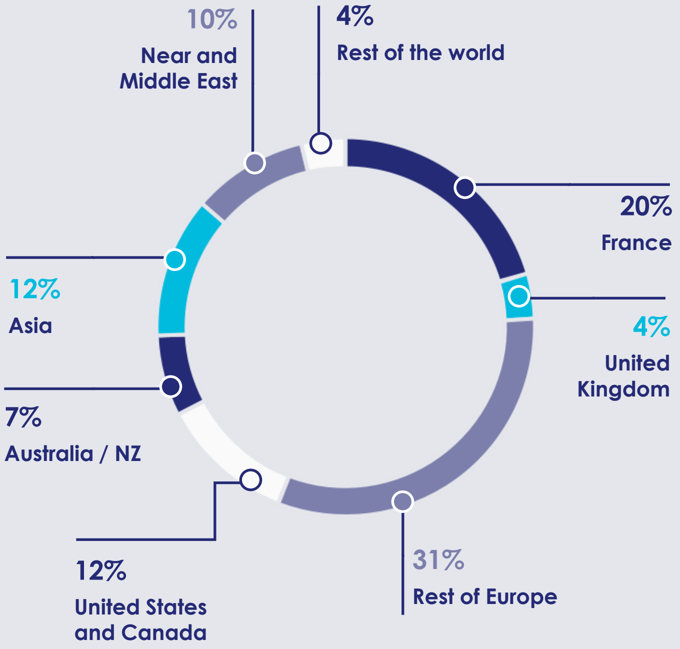
Upcoming events

22 October 2026
(before market opening)

Q3 and 9m 2026 sales

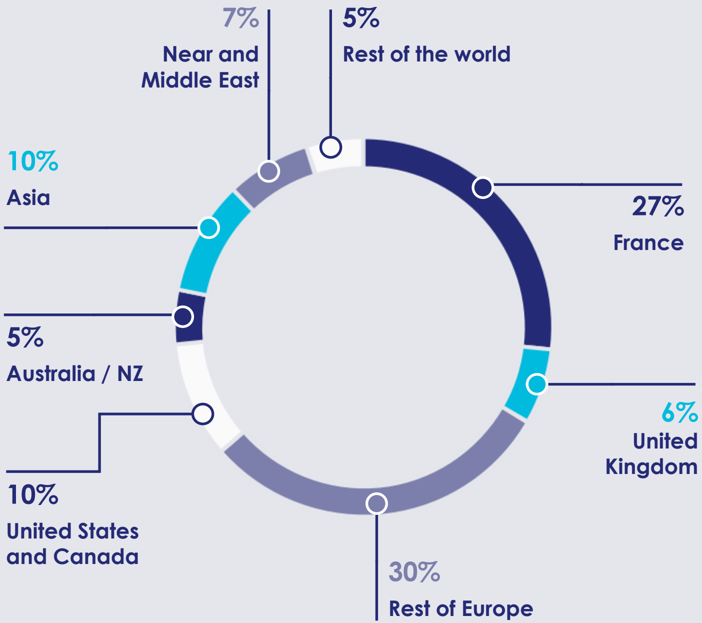
H1 2026 order intake by destination

In € millions	H1 2026	H1 2025	Change Total	Change Organic
France	2,547	1,899	+34%	+34%
United Kingdom	486	433	+12%	+16%
Rest of Europe	3,927	2,706	+45%	+46%
Europe	**6,960**	**5,037**	**+38%**	**+39%**
United States and Canada	1,436	1,376	+4%	+9%
Australia / NZ	867	618	+40%	+35%
Mature markets	**9,264**	**7,031**	**+32%**	**+33%**
Asia	1,501	2,516	(40)%	(40)%
Near and Middle East	1,238	424	+192%	+202%
Rest of the world	468	381	+23%	+24%
Emerging markets	**3,207**	**3,321**	**(3)%**	**(2)%**
Total	**12,471**	**10,352**	**+21%**	**+22%**



H1 2026 sales by destination

In € millions	H1 2026	H1 2025	Change Total	Change Organic
France	2,947	3,002	(1.8)%	(1.7)%
United Kingdom	708	708	(0.0)%	+3.0%
Rest of Europe	3,305	2,669	+23.9%	+23.6%
Europe	**6,960**	**6,378**	**+9.1%**	**+9.4%**
United States and Canada	1,091	1,312	(16.8)%	(12.8)%
Australia / NZ	511	445	+15.0%	+10.5%
Mature markets	**8,563**	**8,135**	**+5.3%**	**+6.0%**
Asia	1,063	999	+6.4%	+9.4%
Near and Middle East	790	593	+33.1%	+36.7%
Rest of the world	533	537	(0.7)%	+0.1%
Emerging markets	**2,386**	**2,130**	**+12.0%**	**+14.6%**
Total	**10,949**	**10,265**	**+6.7%**	**+7.8%**



Summary adjusted P&L: from sales to Adjusted EBIT

	H1 2026		H1 2025		Change	
	€m	% of sales	€m	% of sales	total	organic
Sales	**10,949**		**10,265**		**+6.7%**	**+7.8%**
Gross margin	3,138	28.7%	2,958	28.8%	+6.1%	+7.5%
Indirect costs	(1,833)	(16.7)%	(1,756)	(17.1)%	(4.4)%	(5.9)%
o/w R&D expenses	*(674)*	*(6.2)%*	*(627)*	*(6.1)%*	*(7.5)%*	*(9.3)%*
o/w Marketing & Sales expenses	*(798)*	*(7.3)%*	*(774)*	*(7.5)%*	*(3.1)%*	*(4.4)%*
o/w General & Administrative expenses	*(361)*	*(3.3)%*	*(355)*	*(3.5)%*	*(1.7)%*	*(3.0)%*
Restructuring costs	(24)	(0.2)%	(55)	(0.5)%	+55.8%	+55.7%
Share in net result of equity-accounted, affiliates, excluding Naval Group	52		66			
Adj. EBIT, excluding Naval Group	**1,333**	**12.2%**	**1,213**	**11.8%**	**+9.9%**	**+11.4%**
Share in net result of Naval Group	39		35			
Adj. EBIT	**1,372**	**12.5%**	**1,248**	**12.2%**	**+9.9%**	**+11.4%**

H1 2026 Adjusted EBIT by operating segment

€m / % of sales	H1 2026		H1 2025		Change Total	Change Organic
Aerospace	**289**	***10.4%***	252	*9.1%*	*+14.8%*	*+17.2%*
Defence	**875**	***13.8%***	718	*12.8%*	*+21.8%*	*+22.0%*
Cyber & Digital	**195**	***10.9%***	267	*14.4%*	*(26.9)%*	*(23.5)%*
Adj. EBIT – operating segments	**1,359**	***12.5%***	**1,237**	***12.1%***	***+9.9%***	***+11.4%***
Other	(26)		(24)			
Adj. EBIT – excluding Naval Group	**1,333**	***12.2%***	**1,213**	***11.8%***	***+9.9%***	***+11.4%***
Naval Group	39		35			
Adj. EBIT – total	**1,372**	***12.5%***	**1,248**	***12.2%***	***+9.9%***	***+11.4%***

Organic sales growth per quarter

	2023				2024				2025				2026	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Aerospace	+10%	+10%	+13%	+14%	+5%	+5%	+6%	(2)%	+8%	+3%	+9%	+13%	+6%	(1)%
Defence	+5%	+5%	+8%	+10%	+13%	+5%	+9%	+24%	+15%	+11%	+17%	+9%	+14%	+12%
Cyber & Digital	+20%	+5%	(2)%	(3)%	(3)%	+3%	+0%	+4%	(2)%	(2)%	(0)%	+0%	+2%	(1)%
Total	+9%	+6%	+7%	+9%	+8%	+4%	+7%	+13%	+10%	+6%	+11%	+8%	+10%	+6%

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Q2 2026 order intake by operating segment

€m	Q2 2026	Q2 2025	Change Total	Change Organic
Aerospace	1,738	1,128	+54%	+55%
Defence	5,111	4,455	+15%	+14%
Cyber & Digital	949	968	(2)%	(2)%
Other	20	22		
Total	**7,818**	**6,574**	***+19%***	***+19%***

Q2 2026 sales by operating segment

€m	Q2 2026	Q2 2025	Change Total	Change Organic
Aerospace	1,395	1,417	*(1.6)%*	*(1.4)%*
Defence	3,268	2,903	*+12.6%*	*+11.9%*
Cyber & Digital	938	953	*(1.5)%*	*(0.9)%*
dont Cyber	*358*	*345*	*+3.8%*	*+4.5%*
dont Digital	*580*	*608*	*(4.6)%*	*(4.0)%*
Other	32	32		
Total	**5,633**	**5,305**	***+6.2%***	***+6.0%***

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.

- **Adjusted EBIT:** income from operations; plus the share in net income of equity affiliates, excluding (i) expenses related to business combinations (amortization 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 recognized in the income statement in respect of LTI plans. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2025.
- **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 assets, (v) changes in the fair value of derivative 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), (vii) impact of changes in the Thales share price on the expense recognized in the income statement in respect of LTI plans. See note 13-a of the consolidated financial statements at 31 December 2025. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS. See pages 14 and 15 of the H1 2026 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 and 6.3 of the consolidated financial statements at 31 December 2025.
- **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 2025.

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