

2025 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

THALES
Building a future we can all trust

/Contents

Chairman's foreword 2

1

The Group's business model 5

Profile 7
Solid financial and sustainability performance 8
Highlights of 2025 10
Core business segments 14
Value creation 16
Dialogue with stakeholders 18
Selected highlights 19
Strategic priorities 20
Fit-for-purpose Governance 22

2

Business review 25

2.1 Operating segments 26
2.2 Research and innovation 39
2.3 Report on operations and results 41
2.4 Investments 54
2.5 Organization of the Group 56

3

Risk factors, internal control and risk management 59

3.1 Operational and strategic risks 61
3.2 Legal and regulatory risks 71
3.3 Financial risks 74
3.4 Risk control environment 76

4

Governance and compensation 83

4.1 Composition of the Board of Directors 84
4.2 Corporate Governance 102
4.3 General Management and Executive Committee 112
4.4 Compensation of corporate officers 113
4.5 Compensation of other Officers 139
4.6 Summary statement of transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the 2025 financial year 139

5

Social and environmental responsibility 141

5.1 Sustainability Report 142
5.2 Sustainability auditors' Report 217
5.3 Non-financial disclosures required under legal provisions other than those applicable to the Sustainability Report 221

6

Company and share capital 233

6.1 General information about the company 234
6.2 Share capital and shareholders 235
6.3 Related-party agreements 246
6.4 Stock market information and financial communication 248
6.5 History 252

7

Financial statements 255

7.1 Consolidated financial statements 256
7.2 Parent company management report 299
7.3 Statutory auditors' reports 328
7.4 Statutory auditors 336

8

Appendices 339

8.1 Attestation of the person responsible for the Universal Registration Document including the annual financial report 340
8.2 Changes to the structure of the 2025 Universal Registration Document 340
8.3 Historical financial information included by reference 341
8.4 Cross-reference table for the annual financial report and the management report 342
8.5 Cross-reference table for the Corporate Governance Report 344
8.6 Cross-reference table – Annexes I and II of Commission Delegated Regulation (EU) 2019/980 345

2025

THALES

UNIVERSAL REGISTRATION DOCUMENT

Including the Annual Financial Report



AMF AUTORITÉ DES MARCHÉS FINANCIERS

The Universal Registration Document has been filed on April 2, 2026 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if completed by a securities note and, if applicable, a summary and any amendments to the Universal Registration Document. The whole is approved by the AMF in accordance with Regulation (EU) 2017/1129.

This is a translation into English of the Universal Registration Document of the Company issued in French and available on the website of the Issuer.

The Universal Registration Document including the Annual Financial Report is a reproduction of the official version of the *Document d'enregistrement universel* including the *Rapport Financier Annuel* which was established in HTML and filed with the *Autorité des marchés financiers* on April 2, 2026.

Foreword
Patrice Caine

2025 was an excellent year for Thales, **with all our financial and non-financial objectives successfully met or exceeded.**

With order intake reaching a record level of 25.3 billion euros for the second successive year, and sales passing the 22-billion-euro mark, we continue to follow a long-term trend which sees our markets experiencing very dynamic growth and our position as a technology leader—in the fields of defence, aerospace, cybersecurity and digital—strengthening year after year.

Thales achieved particularly strong results in the defence sector, driven by our clients' desire to enhance their sovereignty. Among the major successes of 2025, we can highlight the first export success of the SAMP/T NG air defence system, recognized as one of the most advanced in the world.

One of the major events last year was the memorandum of understanding signed by Thales, Airbus and Leonardo with the aim of creating a new leader in the space sector, which would enable Europe to play a central role in the highly dynamic global space market. Subject to approval by the relevant authorities and alignment of all stakeholders, this merger could take effect in 2027.

In the cybersecurity sector, 2025 was particularly notable for the SecNumCloud certification from ANSSI (the French National Cybersecurity Agency) obtained by our subsidiary S3NS, in partnership with Google Cloud. This certification, the most stringent in Europe, will open the way to Trusted Cloud solutions for numerous organizations looking to combine outstanding performance with the highest level of global security.



PATRICE CAINE
Chairman & Chief Executive Officer

The sustained growth of our business was accompanied by a significant increase in both our profitability and cash generation, as demonstrated by a 14% organic rise in Group EBIT and record net cash generation of nearly 2.6 billion euros in 2025. This once again demonstrates Thales' ability to deliver profitable growth and to generate substantial resources to finance its future development.

Research and Development at Thales, amounting to 4.5 billion euros in 2025, once again distinguished itself, as demonstrated once more by the presence of our Group in the Clarivate Top 100 Global Innovators list.

The excellence of our R&D was instrumental in enabling the rapid deployment of artificial intelligence systems tailored for critical environments. Our AI accelerator, cortAIx, continued its rapid growth in 2025, with an expansion to new locations in the United Kingdom, Singapore, Canada and Germany, as well as through the signature of structuring partnerships with Dassault Aviation and, at the beginning of 2026, Naval Group.

In line with our commitments, we remained focused and determined in pursuing our CSR objectives—all of which were met or surpassed. This year also saw the launch of the STEM for All prize which aims to encourage young people to pursue careers in science, and which will be expanded to several additional countries in 2026.

Thales has every reason to look to the future with confidence and ambition. Our Group will keep drawing on its solid base and the excellence of its teams to help our clients make the world safer, more respectful of the environment, and more inclusive.


THALES

1

The Group's business model

Profile 7

Solid financial and sustainability performance 8

Highlights of 2025 10

Core business segments 14

Value creation 16

Dialogue with stakeholders 18

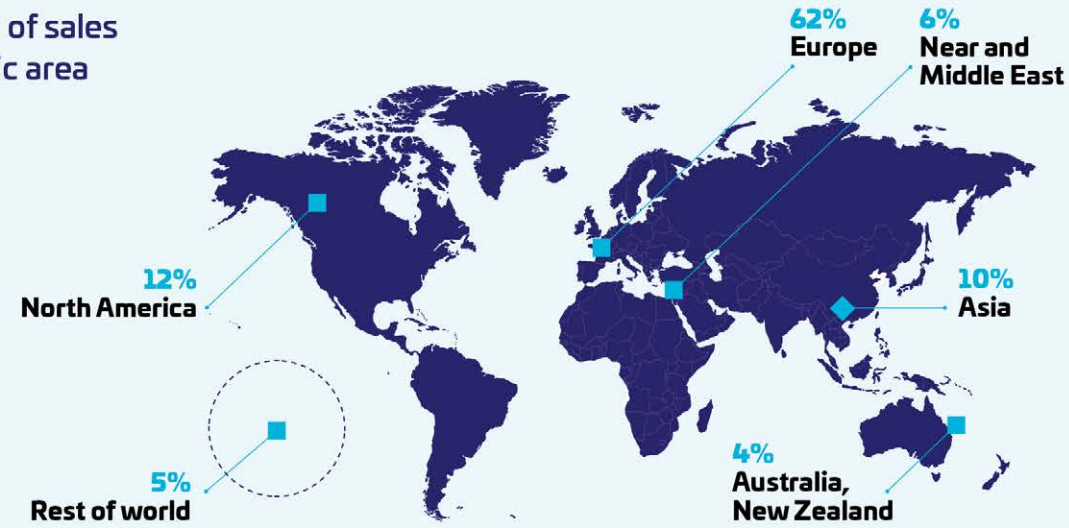
Selected highlights 19

Strategic priorities 20

Fit-for-purpose Governance 22

Profile

/ Breakdown of sales by geographic area



Thales (Euronext Paris: HO) is a global leader in advanced technologies for the Defence, Aerospace, and Cyber & Digital sectors. Its portfolio of innovative products and services helps address several major challenges: sovereignty, security, sustainability and inclusion. The Group allocates €4.5 billion per year in Research & Development in key areas, particularly for critical environments, such as Artificial Intelligence, Cybersecurity, Quantum and Cloud technologies. Thales has more than 85,000 employees in 65 countries. In 2025, the Group generated sales of €22.1 billion.

/ 2025 in figures

€22.1bn
sales

65
countries

85,000
employees

€4.5bn
in R&D, including €1.328bn self-funded

€2,577m
Free operating cash flow

-75.2%
CO_2 emissions (Scopes 1 and 2) (1)

-15.4%
CO_2 emissions (Scope 3) (1)

(1) In absolute values against 2018 baseline.

Solid financial and sustainability performance

/ Financial performance:

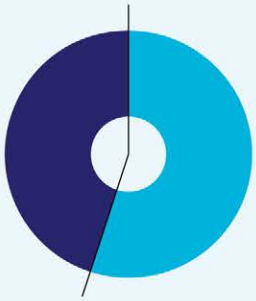
SALES

€22.1bn

+ 8.8% organic growth (1)



SALES BREAKDOWN



55%
Defence

45%
Civil

ORDER INTAKE

€25.3bn

+1% organic growth (1)



ORDER BOOK

€53.3bn

+7% organic growth (1)



ADJUSTED EBIT

€2,740m

+14% organic growth (1)



DIVIDEND PER SHARE

€3.90 (2)

+5.4% increase



(1) At constant Scope and exchange rates.
(2) Subject to shareholders approval at the May 12, 2026 AGM.
(3) Women at a percentage of the overall workforce: 27.6%.
(4) The 2024 data differ from those published in the 2024 Universal Registration Document, due to a change in facts and circumstances explained in section 5.1.2.5.2.
(5) 50,120 managers trained out of a total of 52,984.

Aligned with PROTECT, its sustainability program for a safer, more environmentally responsible, and more inclusive world, Thales sets yearly CSR objectives to guide its efforts around three pillars: Society, Planet, and People.

/ Sustainability performance:

GENDER BALANCE

• Management committees with at least 4 women

2030 Objective: 85%



• Women in senior management [3]

2030 Objective: 25%

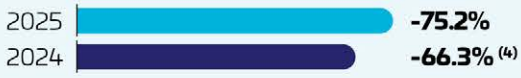


CLIMATE CHANGE

• CO_2 emissions (Scopes 1 and 2)

In absolute values against 2018 baseline

2030 Objective: -50.4%



• CO_2 emissions (Scope 3)

In absolute values against 2018 baseline

2030 Objective: -15.0%



• Thales Climate Passport trainings [5]

2025 Objective: 85% of managers at responsibility levels NR 8-12 trained



Highlights of 2025

CORTAIX

THALES MOVES AHEAD WITH THE DEVELOPMENT OF CORTAIX

Thales has strengthened its leadership in trusted AI with the international roll-out of cortAIx, its AI accelerator for critical systems, now present in the UK and Singapore. At the Paris Summit for AI Action in February, the Group highlighted its expertise in hybrid AI, now integrated into more than 100 products. Thales signed a partnership in this area with Dassault Aviation in favor of sovereign AI in November.



INNOVATION

THALES, ONE OF THE 100 MOST INNOVATIVE PLAYERS IN THE WORLD

For the 12th year, Thales was ranked as one of the 100 most innovative companies in the world according to Clarivate [1], with more than 22,000 patents and 400 new inventions each year. The Group's innovation capacity, supported by 34,000 engineers and researchers, and €4.5 billion in R&D investments, remains a key driver of differentiation and attractiveness.



DEFENCE

THALES DELIVERS THE FIRST UNCREWED MINE COUNTERMEASURES SYSTEM TO THE ROYAL NAVY AND THE FRENCH NAVY

Thales has placed France and the United Kingdom at the forefront of naval innovation by delivering a mine countermeasures system using uncrewed cyber-secure UAVs incorporating artificial intelligence (AI). This is a world first. Standing as a true technological breakthrough in mine countermeasure missions, this system makes it possible to limit the exposure of navy personnel to danger and contributes to the security of the global maritime domain.

[1] Clarivate is an international company specializing in the analysis of scientific, technological and intellectual property data, particularly from patent databases.

CSR

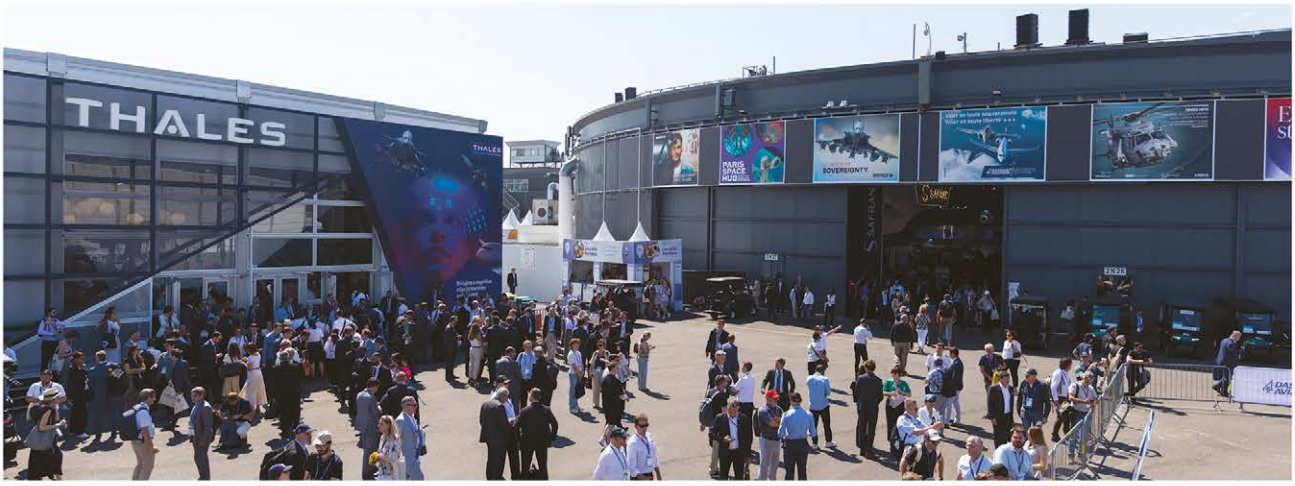
THALES, THE FAVORITE COMPANY OF YOUNG ENGINEERS IN FRANCE

Thales ranked first in the Universum ranking of the most attractive employers for engineering school students in France. The students notably appreciated the Group's capacity for innovation and the professional development opportunities it offers, thanks to its industrial and academic roots in 65 countries and its global skills development program, the "Learning Company".

AEROSPACE

2025 PARIS AIR SHOW

The Paris Air Show is a strategic event for Thales, allowing the Group to present its technological advances and strengthen its international partnerships. At the 2025 show in June, Thales unveiled a compact COMINT sensor for UAVs and signed several major agreements, including with Boreal SAS for long-range remotely operated munitions and with Edge Group for electro-optical systems.



INNOVATION/QUANTUM

SPECIAL "QUANTUM EN IMMERSION" DAY AT THALES' RESEARCH LABORATORIES IN PALAISEAU

On July 2, Thales presented its latest quantum advances, including sensors, communications, algorithms and post-quantum crypto, to the French Defence Procurement Agency (DGA) and then to a dozen French and international journalists. Five demonstrations highlighted the Group's innovations, as well as new opportunities and challenges in quantum technologies.



CYBER & DIGITAL

THALES REDEFINES THE FUTURE OF IPHONE MOBILE PAYMENTS IN EUROPE WITH CURVE PAY

This collaboration between Curve and Thales brings iOS users greater control, flexibility and autonomy for digital wallets and in-store contactless payments. With more than six million users in Europe, and partners such as Samsung and PayPal, Curve is continuing its mission with Thales to offer a modern, seamless payment experience with no hidden fees.



DEFENCE

THALES A MAJOR CONTRIBUTOR TO THE SUCCESS OF THE SAMP/T NG SELECTED BY THE DANISH MINISTRY OF DEFENCE

The Danish Ministry of Defence has selected the SAMP/T NG to strengthen its air defence and ensure interoperability with the European and NATO armed forces. The SAMP/T NG system is a Franco-Italian mobile ground-to-air system designed to intercept and destroy medium-range UAVs, ballistic missiles and aircraft. Thales, an integrator of the SAMP/T NG system in collaboration with MBDA, supplies the Ground Fire surveillance and air defence radar boasting outstanding performance with a range of up to 400 kilometers.

CIVIL AVIATION

THALES SIGNS A MAJOR CONTRACT WITH INDIAN AIRLINE INDIGO

This large-scale project provides for the avionics maintenance of the company's 1,200 Airbus A320 aircraft over 11 years, for an amount of more than €100 million. Encompassing the 430 aircraft currently in service and the 800 on order, the partnership aims to reduce downtime and optimize aircraft rotation while strengthening Thales' presence in India.



CSR

LAUNCH OF THE "STEM FOR ALL" GRANT AND MENTORING PROGRAM

In 2025, the Thales Solidarity program, which coordinates the Group's societal actions, launched the "STEM for All" program to encourage careers in science and technology by offering mentoring and grants to science, technology, engineering and mathematics (STEM) students in France and Belgium. The first edition of the program was celebrated on October 16 with a Gala in Paris to reward the 40 selected students. The "STEM for All" program will be extended in 2026 to several European countries, including Greece, the Czech Republic, Romania, Italy and Poland.



CYBER & DIGITAL

THALES LAUNCHES THE FIRST EUROPEAN SMART CARD DESIGNED TO WITHSTAND FUTURE THREATS FROM QUANTUM COMPUTERS

Certified at the highest level of security by ANSSI, this new generation of cards, rolled out in October, includes reinforced protection mechanisms and digital signatures specially developed to guarantee data security over the long term. It provides governments with a reliable and sustainable basis for the electronic identity solutions of tomorrow.

THALES Building a future we can all trust · LEONARDO · AIRBUS

SPACE

THALES SIGNS A MEMORANDUM OF UNDERSTANDING WITH AIRBUS AND LEONARDO FOR THE CREATION OF A MAJOR NEW EUROPEAN SPACE PLAYER

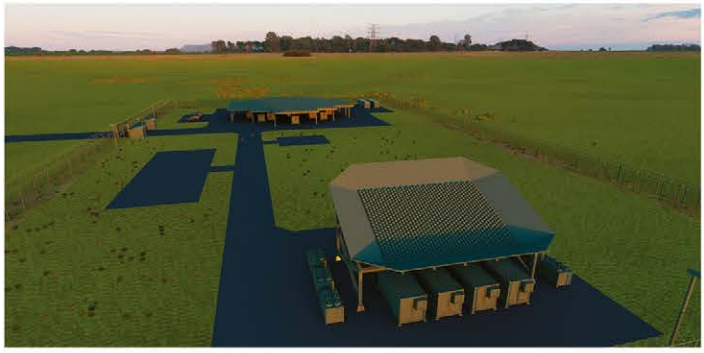
The aim of this new European space player is to increase the strike force of the three companies by combining their satellite production activities and the associated services. The project is a major step forward in strengthening the European space ecosystem, increasing its capacity for innovation, strategic autonomy and competitiveness, and thus enabling Europe to assert its central role in the global space market. The new entity will bring together around 25,000 people across Europe. With annual sales of some €6.5 billion (end-2024, *pro forma*) and an order book representing more than three years of sales, it will possess the requisite critical mass to be innovative and competitive on a global scale.

DEFENCE

THALES UNVEILS AURORE, A UNIQUE SPACE SURVEILLANCE RADAR IN EUROPE

Thales was awarded a contract by the French Defence Procurement Agency (DGA) to develop, deliver and deploy a new space situational awareness radar. With the growing militarization of space, this decision constitutes an important milestone for French and European sovereignty by providing unparalleled detection capabilities to strengthen military space surveillance missions for low-orbit activities.

Designed and manufactured at the Thales site in Limours, the AURORE radar also benefits from the expertise stemming from partnerships established with several French SMEs.



CYBER & DIGITAL

S3NS CERTIFIED SECNUMCLOUD BY ANSSI

S3NS now offers companies and the public sector the most comprehensive qualified cloud service on the market, incorporating the most advanced data and artificial intelligence services of Google Cloud. It also meets the most demanding protection and resilience criteria in France as well as in European countries, as specified by the SecNumCloud 3.2 qualification, particularly in terms of immunity to non-European extraterritorial laws.

CSR

THALES ONCE AGAIN INCLUDED IN THE CLIMATE A-LIST OF THE CARBON DISCLOSURE PROJECT

This confirms for the third consecutive year the Group's commitment to the fight against climate change and its environmental transparency. Thales belongs to the 4% of organizations worldwide with an "A" rating, a global recognition for its actions in this area. The Group also received a "A-" rating in the CDP Water assessment.

Core business segments

BUSINESS MODEL

All three of Thales' high-tech markets – **Defence, Aerospace and Cyber & Digital** – are on a long-term growth trajectory. In each of these markets, customers rely on our premium solutions to help them cope with the growing complexity of their operations and make informed decisions more quickly and with fewer resources.

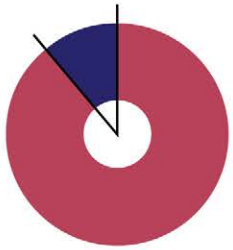
Defence

Helping governments, armed forces and major organisations to protect themselves and guarantee the safety and security of citizens and critical infrastructure.

KEY FIGURES

No. 1 WORLDWIDE
Advanced Air Defence (1)

No. 1 WORLDWIDE
Sonars (1)



89% Defence

11% Civil

56%
of Group sales

€12,234m
in sales
+12.2% vs 2024
(organic growth (2))

13.2%
Adjusted EBIT margin

- Radiocommunication solutions
- Secure networks and infrastructure systems
- Force protection and command-and-control systems: battlefield digitalization, collaborative combat
- Cybersecurity technologies
- Surveillance and intelligence solutions: radars, optronics
- Armoured military vehicles

GROWTH DRIVERS

- Increase in military spending, particularly, but not just, in Europe, against a backdrop of geopolitical tensions and conflicts
- Rapid digitalization and transformation of armed forces around the world
- Growing demand for sovereign cyberdefence solutions
- Adoption of disruptive technologies such as artificial intelligence and quantum technologies
- Strengthening of industrial capacity and innovation in electronic warfare

(1) Thales internal data.
(2) At constant Scope and exchange rates.

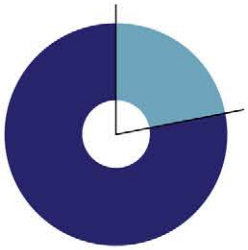
Aerospace

Making aviation safer, greener and more efficient. Designing satellites for defence, telecommunications, Earth observation and climate monitoring.

KEY FIGURES

No. 3
WORLDWIDE
Avionics (1)

No. 1
IN EUROPE
Satellites for institutional customers (1)



78% Civil | **22%** Defence

27%
of Group sales

€5,910m
in sales
+8.7% vs 2024
(organic growth (2))

9.5%
Adjusted EBIT margin

SPACE

- Telecommunications
- Earth observation
- National security and defence
- Satellite navigation
- Exploration

AERONAUTICS

- Facial recognition and airport security
- Air traffic control
- Connected avionics
- UAVs and urban air mobility
- Passenger experience
- Simulation and training

GROWTH DRIVERS

- Strong, steady growth in air traffic volumes
- Growth in civil aviation markets driven by fleet renovation and increased production of new commercial aircraft in response to the growth in air traffic
- Strengthening of secure connectivity on board and in infrastructures
- Increase in government investments in civil and military space
- Transition to a more sustainable aviation and an environmentally responsible space industry

Cyber & Digital

Protecting critical infrastructure and essential digital services from cyberattacks. Building trust in a hyper-connected world.

KEY FIGURES

No. 1
WORLDWIDE
Civil Identity (1)

No. 1
WORLDWIDE
Data security (1)



100% Civil

17%
of Group sales

€3,852m
in sales
-0.9% vs 2024
(organic growth (2))

13.7%
Adjusted EBIT margin

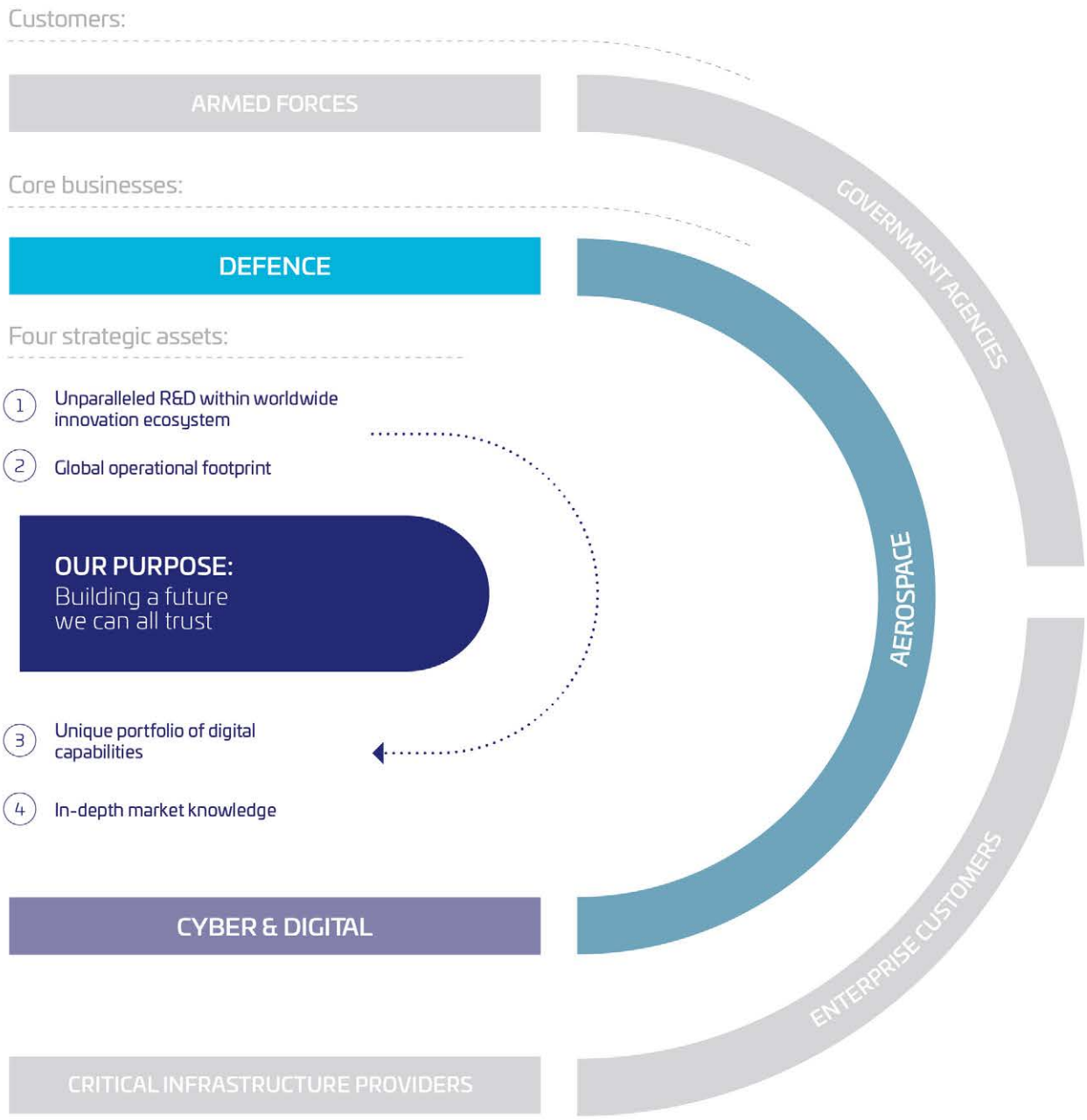
- Cybersecurity solutions
- Banking and payment services
- Cloud security and identity and access management
- Identity and biometrics
- Mobile user and device authentication

GROWTH DRIVERS

- Increase in and intensification of cyberattacks
- Growing needs for authentication, data protection and application solutions in the cloud
- Strong growth in cybersecurity, the cloud, mobile connectivity and digital identity markets
- Digitalisation of SIM cards, payment cards and ID documents
- Leadership in cybersecurity through an expanded portfolio of innovative products and solutions

Value creation

BUSINESS MODEL



RESOURCES

TRAINED AND LOYAL EMPLOYEES

- **85,000 employees** (of whom 27.6% women)
- **93.3%** full-time contracts; **97.5%** permanent contracts
- **34,000 engineers**
- **17.5 hours of learning** per employee on average in 2025
- **36 internal training academies** available for employees

DIVERSIFIED MARKETS AND A SOLID INDUSTRIAL BASE

- **3 business sectors**:
  Defence, Aerospace, Cybersecurity and Digital
  Sales repartition: 55% Defence / 45% Civil
- Operations in **65 countries**
- **21 sites** with more than 1,000 employees
- R&D on technologies with high environmental potential: nano-neurons, lasers for fusion energy, quantum antennas
- Growth and maintenance Capex

INNOVATION AT THE HEART OF OUR IDENTITY

- **€4.5bn** in R&D, including **€1.3bn** self-funded
- **More than 40%** of the Group's employees involved in research, engineering and technological development
- More than **800 experts** in artificial intelligence

A CARBON-FOCUSED ENVIRONMENTAL FOOTPRINT

- **864,006 MWh** of energy consumed
- Scope 1 and 2 GHG emissions of 55 kt CO_2e
- Scope 3 GHG emissions of 8,778 kt CO_2e

A DEMANDING ETHICAL FRAMEWORK

- Policy of non-engagement in the design, manufacture or sale of controversial weapons
- **ISO 37001 certification** (anti-bribery management systems)
- **8,086 employees** trained in corruption prevention **(100% of target population)**
- **100%** of new suppliers bound to the principles of Thales' Integrity & Corporate Responsibility Charter
- One of the only companies in the sector to have adopted a **Digital Ethics Charter**

A ROBUST FINANCIAL STRUCTURE

- Solid shareholder structure (French State and Dassault Aviation)
- Limited net debt: **€1.62bn** at December 31, 2025
- High and sustainable free operating cash flow generation (€2.577bn)
- Extremely solid credit ratings (A- S&P, A2 Moody's)

VALUE CREATION

FOR OUR EMPLOYEES

- **€9.48bn** in payroll
- **21.78% women** in senior management in 2025
- **69.23%** of management committees with at least 4 women in 2025
- Lost time injury frequency rate of **1.50**
- Employee Engagement Index of **76%**

FOR OUR SUPPLIERS AND PARTNERS

- **17,000 suppliers**
- **€10.6bn** procurement commitments taken in 2025, of which **€3.1bn** purchases in France from more than **3,800 SMEs and mid-caps**
- **+3,000 start-ups** listed since 2016
- **Responsible Supplier Relations and Procurement** certification in France

FOR THE SCIENTIFIC AND TECHNICAL COMMUNITY

- A portfolio of more than **22,000 patents** and **400 new patent applications** in 2025
- Ranked among the world's 100 most innovative companies by Clarivate for the 12th time
- Europe's leading publisher of research papers in the field of physics according to international scientific journal Nature

FOR THE PLANET

- **75.2%** decrease in CO_2 emissions in Scopes 1 and 2 and **15.4%** decrease in Scope 3 in absolute terms compared with 2018 (2030 targets validated by the SBTi)
- Flight path optimization solutions to achieve 10% reduction in civil aircraft CO_2 emissions by 2030
- Central role of **Thales Alenia Space** satellites on major oceanography and environmental monitoring
- Decarbonization of suppliers

FOR SOCIETY

- **70+ countries** rely on Thales equipment to protect their populations and territorial integrity
- **Two out of three aircraft** in the world take off and land using Thales equipment
- **30,000+ organizations** use Thales identity management and data protection technologies
- **€150,000bn** in interbank fund transfers protected every year
- **300 government ID verification programs** around the world are backed by Thales solutions
- Over **257,000 young people** learned about STEM careers through the Vocation Makers initiatives

FOR OUR INVESTORS

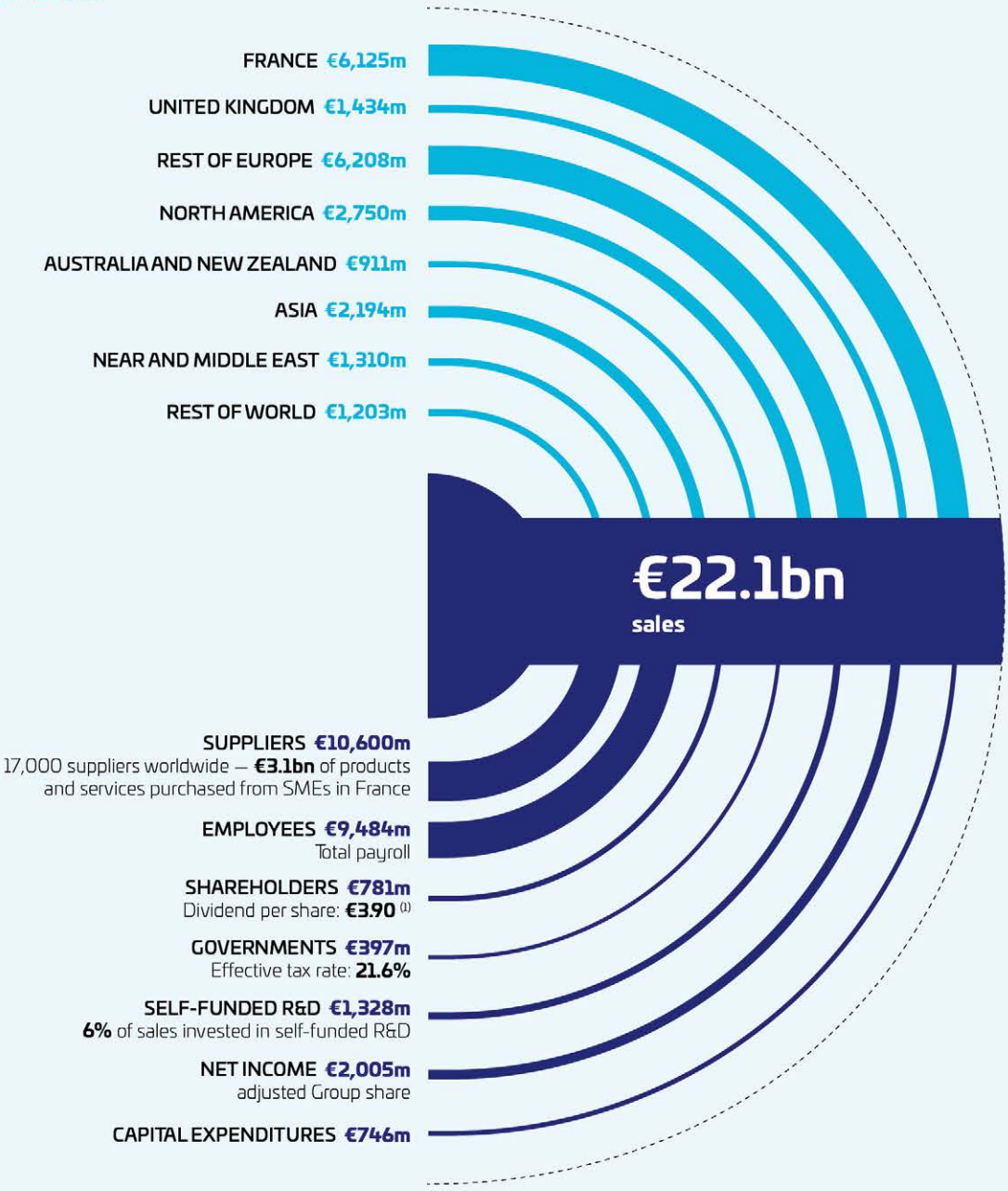
- **Strong increase in global sales**
- 28 large orders with a unit value of more than **€100m**
- 40% of Adjusted net income distributed in the form of dividends
- 13.3% increase in Adjusted EBIT
- Inclusion in CAC 40 ESG in September 2024

Dialogue with stakeholders

BUSINESS MODEL

Thales maintains regular dialogue with its ecosystem. This interaction with the academic world, institutional players, industrial partners and teams contributes to inform technological choices, support changes in professions, and respond to growing sovereignty and security challenges. The Group is thus committed to creating value for all its stakeholders.

Shared value and stakeholder engagement:



(1) Proposed at the Annual General Meeting on May 12, 2026.

Selected highlights

INDUSTRY PARTNERS AND GOVERNMENTS

Trusted AI in the spotlight at the Paris Summit

On February 11, 2025, Patrice Caine attended the Paris Summit for AI Action, bringing together heads of state, politicians and business leaders. Discussions at the event focused on the use of AI for national security and the emergence of European champions. The cortAIx teams presented several demonstrations illustrating the contribution of AI in critical areas, such as optronics, multi-robot systems, and mission planning.





High-intensity security at Milipol Paris

Milipol Paris is a leading international event for homeland security and safety. At the 2025 show, against a backdrop of mounting hybrid threats and crises, Thales presented its high-intensity security solutions, including anti-UAV systems, immersive simulators, biometrics, sovereign cloud and cybersecurity offers. The Group's experts shared their knowledge and discussed the challenges crucial to the security of our societies.

Defence and aerospace at the Paris Air Show

Thales took part in the International Paris Air Show, organized from June 16 to 22, 2025. Visitors to the Group pavilion were able to find out about solutions for a more sovereign space, better connected civil aviation, and more collaborative defence.

PEOPLE

The teams voice their opinions

Every two years, the Group's teams are consulted on their perception of leadership, their workload, compensation, working environment, and the quality of life at work. In 2025, the overall engagement rate of Thales employees was 78%, and 79% of respondents praised the Group's actions in favor of diversity and equal opportunities. The lessons learned from this survey are shared with management and the human resources teams as part of a constant effort to improve.

SCIENTIFIC COMMUNITY

Partnerships with the academic world

To support its research activities, Thales relies on partnerships with leading institutions. In France, the Group runs joint laboratories with the CNRS, CEA-LETI, CEA-LIST, and Sorbonne Université. In the UK, it works with the universities of Southampton, Bristol and Cranfield, and with the Centre for Secure Information Technologies (CIST) at Queen's University Belfast, particularly in cybersecurity. In Canada, work is being carried out on AI, quantum technologies and cybersecurity with the IVADO research consortium at Université de Montréal.

Strategic priorities

BUSINESS MODEL

Thales' common core of advanced technologies and expertise has no equivalent anywhere in the world. In 2025, the Group made headway on the five strategic priorities for 2028 set in 2024 to pursue its profitable growth in the medium and long term.

High-end solutions for profitable growth

Thales is a global technology leader serving the Defence, Aerospace and Cyber & Digital markets. The Group's extensive portfolio of innovative solutions for civil and defence customers provides a unique competitive advantage in that more than 80% of its sales come from fast-growing markets with excellent long-term visibility. Thales serves customers in 65 countries. The Group actively manages its portfolio of businesses and solutions to further strengthen its leadership in all of its markets. Future growth will be driven in particular by higher defence spending due to the current geopolitical context, expansion of the portfolio of avionics solutions in line with the continuous increase in air traffic, and improved profitability of the space business. Together with the Group's leadership in cybersecurity, these factors enable Thales to step up to the challenges of creating a safer, greener and more inclusive world.

Examples and highlights in 2025:

- Solid growth in Defence activities, underpinned in particular by an acceleration in production rates
- Launch of new solutions combining the best technologies from Thales and Imperva, including the File Activity Monitoring solution
- Signing of a Memorandum of Understanding with Foxconn and Radiall to explore the possibility of creating an industrial capacity for the outsourced assembly and testing of semiconductors in France
- Space: finalization of the adaptation plan and signing of an initial phase contract for the IRIS² constellation

Premium positioning

Thales' overriding objective is to provide its customers with a decisive competitive advantage:

- Guarantee on-time delivery of its products and services by expanding industrial capacity and continuing to secure its supply chains
- Innovate constantly by leveraging disruptive technologies to improve operational performance
- Improve the user experience
- Provide top-quality customer service

Examples and highlights in 2025:

- Investment in additional capacity, including the Cholet (France), Hengelo (Netherlands) and Gdansk (Poland) sites
- SAMP/T NG selected by Denmark to strengthen its air defence
- Signature of an avionics maintenance contract for more than 1,200 aircraft of the airline IndiGo, for an 11-year period
- S3NS: SecNumCloud certification obtained for PREMI3NS, a "trusted cloud" solution





Disruptive technologies

With its 34,000 engineers and an annual R&D investment of €4.5 billion, of which €1.3 billion self-funded, Thales stands apart by developing and integrating disruptive technologies to remain at the forefront of innovation: today, trusted AI and edge computing; tomorrow, cryptography and open source; and in the longer term, 6G and quantum technologies, which are already benefiting from substantial investments. With 800 experts and the dedicated AI accelerator cortAIx, which was set up in 2024, Thales has developed trusted AI algorithms that are already part of around 100 solutions for applications ranging from data capture and communication to situational awareness, risk analysis and machine autonomy. The objective is to embed this AI in all the Group's solutions.

Examples and highlights in 2025:

- cortAIx launched in the UK, with 200 AI experts for critical systems, and in Singapore
- Launch of the first smart card in Europe to receive high-level security certification and integrate post-quantum cryptography
- Inclusion for the 12th year in the Clarivate Top 100 Global Innovators Rankings

Employer brand and attractiveness

Thales is considered one of the most attractive employers in several countries, with more than one million job applications received in 2025 (+50% compared with 2024) and 30,000 new hires between 2022 and 2024. To attract the best talent, Thales has formed partnerships with 60 prestigious universities and academic research institutes in more than 10 countries. The Group is progressively becoming a Learning Company, leveraging the potential of new training technologies and an unshakable commitment to continuous professional development.

Examples and highlights in 2025:

- More than 35 internal academies in place
- In the Universum ranking, Thales is the preferred company of young French engineers

CSR leadership reinforced

Thales plays a key role in developing solutions to contribute to meeting societal and environmental challenges. With its sustainable development program, PROTECT, Thales is seeking to harness technology to contribute to a more responsible and sustainable society, adapt its operating methods to respect the limits of the planet, and build an inclusive and attractive professional environment. The PROTECT program consists of nine objectives for 2030 that give the teams clear direction on the Group's priority CSR topics.

Examples and highlights in 2025:

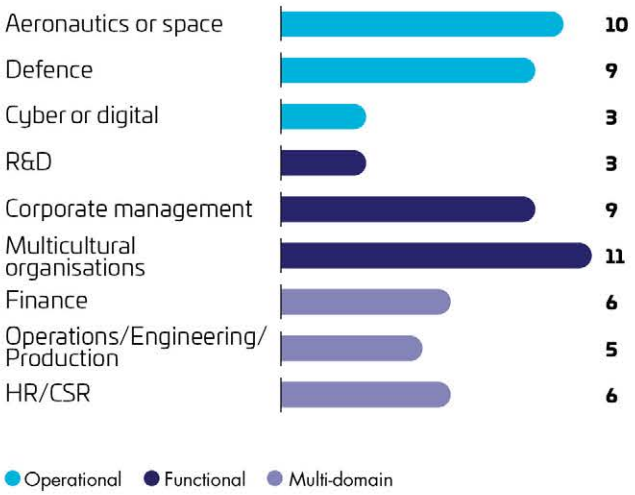
- Thales was on the CDP's Climate A-List for the third consecutive year and for the first time obtained an "A-" rating on water management
- Launch of the "STEM for All" grant and mentoring program in France and Belgium
- All the Group's 2025 CSR targets were met
- More than 50,000 employees completed the Thales Climate Passport training course

Fit-for-purpose Governance

Thales is a public limited company with a Board of Directors. The composition of the Board is governed by the shareholders' agreement between the Group's two main shareholders: the French State and industrial partners Dassault Aviation. This agreement stipulates that the Chairman & Chief Executive Officer must be selected by mutual agreement and that the Board must have four independent directors in the meaning of the Afep-Medef Corporate Governance Code for Listed Corporations.

/ A balanced and experienced Board of Directors [1]

NUMBER OF DIRECTORS (NOT INCLUDING THE CHAIRMAN) WITH SUBJECT-MATTER EXPERTISE IN SPECIFIC AREAS



16
number of directors

25%
independent directors [2]

50%
women directors

ENGAGEMENT OF THE BOARD OF DIRECTORS

9
meetings in 2025

93%
attendance rate

3
Board committees

- Audit and Accounts Committee
- Governance and Compensation Committee
- Strategy and Corporate Social Responsibility Committee: this committee, which comprises five members and is chaired by the Chairman & CEO, is tasked with reviewing the Group's CSR strategy and monitoring related performance.

ACTIVITY OF THE BOARD OF DIRECTORS

Besides the recurring topics, the Board dealt with:

- monitoring of the main strategic challenges of the Group's various business areas;
- the space partnership project concluded with the Airbus and Leonardo groups (Bromo project), the preparation of which was monitored throughout the year;
- acquisition opportunities;
- the industrial plan;
- implementation of the annual LTI (Long Term Incentive) plan with performance conditions, applicable to Group employees;
- preparation of the first Sustainability Report;
- carbon and diversity objectives.

(1) As of December 31, 2025.
(2) Rate based on the total membership of the Board. The rate increases to 31% when the employee representative directors and the employee shareholders' representative are excluded from the calculation.
(3) Compensation paid to the Chairman & CEO divided by median salary of Thales employees in France.

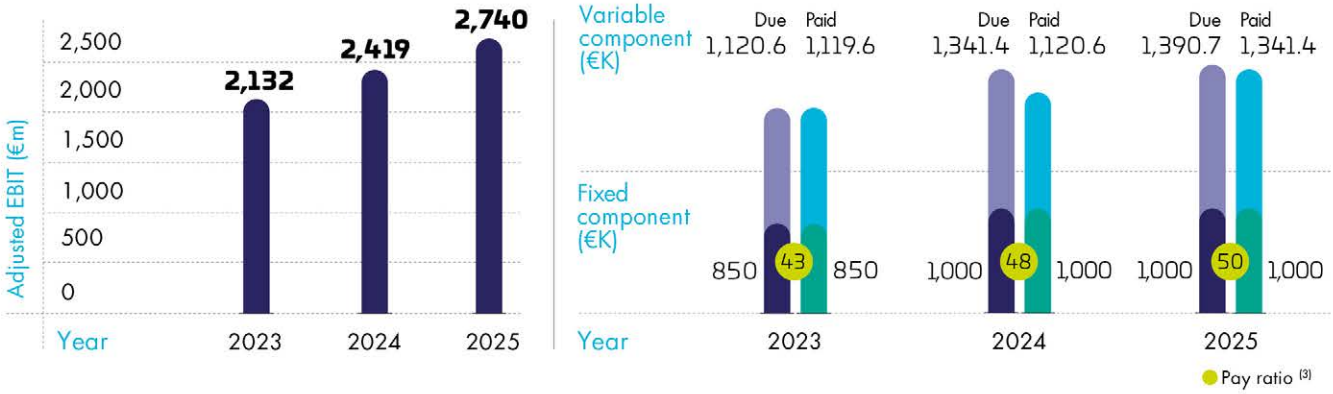
/ Membership of Executive Committee

14
members:

- 10 men, 4 women
- 7 Executive Vice Presidents in charge of Global Business Units
- 6 Executive Vice Presidents in charge of corporate departments

/ Principles of compensation paid to the Chairman & CEO

COMPENSATION AND EQUITY RATIO



PERFORMANCE CRITERIA FOR VARIABLE ANNUAL COMPENSATION, 2025

Financial criteria

35%
Adjusted EBIT

20%
Order intake

20%
Free operating cash flow

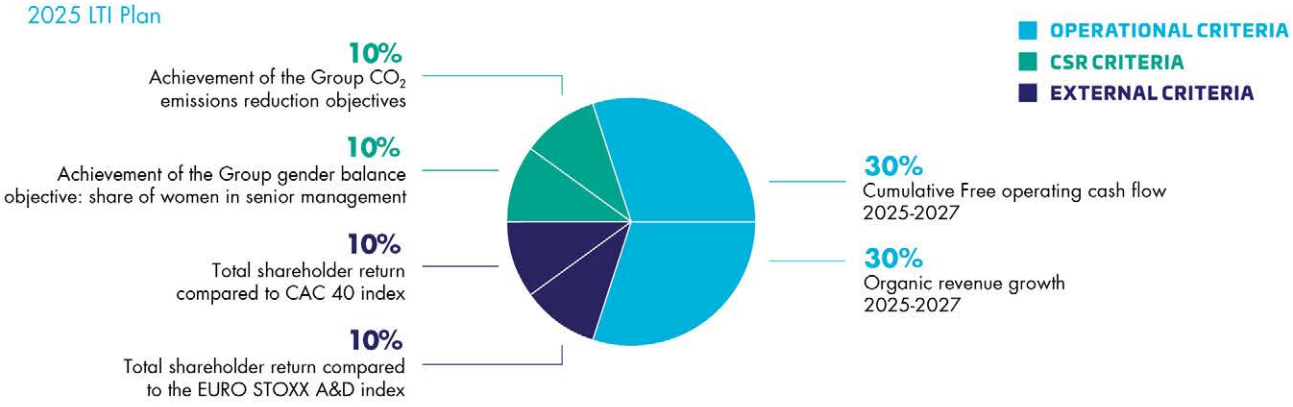
Non-financial criteria

25%

- Strategy and R&D (3%)
- Transversal operational actions (3%)
- Talent and human resources (4%)
- CSR criteria (15%)

CRITERIA FOR LONG-TERM COMPENSATION

2025 LTI Plan




cortAIx
Artificial Intelligence by THALES
VISITOR

2

Business review

2.1 Operating segments 26

2.1.1 Aerospace segment 26
2.1.2 Defence segment 30
2.1.3 Cyber & Digital segment 36
2.1.4 Ground Transportation Systems (GTS) business 38

2.2 Research and innovation 39

2.2.1 Research and development, the key to competitiveness and growth 39
2.2.2 The four key technical areas 39
2.2.3 A dynamic intellectual property management policy 40

2.3 Report on operations and results 41

2.3.1 Adjusted Key figures 41
2.3.2 Presentation of financial information 42
2.3.3 Order intake 45
2.3.4 Sales 48
2.3.5 Adjusted Net Income 50
2.3.6 Consolidated net income 51
2.3.7 Financial position at December 31, 2025 52
2.3.8 Proposed dividend 52
2.3.9 Outlook 53

2.4 Investments 54

2.4.1 Investments in R&D 54
2.4.2 Operating investments 54
2.4.3 Acquisitions and equity investments 55

2.5 Organization of the Group 56

2.5.1 Relations between Thales and its subsidiaries 56
2.5.2 Data about the main operational subsidiaries and main sites 57

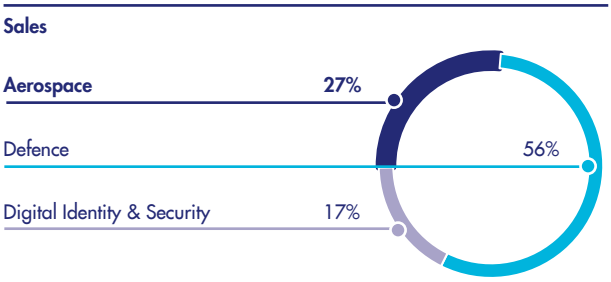
2.1 Operating segments

2.1.1 Aerospace segment

2.1.1.1 Key figures

(in millions of euros)	2025	2024
Order book at December 31	10,804	10,486
Order intake	6,122	6,434
Sales	5,910	5,471
Adjusted EBIT [a]	560	391
Consolidated headcount	19,099	19,225

(a) Non-GAAP indicator. See definition on page 42.



2.1.1.2 Avionics

2.1.1.2.1 General overview

Thales supports aircraft manufacturers, armed forces, airlines, operators, pilots, crews and passengers to make flights safer, more connected and more eco-responsible. The natively cyber-secure and connected systems that Thales designs enable aircraft, helicopters and UAVs to fly under all circumstances and enable all the parts of the aeronautical ecosystem to interface together, on the ground or in flight.

The range of avionic equipment, systems and applications covers the following areas:

- **flight avionics:** piloting and control of the aircraft, namely, certified or open-source electronics and information systems and solutions that ensure the secure and optimized flight of aircraft in an increasingly dense, connected and automated sky;
- **passenger experience:** airlines call on Thales to personalize the inflight services they propose to their passengers through latest generation in-flight entertainment systems with high-speed connectivity. Thales also uses the latest technology in data analytics to enable airlines to tap into new sources of revenue generated by specific applications offered to passengers depending on their profiles;
- **training and simulation:** land, sea and air armed forces can train using Thales' "live", "virtual" and "constructive" solutions, which optimize the preparation of their missions while reducing training costs and the environmental footprint. Thales supplies simulators for several defence programs as well as providing training and instruction.

For all these activities, **support and services** are offered: equipment and aircraft maintenance services, support for pilot missions and optimization of operations, thanks to cutting-edge digital solutions that allow civil and military operators to minimize operating costs and ensure increased aircraft availability.

Thales also provides power amplification and radiology solutions used in various fields of application: defence, security, science, aeronautics, space and medical.

2.1.1.2.2 Competitive position

As one of the leading players in the avionics market alongside Garmin, GE Aerospace, Honeywell, Liebherr, RTX and Safran, Thales supplies the commercial and military aircraft manufacturers Airbus, ATR, Boeing, Bombardier, Dassault Aviation, Embraer, Gulfstream, Leonardo, NHIndustries, Sikorsky and Textron.

Thales is also one of the leading players in the in-flight entertainment systems segment along with Panasonic Avionics, Safran, and Starlink.

There is multiple competition in the simulation solutions market, particularly with players such as CAE, FlightSafety International, Indra, Cubic, Rheinmetall, BAE and SAAB.

Thales continues to be a global market leader in microwave and imaging subsystems, its main competitors being CPI, iRay, Stellant Systems and Varex Imaging.

2.1.1.2.3 Key events 2025

In 2025, Thales opened a new avionics maintenance, repair and overhaul center in Gurugram, India, and announced the construction in Troyes, France, of a new center of excellence dedicated to the manufacture of communications and connectivity systems for cockpits (Satcom), as well as an investment in its industrial sites in Châtellerault and Valence, France, to meet the growing demand for secure navigation solutions in the civil and military sectors. The Group also launched a new generation of inertial measurement equipment incorporating MEMS (microelectromechanical systems) accelerometers through the strengthening of its industrial sites.

In **civil avionics**, Thales was recognized in the "Customer Focus" category at the annual Airbus Supplier Awards ceremony for the supply of avionics equipment, aeronautical communications systems, in-flight entertainment and services. SkyDrive, a Japanese manufacturer of electrical vertical take-off and landing (eVTOL) aircraft, successfully completed the first flight of its future platform, equipped with Thales' next-generation FlytRise flight control system. The helicopter operator Heli Austria selected the StableLight autopilot from Thales and StandardAero to equip its H125 helicopter. To make aviation more sustainable, Corsair chose Thales' FlytOptim flight optimization solution for all its flights to Africa, the West Indies and the Indian Ocean. To the same end, Thales launched a large-scale trial of a contrail avoidance solution, in partnership with Amelia and Breakthrough Energy Contrails.

The year was also marked by the launch of AVIATOR 210U, an L-Band satellite communications system for drones, as well as the securing of European Aviation Safety Agency (EASA) approval for the new generation of safety satellite communication antennas in the AVIATOR S range, compliant with long-term evolution (LTE) compatibility requirements.

In **military avionics**, Thales achieved a world first by carrying out the first positioning calculation combining the signals of the European (Galileo PRS) and American (GPS code M) military constellations, thanks to its TopStar M receiver, as part of the OMEGA program to modernize the GNSS equipment of the armed forces, with the support of the French Defence Procurement Agency (DGA). Equipping the cockpit of the Guépard light joint helicopter with its next-generation avionics suite FlytX, Thales contributed to the success of the first test flight in Marignane, France. Thales' avionics solutions also contributed to the success of the inaugural flight of the medium-altitude and long-endurance UAV Eyepulse, developed by Daher. The Group also announced that it would equip the Airbus Defence and Space A400M military transport aircraft with its AVIATOR 700S safety satellite communications system, and that Rohde & Schwarz had selected its radio management system for the modernization of the German Air Force's fleet of Tornado combat aircraft. Thales now contributes its expertise in resilient inertial navigation to naval operations, with Thales inertial navigation units chosen to equip the French Navy's amphibious helicopter carriers.

In **in-flight entertainment**, the year was marked by the inaugural flights of Emirates' first Airbus A350-900 equipped with the airline's new generation "ice" system, powered by Thales' AVANT Up, the first in a fleet of 65 new aircraft. Thales also celebrated the initial flights of American Airlines' Boeing 787-9, equipped with the AVANT Up system, the first of an order for 30 new aircraft. Delta Air Lines and Thales announced a partnership to offer passengers a next-generation experience with Delta Sync, powered by FlytEDGE, the first cloud-native in-flight entertainment system. Thales also unveiled its 360Stream Live TV offer, a live or near-live TV broadcasting service, compatible with any in-flight entertainment system and connectivity provider.

In **airline services**, the contracts announced in 2025 included the provision of FlytCARE services for Vietnam Airlines' A350 and B787 in-flight entertainment systems, an avionics component availability and repair agreement for Malaysia Airlines' A330NEO aircraft, and two strategic agreements with IndiGo, India's largest airline, for avionics maintenance and the deployment of electronic flight bags (EFBs). Thales and Turkish Technic also announced the renewal of their long-term strategic agreement for the support of Thales avionics products.

In **training and simulation**, Thales won a major contract to modernize the TACTIS (Tactical Indoor Simulator) training center, designed to train armored vehicle crews for the Royal Dutch Army. Thales also successfully delivered the small arms training program to the Lithuanian armed forces, including all necessary replica weapons. In France, the CERBERE instrumented training program was strengthened by the acquisition of additional equipment, in particular the latest generation of harnesses. In Switzerland, the new generation Senator central exercise supervision system is now operational and fully meets the requirements of the Swiss army. In Germany, the first part of the ground-based simulation solution was delivered to the Thuringia State Police and supplemented by an additional order from the Police Special Forces. In Australia, Thales delivered the immersive tactical simulators for the Abrams M1A2 tank and the reconfigurable tactical simulators. Thales was also selected to equip the Royal Malaysian Police with a complete Reality H flight simulator, in collaboration with its local partner Novatis Resources. In addition, Atlantic Airways opened a new flight training center in the Faroe Islands, equipped with an AW139 Full Flight Simulator combined with a winch simulator. In the UK, the Digital Twin Centre, of which Thales is an industrial partner, was opened in Belfast. Lastly, Thales also unveiled a new training capacity to integrate UAVs into live training systems.

In **microwave and imaging subsystems**, Thales received significant orders in 2025 for the production of tubes and transmitters for seeker missiles. In science, the year was marked by orders for large klystrons, including an order for 17 high-efficiency tubes for CERN, which also placed a large order for grid tubes and cavities. In the space sector, Thales maintains its leading positions in the legacy tube market and remains a key player in the Dual TWT (travelling wave tubes) of next-generation satellites. In radiology, Thales recorded its first orders for new ranges of detectors launched in 2025, a year that also saw the launch of the ImaSpiir-X project for future radiology.

2.1.1.3 Space

2.1.1.3.1 General overview

A joint venture between Thales (67%) and Leonardo (33%), Thales Alenia Space is a space manufacturer that provides high-tech solutions for telecommunications, navigation, Earth observation including environmental monitoring, space exploration, science and orbital infrastructures. Together with Telespazio, Thales Alenia Space forms the Space Alliance, which proposes a complete range of solutions including services. Thales Alenia Space offers solutions to commercial, institutional and defence markets.

Space to connect: Thales Alenia Space offers a wide range of solutions adapted to the various expectations of the telecommunications market, both in the civil and military segments. The company proposes three product lines for geostationary orbit: Spacebus B2, particularly suited for regional operators; Spacebus NEO, providing high-speed internet worldwide; and Space INSPIRE, a fully digital satellite that is reprogrammable in orbit. These three product lines provide tailored solutions to operators on a case-by-case basis, enhancing connectivity, boosting mobility, and reducing the digital divide. To ensure the complementarity of needs for medium and low Earth orbits, Thales Alenia Space is also a global leader and go-to partner in operational constellations, with three constellations built under its prime contractorship.

Space to secure and defend: numerous countries have chosen to draw on the expertise of Thales Alenia Space in military or dual telecommunications systems used in supporting their armed forces in theaters of operation. In Earth observation, and surveillance in particular, Thales Alenia Space offers state-of-the-art optical and Very High Resolution radar payloads, as well as constellation solutions combining the best of the two technologies, associated with a multifunction ground segment, to offer high revisit. These solutions provide permanent, near-real-time surveillance, day and night, whatever the weather conditions.

Space to observe and protect: altimetry, oceanography, climatology, environmental monitoring, carbon cycle studies, mapping and crisis management. Thales Alenia Space's space systems (satellites and ground segments) help to better understand the Earth, contribute to its preservation, and reflect the company's ability to carry out complex Earth observation missions in a variety of configurations, including optical and radar solutions. In addition to developing the latest generation of geostationary weather satellites, Thales Alenia Space is involved in 11 of the 12 missions of the European Copernicus program dedicated to environmental monitoring.

Space to explore: Thales Alenia Space is a key partner aboard international space exploration missions throughout the solar system. Thales Alenia Space supplied half the pressurized volume on the International Space Station (ISS), all the modules for the future lunar space station, as well as the first three modules of the Axiom commercial space station, and the Cygnus' pressurized cargo modules for resupplying the ISS; it has now become the global leader in pressurized modules [1]. The company has capitalized on its expertise in orbital infrastructures to address the future exploration and space transport systems markets.

Thales Alenia Space is also a major partner on board iconic scientific missions such as ExoMars for the exploration of Mars, Solar Orbiter (sun exploration), Bepi Colombo (Mercury), Euclid (dark matter and energy studies) and EnVision (Venus). In addition, Thales Alenia Space has developed a new range of vehicles dedicated to On-Orbit Servicing that will be able to carry out a wide range of operations in orbit, from inspecting to extending the operational life of a satellite and from robotic manipulation to the de-orbiting of space debris.

One of the key events of 2026 will be the launch of Artemis II, a reconnaissance mission around the Moon, with a crew aboard the Orion spacecraft. China and the United States are racing against time in their respective manned moon exploration projects. Europe, an integral part of the Artemis program, could make a significant contribution.

Space to travel and navigate: at the forefront of satellite navigation in Europe, Thales Alenia Space, the prime contractor for the EGNOS system now in use, supplies the ground segment of the Galileo mission, and is building six satellites for the Galileo Second Generation fleet. Thales Alenia Space delivered a system to the South Korean Space Agency for the provision of safety-of-life services for aeronautical applications and deployed several MEOLUT Next ground stations dedicated to search and rescue services. Thales Alenia Space is also the system architect of Kinéis, the leading French constellation composed of 25 nanosatellites dedicated to the Internet of Things. In addition, the company is working with the European Space Agency to develop a global solution for the Celeste demonstrator (former Low Earth Orbit Positioning Navigation and Timing – LEO PNT), which will provide enhanced satellite geolocation capabilities.

2.1.1.3.2 Competitive position

The civilian telecommunications market has changed substantially since the early 2020s, with the arrival of new business models. The potential market for geostationary commercial telecommunications satellites has structurally stabilized at a low level in recent years, from around 20 accessible satellites per year to a ceiling of 10 per year in the market open to competition. The arrival on the market of mega constellations, such as Starlink and Kuyper, has led satellite operators to reinvent themselves and forge alliances to adapt their business model to user demand.

With the return of high-intensity military conflict on Europe's doorstep, new needs are emerging, and in particular for telecommunications systems for military and/or dual applications, surveillance systems and satellite navigation solutions. In 2025, various countries in Asia, the Middle East, Africa, and South America turned to European satellite manufacturers, increasingly interested in systems aimed at strengthening their space sovereignty, in particular to support armed forces on the ground.

Thales Alenia Space strengthened its positions in the institutional market in 2025, recording several orders in the fields of Earth observation, space exploration, navigation and telecommunications. The company is also responding to the new challenges facing Europe, harnessing its expertise to address the IRIS² program, which contributes to European sovereignty in terms of secure connectivity, and the Celeste mission, providing unparalleled accuracy in terms of satellite geolocation.

Telecommunications market

In the telecommunications market, 10 geostationary satellites have been ordered for 2025, including eight on the market open to competition. Thales Alenia Space won several contracts in 2025: THOR 8 for Norwegian operator Space Norway and JSAT-32 for Japanese operator SKY Perfect JSAT, both included in FY 2025. The Franco-Italian joint venture was also selected for the supply of a future government satellite, GovSat-2, for GovSat (Luxembourg).

Telecommunications satellites are essential for connectivity and sovereignty. Multi-orbit GEO/MEO/LEO complementarity seems to be the model adopted by operators, and the concept of multi-orbits has also entered the landscape, particularly in the field of constellations. On-board flexibility for reconfiguring in-orbit missions has become a priority for telecommunications operators. Thales Alenia Space is set to deliver the first fully reconfigurable digital Space INSPIRE satellite in orbit, in 2027. Beyond the commercial needs identified, governments are beginning to integrate these solutions into their studies, as illustrated by the IRIS² constellation initiative, the new flagship project of the European Union or the Celeste mission of the European Space Agency, which will improve the performance of the Galileo navigation constellation.

The future constellation of secure telecommunications satellites, IRIS² will be the new flagship program for European space autonomy. This sovereign system will provide secure government telecommunications services for civil protection or crisis management, communications for defence and security, as well as commercial services for B2B companies. Looking beyond connectivity, IRIS² will be the backbone of other space infrastructures in Europe (Observation, Navigation) and will serve as a relay for data transmission. With native 5G capacity, the dual system will stand as a technological breakthrough compared with other systems, with total data control and a higher level of security responding to new cybersecurity challenges. With three telecommunications constellations to its credit, Thales Alenia Space is ready to address this strategic program for Europe. In Q1 2025, an activation contract was awarded to Thales Alenia Space by the SpaceRISE consortium of telecommunications operators (SES, Eutelsat and Hispasat) to enable the initial development and risk reduction of new high-performance solutions for IRIS², including the 5G system, regenerative payload, active antennas and an embedded digital processor. In August 2025, Thales Alenia Space was selected for the initial phase contract to engineer the IRIS² system and secured payload solutions.

Observation market

There is growing interest in the Observation market with a view to strengthening national resilience, autonomy and sovereignty against increasing security threats. These needs are met by different product lines: HP (high resolution under 30 cm, allowing strategic surveillance, i.e., detection and identification) and HREV (high revisit, sub-metric at 50 cm) to address new uses and State requirements. The demand for complementary optical and radar constellations is also growing in this market. With the increase in geopolitical conflicts, more and more countries are showing an interest in high-revisit solutions, combining optical and radar technological capabilities. Thales Alenia Space responds to this demand with its ALL-IN-ONE solution. Combining the finest optical and radar technologies combined with a multi-function ground segment, the ALL-IN-ONE solution ensures continuous monitoring, in near real time, day and night, regardless of weather conditions.

[1] *Thales internal data.*

Exploration market

The European space industry is recognized worldwide for its expertise in science, exploration, orbital infrastructures and space transportation systems. Thales Alenia Space is the world leader in the supply of pressurized modules [1], having distinguished itself in particular by providing half the habitable volume of the ISS, supplying all pressurized cargo modules for resupply vessels, and making a substantial contribution to lunar exploration. Thales Alenia Space plays a central role in flagship programs including: the cislunar space station, Gateway; the Orion spacecraft; the multi-purpose habitation module on the surface of the moon, MPH; the lunar lander for cargo delivery to the Moon's surface, Argonaut; and the MoonLight program to create a navigation and communications satellite constellation in lunar orbit. Thales Alenia Space is also the prime contractor of the ESA's ExoMars 2028 mission, which aims to discover traces of past life on the Red Planet. Beyond Europe and other historical players in space (the United States, Russia, China), new players are looking to play a role in exploration, including the United Arab Emirates, South Korea, Turkey, India, and Japan. Beyond Mars and the Moon, Europe is positioning itself to gain its place in manned space transportation missions and increase its involvement in orbital infrastructures.

Navigation market

The field of navigation is expanding owing to its crucial role in the development of new civil, military and dual applications, with space navigation now more than ever seen as contributing to national sovereignty. One of the European Union's flagship space programs, EGNOS, has been designed to improve the accuracy and reliability of GNSS signals such as GPS and Galileo. Its "safety of life" services are essential to provide the integrity and precision required in the field of transport, and aviation in particular. Thales Alenia Space is the only manufacturer to deploy satellite-based augmentation systems (SBAS) for export based on the EGNOS legacy: in South Korea with KASS and in Africa as part of its cooperation with ASECNA. Thales Alenia Space is consolidating its positions on Galileo Second Generation (six satellites out of 12) and is working on the Celeste mission. Celeste is a future constellation designed to work with Galileo and other navigation systems to offer to-the-centimeter accuracy, high robustness, extreme resistance against interference, and low latency. The system will foster the emergence of new applications such as autonomous vehicles, driverless systems and 5G/6G network synchronization.

2.1.1.3.3 Key events 2025

Commercial market

In 2025, Thales Alenia Space won three contracts to produce three geostationary telecommunications satellites: two civil satellites, THOR 8 for Space Norway and JSAT-32 for the Japanese operator SKY Perfect JSAT, as well as GovSat-2, a government satellite for Luxembourg. The three satellites are based on the Spacebus B2 platform, adapted to regional operators and boasting robustness, agility and efficiency in terms of time to market. In collaboration with Hispasat, Thales Alenia Space also announced the launch of the development of the QKD-GEO prototype, the Spanish system for distributing quantum keys from geostationary orbit. Thales Alenia Space also won two contracts to demonstrate the first European government quantum key distribution service as part of the SAGA mission, as well as the first multi-orbiting optical communications network, with the HydRON project.

Institutional market

In Earth observation, four environmental monitoring satellites, incorporating Thales Alenia Space technologies, were successfully launched in 2025. The first to launch, in July 2025, was MTG-S1, the first atmospheric survey satellite of the Meteosat Third Generation (MTG) program. The satellite's main mission is to 3D map the Earth's atmosphere while providing enhanced analysis of air quality and greenhouse gas concentrations. A few days later, MicroCarb, the first European mission to monitor and map atmospheric carbon dioxide, was successfully orbited. Two Earth observation satellites from the European Copernicus program were also launched at the end of 2025: Sentinel-1D, to monitor landslides, seismic zones, volcanic activity and changes in polar ice cover, and Sentinel-6B, to provide radar data essential to studying the rise in sea levels and protecting coastal areas.

Thales Alenia Space won several contracts in Earth observation in 2025. The company was selected by the Italian Space Agency (ASI) to contribute to the "Surface Biology and Geology" mission aimed at better understanding the geological and biological processes occurring on the Earth's surface. The joint venture will also provide a third payload for the CO2M program to analyze the atmospheric carbon dioxide generated by human activity.

In space exploration, a Cygnus cargo vessel, whose pressurized cargo module was built by Thales Alenia Space, was successfully launched last year to supply the ISS with food, propellant, spare parts and scientific experiments.

The company also formalized several contracts in 2025. Thales Alenia Space was selected by the ESA to build the EnVision orbiter satellite, which will explore the mysteries of Venus. This mission will provide an overview of the planet, from its nucleus to its high atmosphere, in order to understand how and why Venus and Earth have followed such different evolutionary paths. The company will also contribute to ESA's LISA mission, providing essential critical sub-systems. LISA will be the first space observatory designed to detect and study gravitational waves from cosmic events. The joint venture will also provide the Italian Space Agency (ASI) with the Multi-Purpose Habitation Module, the first permanent outpost on the surface of the Moon, making it possible for astronauts to live and work safely in a comfortable environment. The company will also be responsible for the manufacturing, on behalf of the ESA, of the Argonaut Lunar Descent Element to transport cargo to the surface of the Moon. In satellite navigation, Thales Alenia Space signed two major contracts in 2025. The company won a contract extending the operational life of the EGNOS V2 system, which will ensure the continuity of high-performance geolocation services for the European aviation, maritime, land transport, mapping and agriculture sectors beyond 2028. In addition, to improve geolocation around the Moon and on its surface as part of the ESA's Moonlight program, Thales Alenia Space will provide the space navigation segment, composed of four satellites.

[1] *Thales internal data.*

Defence market

Five military or dual-use satellites, all incorporating Thales Alenia Space technologies, were launched in 2025. The French surveillance satellite CSO-3 was launched in March aboard an Ariane 6 rocket. The very-high-resolution optical instrument flying on each of the three satellites of the CSO constellation is a marvel of technology built by Thales Alenia Space. In addition, the South Korean surveillance system, Korea 425, is now fully in orbit, with the successful launches of its last two radar satellites. In geostationary telecommunications, two Spanish military telecommunications satellites were launched, SpainSat NG and SpainSat NG II.

Thales Alenia Space was also selected by GovSat (LuxGovSat S.A.), a public-private joint venture between the Luxembourg government and satellite operator SES, to build its future government geostationary telecommunications satellite, GovSat-2. Providing secure and jam-resistant telecommunications services, the satellite will strengthen Luxembourg's sovereignty in defence satellite telecommunications.

Other highlights

Also in 2025, Thales Alenia Space opened a brand new industrial facility, the Space Smart Factory, in Rome, Italy. Leveraging the most advanced technologies, the Space Smart Factory will enhance Thales Alenia Space's production capacity and global competitiveness as a leading player in the European space industry. This will enable Thales Alenia Space to support European and national sovereign programs, as well as the continent's major space ambitions, including in constellations.

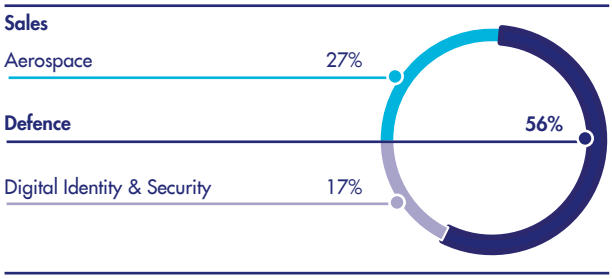
In October, Airbus, Leonardo and Thales signed a Memorandum of Understanding to create a leading European player in space by combining their respective activities in satellites and space services. This project is a major step forward in strengthening the European space ecosystem, increasing its capacity for innovation, strategic autonomy and competitiveness, and thus enabling Europe to assert its central role in the global space market. The new entity will cover a comprehensive portfolio of complementary technologies and integrated end-to-end solutions, from space systems to services (excluding space launchers) in telecommunications, satellite navigation, Earth observation, science, space exploration and national security. It intends to serve as the trusted partner for developing and implementing national sovereign space programs. The new company could be operational in 2027, after informing and consulting employee representatives, and subject to regulatory approvals and the fulfilment of other closing conditions.

2.1.2 Defence segment

2.1.2.1 Key figures

(in millions of euros)	2025	2024
Order book at December 31	41,577	39,154
Order intake	15,128	14,723
Sales	12,234	10,969
Adjusted EBIT [a]	1,619	1,432
Consolidated headcount	37,982	35,278

(a) Non-GAAP indicator. See definition on page 42.



2.1.2.2 Secure communications and information systems

2.1.2.2.1 General overview

The armed forces, security forces and essential operators rely on Thales for their inter-operable and secure information and telecommunications systems. Positioned at the heart of the Defence continuum, the Group is involved in every aspect of the value chain, from equipment through logistics support and related services to systems. The solutions Thales provides meet the needs of markets where the use of new digital technologies such as 4G and 5G networks, cryptography, cloud computing, artificial intelligence and big data is crucial. The Group is developing new digital platforms and new service models making full use of digital technologies.

The Secure Communications and Information Systems businesses are spread over five segments:

- **radio communications products:** For land, air and sea, Thales designs on-board and tactical radio communications systems, Identification Friend or Foe (IFF) systems, aeronautical radio navigation systems and solutions for communications electronic warfare. The armed forces of more than 50 countries around the world are equipped with Thales solutions. The Group is a major player in the development of inter-operable secure software-defined radio solutions and is the prime contractor for the French Armed Forces' CONTACT program.
- **networks and infrastructure systems:** Thales designs, supplies, deploys, supports and operates fixed and mobile communications systems for defence and security forces, for international agencies and for organizations and critical infrastructure operators. Its resilient secure systems draw on a full range of military and commercial technology. In France, Thales is renovating the communications networks of the Ministry of the Armed Forces with the Descartes program, as well as renovating the government's strategic networks. Through the Astride program, awarded in 2022, Thales is responsible for designing the French army's high-speed communications network in theaters of operation, a major asset for collaborative combat, as well as the operation of the information system of the HQ of the Ministry of the Armed Forces. Beyond that, Thales operates communications systems in theaters of operation as well as secure communication infrastructures for large European organizations. Thales also offers satellite communication ground systems in France through the Syracuse program, and for export. Lastly, the Group is involved in all the major naval programs currently underway: the FDI frigates in France and Greece, the T31 in the UK and the F126 in Germany, as well as the emblematic aircraft carrier Charles de Gaulle in France and Queen Elizabeth class aircraft carriers in the UK.

- **protection systems:** Thales develops collaborative combat systems enhanced by the use of UAVs and robots and information command and intelligence systems for armed forces (C4ISR – Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance). These technologies, developed for its military customers (France, NATO, Export), also respond to growing security needs for cities, major events, critical infrastructure, airports and other particularly sensitive sites. These systems make decision-making better and faster, whether these decisions are automatic or made by operators.
- **sovereign cybersecurity technologies:** a major player in this sector, Thales helps governments regain control of their critical systems by providing them with interoperable and resilient sovereign cybersecurity solutions to support their strategic autonomy. Thanks to an in-depth and evolving knowledge of attacks, the Group helps its customers to better anticipate, protect, detect and address cyberthreats. It protects systems, networks and data (particularly classified data) through cybersecurity products with high-level technical expertise, certified from the restricted level to the highly secret level. Thales enables its customers to build sovereign, open, shared and sustainable cybersecurity.
- **critical information systems:** through its expertise in the design, integration and operation of high-performance, cyber-resilient and sustainable critical digital solutions, Thales strengthens the competitiveness and security of organizations in the most demanding environments. The Group supports its customers throughout the digital cycle, with a focus on innovation, a dedicated consulting firm, and throughout the design, operation and maintenance phases through to the management of obsolescence. Thales supports organizations in a trust-based transition so that they can benefit from the power of the cloud for all their activities, even the most critical ones. With its unique mastery of the cloud continuum, the Group helps its customers build, migrate and operate multi-cloud and hybrid environments at the appropriate level of security. This continuum ranges from Thales on-premises infrastructures to public hyperscaler partners, including S3NS, the first European hyperscaler based on the Google Cloud platform, controlled by Thales and which enables users to exploit the unique innovation capabilities of Google Cloud in a secure and controlled environment. S3NS is officially qualified as SecNumCloud 3.2 by ANSSI for its PREMI3NS offering, a "Trusted Cloud" solution, compliant with the most demanding European cloud security standard. Thanks to data and AI, Thales also enables its customers to accelerate in multiple segments, from support to regulatory compliance, data valuation and monetization, including the acculturation of teams, and the automated industrialization of AI algorithms. Lastly, the Group harnesses the power of digital technology to meet the business challenges of organizations: from transforming the customer and user experience and navigating the entire innovation spectrum to the environmental transformation of digital technology and the design, operation and support of critical sovereign systems adapted to the most complex environments.

2.1.2.2.2 Competitive position

In the defence sector – radio communications, networks, command and control – the competitors are the U.S. companies L3Harris and RTX (Raytheon Technologies), Israel's Elbit Systems and Rafael, and Turkey's Aselsan. The main European competitors are Airbus, Rohde & Schwarz, BAE Systems and Leonardo. Software solution suppliers, such as the Denmark's Systematic, and generalist information system integrators such as Eviden and Sopra Steria, are also competitors.

In security, Thales' competitors come primarily from the aeronautic and defence segment (ST Engineering, Honeywell and Airbus), equipment makers (Siemens, Johnson Controls and Motorola), services (Equans and Vinci Energies) and information systems (IBM, Eviden, Capgemini and Sopra Steria). These last few companies also compete with Thales in the critical information systems segment.

In cybersecurity defence, Thales competes with companies such as Airbus and Secunet, and in IT consulting with companies such as Sopra Steria, Capgemini and Accenture. In the Trusted Cloud market in France, S3NS, the joint venture between Thales and Google Cloud, is mainly in competition with Bleu, a joint venture between Capgemini and Orange with Microsoft as a technological partner.

2.1.2.2.3 Key events 2025

Radiocommunication products: the new Thales radio R&D center of excellence was inaugurated in Cholet, France in 2025. Over 3,500 tactical radio stations were delivered to SIMMT during the year. In addition, the convergence between the CONTACT radio station for France and the SYNAPS radio station for export is taking shape, making deliveries to several international customers possible.

Major milestones in aeronautical connectivity have been reached and the ARCHANGE intelligence aircraft made its inaugural flight in 2025. The first Serval vehicles equipped in electronic warfare have been delivered.

Internationally, this includes the contract for the SOTAS system in the Netherlands and contracts for operational emergencies in the United Kingdom and Belgium. The first export success was recorded for the terrestrial HF XL after its launch in 2024, as well as the first export contract for the ECLIPSE BOOST UAV jammer.

Also in 2025, agreements were concluded to form strategic radio partnerships with Kongsberg in Norway, EDGE in the United Arab Emirates and Benha in Egypt.

Networks and infrastructure systems: Relations with NATO in this area were strengthened significantly in 2025, illustrating Thales' strategic positioning as a trusted partner. Several major milestones were reached, with the signing of the REACH and ITM contracts aimed at sustainably strengthening the Alliance's digital capabilities. A structuring contract was also won to provide the Allied Special Operations Command with a new-generation deployable command post infrastructure.

In parallel, Thales' hybridization capabilities were successfully demonstrated to the French Ministry of the Armed Forces, accompanied by the delivery of the first 25 kits, illustrating the transition to industrial scale of innovative and interoperable solutions. This know-how was implemented during the NATO DiBaX exercise, which demonstrated the integration of 5G capabilities for allied operations.

In addition, a first NATO-standard infrastructure network was deployed, based on "P-PoPs" (PCN Point of Presence), providing France and some of its Allies with an initial broadband interconnection capacity upstream, in particular ARF 26.

In Ground/Air networks, the first SYNAPS H and SYNAPS T radios successfully passed the acceptance stage for the JERNAS Ground-to-Air project in the United Arab Emirates. In naval defence, the design review (iCDR) was accepted with reservations for German F126 frigates. In the United Kingdom, deliveries for the T31 Frigate program continued. In France, major milestones were reached in the FDI France and FDI Greece projects, with the delivery of a first ship to the respective navies.

In constellations, work on the IRIS² program was initiated in 2025, marking our commitment to this strategic European initiative and our contribution to future sovereign space capabilities.

For multi-orbit terminals, the US military selected Thales to perform large-scale tests.

Protection systems: Thales continued to strengthen its presence in the protection and critical information systems markets in 2025, with concrete deployment and commissioning milestones. In protection systems, the Group equipped 430 SCORPION and CAMO vehicles with its vetronics and stepped up the adoption of new digital capacities with the ongoing deployment of the DataHub, a big data platform for the enhanced use of operational information. The initial deliveries of CLRV vehicles to the Luxembourg Ministry of Defence were made in 2025, while the international footprint of the business expanded with new customers and deployments, particularly in security (e.g. Jamaica) and access control (roll-out of "Fly to Gate" at Changi Airport in Singapore, relying on facial recognition). Lastly, the strong momentum in the technological transformation of multi-domain C2 solutions continued, with the rapid development of an offering focused on operational needs, as well as the launch of the first AI use cases in the fields of image intelligence, collaborative combat, C2 and security. Also in 2025, the ATHEA joint venture (Thales and Eviden) reached a major milestone with the release of ARTEMIS.IA, both on the shared digital platform and as an app. The ARTEMIS.IA platform was deployed on the Restricted Distribution cloud (C1DR) of the French Ministry of the Armed Forces and Veterans Affairs, enabling the production of the AMIAD's GenIAI artificial intelligence services for the benefit of more than 80,000 agents, with over 1,000 connections a day. In addition, the ARTEMIS.IA platform and the ESCRIM application (exploitation and capitalization of multi-source intelligence) went into production at the DRM intelligence agency and are now used daily by several hundred analysts.

Sovereign cybersecurity technologies: Thales won several major contracts in France and Europe, in particular the GESA project, a key management infrastructure for defence, but also in the space sector, where the projects fully embody sovereignty and trust (launch of IRIS²). The Babylon encryption systems (ORCHIS and CROCUS) entered the evaluation phase, on schedule, testifying to the expertise and know-how of the teams. The PQC approval of the MISTRAL encryption system is a further example of this expertise.

Together with its partners, Thales has formed genuine international technology groups that share the same desire to innovate and create a common cyber strategy fostering cooperation and interoperability.

In Germany, Thales is moving ahead with its work on the Data Transfer Device III (DTD III), a high-security integrated device used to distribute and load cryptographic material in systems, particularly embedded systems, for the German Ministry of Defence (GE MoD). Lastly, the CESTI cyber assessment center obtained further certifications (EUCC).

Critical information systems: In 2025, Thales reached a major milestone for S3NS, its joint company with Google Cloud, which was qualified as SecNumCloud 3.2 by ANSSI for its PREMI3NS offering, a "Trusted Cloud" solution. PREMI3NS complies with the most demanding European Cloud Security Standard. Following the gains made in the Cloud, Data and Encryption markets, the Group is supporting EDF in adopting PREMI3NS as part of its digital transformation. At the same time, Thales won a seven-year contract from TotalEnergies GIDS on the development of strategic data geoscience and geospatial applications. In addition, the teams in this business unit contribute to the data processing of the CNES GAIA scientific mission, dedicated to the mapping of the universe, and develop algorithms for EUMETSAT's METOP-SG satellite. In a further development, the IT framework agreements with Naval Group have been renewed for five years, covering critical systems and data recovery. Lastly, the Group also supports the French Directorate General of Public Finance in its strategic challenges related to public finance management, particularly in apps, the cloud and AI.

2.1.2.3 Land and air systems

2.1.2.3.1 General overview

Thales land and air systems enable civil and military customers to detect faster, understand more deeply, make better decisions and take more effective action.

Thales provides integrated solutions at all levels of the value chain, from supplying sub-systems, through designing mission systems, operating as prime contractor, carrying out maintenance and associated services, to integrating systems.

Thales specializes in **integrated air defence and surveillance systems** including command and control systems that ensure the protection and sovereignty of more than 40 countries. As a systems integrator, Thales actively contributes to major international military programs such as the French Armed Forces' aerospace operations command and control system (SCCOA), the Swiss air force's system for airspace surveillance and air operations (FLORAKO). Thales excels in the domains of systems integration, complex program management, real-time and deferred software, human-machine interfaces (HMI), and service-oriented architecture.

Thales offers a wide range of air defence systems: medium-range (SAMP/T NG) including fire control, short- and very-short-range with the ForceSHIELD complete ground/air system, which includes light multi-role missiles (LMM) and Starstreak, a RapidFire air defence gun, as well as anti-UAV systems.

Thales offers one of the broadest ranges of land, naval, civil and military **radars** for low-orbit aerial and space surveillance and air traffic management. The Group's civil radar is in service in over 100 countries and the Group equips over 80 countries with commercial radar, with more than 4,000 radar sets in service worldwide.

In the field of **optronics**, combining optical and electronic systems, the Group designs, produces and supplies sensors, effectors and high value-added services to improve the capabilities of defence systems and ensure the tactical superiority of land, air and naval forces.

Thales equips disembarked combatants from special or conventional forces with compact and lightweight solutions to enhance their tactical superiority and combat effectiveness, including night-vision binoculars (NVBs), multi-function thermal binoculars, sight glasses, contact UAVs, and remotely operated munitions. Thales sold 120,000 NVBs in 55 countries. To accelerate innovation, Thales is bringing together a dynamic ecosystem of start-ups and SMEs, promoting the rapid integration of leading-edge technologies to meet the needs of the armed forces in terms of contact drone systems.

Thales' expertise in optics also applies to civilian markets with ultra-high-power lasers for scientific, industrial and space applications. Thales high-power lasers (photonics) are on Mars aboard NASA's Curiosity and Perseverance rovers, contributing every day to a better understanding of the soil of the Red Planet. Since 2012 more than 1.5 million laser shots have been fired on Mars. Based on the CPA (Chirped Pulse Amplification) technique, which earned its designers the Nobel Prize in Physics in 2018, Thales' laser systems are the most efficient in the world.

With its GenF spin-off, Thales aims to take an initial step towards the creation of a new safe, abundant, competitive and low-carbon energy, thanks to the process of nuclear fusion via inertial confinement.

Thales designs, produces and supports **armored military vehicles**, such as the Bushmaster, providing protection, mobility and payload optimized for the armed forces. Since 2005, more than 1,300 Bushmasters have been delivered and deployed in the Middle East, Africa, the Pacific and Europe. Thanks to their standardized open architecture, these vehicles incorporate ready-to-use subsystems and equipment, improving performance while reducing footprint, weight and operator workload, as well as costs over the entire lifecycle. With regard to tactical systems, Thales strengthens the effectiveness of the armed forces with innovative and precise solutions adapted to the challenges of modern conflicts. Thales offers a full range of rockets and rocket launchers, including more than 8 million 70 mm unguided rockets deployed on more than 500 platforms (aircraft, vehicles, land systems) and used by 70 armed forces worldwide.

For anti-UAV and ground support missions, Thales also offers a 68 mm laser-guided rocket that can be loaded on fighter jets, UAVs, helicopters or vehicles. Thales is developing precision artillery systems, such as the 2R2M, advanced munitions (smoke, lighting, etc.) and BlueSliver military warheads, designed for universal integration on UAVs. These solutions, combined with on-board guided munitions and protection systems, cover the entire operational spectrum, from zone saturation to long-range strike, while ensuring an effective response to air and ground threats.

In **air traffic control and management**, Thales' offers include everything from conventional navigation assistance equipment to radars and air traffic control towers and centers, including surveillance and navigation systems, as well as airport management solutions. Thales has the largest installed base of equipment in the world. In addition, the Group leads the digital transformation that has taken place in the air traffic segment. Thales is developing solutions designed to integrate new vehicles such as UAVs into air traffic management, to optimize flows and protect sensitive infrastructure and major events from malevolent UAVs. The Group covers the entire civil aviation ecosystem (including UAVs) and offers solutions to protect, make the sky safe and effective, and limit the threats of hostile, civil or military UAVs.

The Group plays a key role as an architect and integrator of the air traffic management systems of tomorrow, particularly through the Global Air Navigation Plan's "Aviation System Block Upgrades" (ASBU) initiative of ICAO, the International Civil Aviation Organization. Thales is an international member of CANSO, an industrial partner of SESAR projects in Europe, and a key player in the NextGen program in the United States.

2.1.2.3.2 Competitive position

In the **optronics** sector, Thales is the leading European supplier of airborne combat platforms, radio frequency homing heads, and proximity rockets [1]. Its competitors are Lockheed Martin and Rafael. Thales has targeting pod expertise in both land and naval applications. In these segments, its main competitors are suppliers in North America (Raytheon and Flir Systems) and Israel (primarily Elbit) as well as Safran, L3Harris, Theon, Delair, KNDS, Leonardo, Hensoldt et Anduril.

The **protected vehicles systems** market segment is dominated internationally by BAE Systems, General Dynamics, Rheinmetall and KNDS. Thales is a major player in the land weapons systems market with its rifled mortar. BAE Systems, Elbit and LIG Nex1 are Thales's main competitors in the airborne armaments sector, while the German Rheinmetall, the American General Dynamics Ordnance and the Turkish Aselsan are our main competitors in the land-based armaments segment.

Thales is one of Europe's leading suppliers of medium-range, short-range and very short-range missiles and weapon systems. The other main players in this area in Europe (MBDA) and the United States (Raytheon and Lockheed Martin) are also major customers of Thales for missile electronics and strategic partners in weapon systems. Further players in this sector include the Israeli companies Rafael and IAI.

Thales is a leading supplier and integrator for surveillance, air operations and weapon systems. The main competitors in the segment of large sovereign systems are the US groups Raytheon, Palantir and Anduril, and, for surveillance systems, the European groups Airbus, Indra & Saab. Thales has established itself as a leader in the anti-UAV warfare market with recent sales of the LMM missile [1].

Thales is the European leader in surface radars [1]. The main competitors are Aselsan, Elta, Leonardo, Lockheed Martin, Hensoldt, Indra, Raytheon and Saab.

Thales operates in Europe as an independent integrator both for its own and other suppliers' equipment for complex mission systems. With over 40% of the world's airspace controlled by the TopSky-ATC system and 10,000 navigation aids installed worldwide, Thales is a leader in the air traffic management market.

Other major players in the commercial sector are the US companies Leidos and Raytheon, European companies Indra and Leonardo (Selex) and in some niche areas, Saab, Frequentis and L3Harris.

2.1.2.3.3 Key events 2025

In **airspace protection**, the SAMP/T NG system was selected by Denmark, reinforcing Thales' position in European air defence. Thales and KNDS France unveiled the RAPIDFire Land, a terrestrial variant of the 40mm gun designed to meet the modern protection and mobility needs of the armed forces. Thales led the EISNET consortium to modernize and interconnect air defence systems in Europe, strengthening resilience and coordination in the face of emerging threats. Thales and Bharat Dynamics Ltd have joined forces to supply the latest-generation Man-Portable Air Defence Systems (MANPADS), marking a major step forward in Franco-Indian cooperation on security and technological sovereignty.

In **surface radars**, Thales unveiled Aurore, a space surveillance radar unique in Europe that revolutionizes space surveillance with a high-performance radar for detecting and tracking objects in orbit. Thales supports the sovereignty of Albanian and Malaysian airspace by deploying its Ground Master 400 Alpha radar. In Sweden, Thales contributes to strengthening aerial reconnaissance with the medium-range radar GM200 MM/C. Tawazun Council and Thales signed an agreement to establish a local production of Ground Master radars in the United Arab Emirates, thus consolidating regional defence capabilities and technological cooperation between the two entities. Thales is launching a secondary radar capable of operating simultaneously in civil and military modes, thereby optimizing the safety and efficiency of shared airspace.

In **missile electronics**, 2025 was marked by the qualification and preparation of the B1NT series and particularly high demand for "legacy" homing heads (ASTER B1, MICA NT, METEOR). Thales also made strong headway in **combatant optronics**, winning a significant contract for the supply of 12,000 XTRAIM weapon sights and 12,800 NELLIE NVBs to Germany, launching the new PANORAMIC four-tube NVBs adapted to the missions of the Special Forces, and taking an order for the first remotely operated munitions from France.

[1] *Thales internal data.*

Thales entered into strategic partnerships in several areas:

With the Arab Organization for Industrialization (AOI) to strengthen Egypt's industrial and technological capabilities. In the United Arab Emirates, Thales and EDGE signed a memorandum of understanding on industrial cooperation for the development of the targeting & reconnaissance pod. Thales is also working with Tawazun to locate an optronic maintenance center in the UAE, a project carried out in six months. Also in the UAE, Thales has partnered with the Technology Innovation Institute (TII) to accelerate advances in quantum technologies. More broadly, TAU Systems and Thales announced a pioneering collaboration in the field of laser particle acceleration offering applications in all scientific fields, including the imaging of semiconductor structures, the radiation testing of electronic components for space, the development of cancer therapies, and the development of advanced medical imaging techniques.

In **tactical vehicles and systems**, Thales and Boreal are pooling their expertise to develop and produce long-range remote-operated munitions, designed to strengthen the precise and discrete strike capabilities of the armed forces while responding to the modern challenges of asymmetric conflicts.

Thales, Milrem Robotics and EME Group have formalized a strategic partnership to integrate robotic and autonomous solutions into defence systems. This collaborative effort is accelerating innovation in unmanned ground vehicles (UGVs) and connected warfare. Kongsberg and Thales successfully tested a live launch of Naval Strike Missile (NSM) test ammunition from the StrikeMaster launch vehicle in Norway.

Thales has confirmed its leadership in **air traffic management**, thanks to several major successes. In Latin America and the Caribbean, the contracts won in Peru and the Cayman Islands constitute a key step forward in airspace modernization with robust and efficient solutions. In Europe, Serbia and Montenegro have entrusted Thales with the modernization of their ATM systems. In the Middle East, the strategic partnership with Emirates Airlines and Dubai Air Navigation Services demonstrates the long-term trust placed in Thales to support responsible air traffic growth in Dubai and the region. In Asia, the Philippines has entrusted Thales with the modernization of its air traffic management infrastructure, a vital step forward in supporting the rapid growth of air transport in the archipelago.

To support the strong growth resulting from increased defence efforts, **Thales continued to adapt its industrial resources in 2025**:

- the Limours site tripled production between 2023 and 2025;
- the Ferté Saint-Aubin site has more than doubled its annual ammunition production in two years;
- the Belfast site has doubled its annual missile production since 2023.

2.1.2.4 Defence mission systems

2.1.2.4.1 General overview

Thales manufactures airborne electronic combat, intelligence, surveillance, and reconnaissance systems, as well as naval and underwater systems.

For **airborne combat missions**, Thales produces, in cooperation with Dassault Aviation, radar systems and equipment for the Rafale and the Mirage 2000 fighter aircraft, and is developing these systems for future combat UAVs as well as electronic warfare radar systems designed to detect threats and protect platforms.

For **intelligence, surveillance and reconnaissance missions**, Thales develops naval, ground and air patrol and surveillance solutions. Installed on board aircraft or naval platforms, these systems integrate surveillance radars, acoustic subsystems, electronic warfare subsystems, data measurement and linking equipment. Thales also designs comprehensive electromagnetic information gathering systems as well as UAV systems with intelligence, surveillance, reconnaissance and target acquisition capabilities.

In **naval surface warfare**, Thales offers comprehensive combat systems that integrate on-board sensors (radar, sonar, electronic warfare, infrared sensors, etc.), weapon systems and communications and command equipment. Thales also has naval platform engineering and support capabilities.

In **underwater warfare**, Thales proposes a comprehensive and innovative offering that meets the needs of navies for mine countermeasures, anti-submarine warfare, critical infrastructure protection, services, and training. The offering includes the sonar suite for submarines, hull and towed sonars for surface ships, and airborne anti-submarine warfare systems. Thales is also developing advanced underwater warfare capabilities using unmanned vehicles and artificial intelligence, making it possible to detect and neutralize threats, be they from submarines or marine mines.

2.1.2.4.2 Competitive position

Thales is one of the leading European players in electronic combat systems, competing with Leonardo, Saab, Hensoldt and Indra, and US companies Raytheon, Northrop Grumman, BAE Systems, and L3Harris. A key development is the emergence of solutions from South Korea and Turkey.

In intelligence, surveillance and reconnaissance systems, its main competitors are Airbus, Leonardo, Hensoldt, Saab, Indra, Elbit, IAI, L3Harris, Safran and the China Aerospace Science and Technology Corporation.

In surface naval systems, Thales is one of the main European players alongside Saab, Leonardo, Lockheed Martin, Hanwha, and Terma.

In underwater warfare, Thales is one of Europe's main players along with Atlas Elektronik and Ultra Electronics, and newcomers Elbit, Exail, and Kraken. Across the Atlantic, Thales competes with Lockheed Martin, Raytheon, Northrop Grumman and L3Harris.

Intelligence and underwater warfare systems are particularly exposed to direct competition with new players such as Anduril and Helsing, which are moving up the value chain by acquiring platform manufacturers to provide complete mission capabilities enhanced by artificial intelligence.

2.1.2.4.3 Key events 2025

Electronic combat systems

International interest in the Rafale continues to grow. In April, India ordered 26 Rafale aircraft for its navy. This stands as the first export contract for the marine version of this fighter aircraft. Following the confirmation in 2024 of the Rafale F5 standard, the French Ministry of the Armed Forces, through the French Defence Procurement Agency (Direction Générale de l'Armement), awarded an initial tranche concerning the Intra Vehicle Data Link (IVDL), i.e. the data transmission system between two aerial platforms. The 18-month contract has been awarded on a co-contracting basis with Thales' Secure Communications and Information Systems activities.

After the signing of the SPECTRA F5 development contract in August, the French Defence Procurement Agency awarded the first phase of work in September. The purpose of the contract is to renovate the Rafale self-protection system so that it can maintain air superiority by 2035.

The upgrade will enable the Rafale to deal with the proliferation of threats in theaters of operations, the growing complexity of these threats, and the use of an increasingly extensive electromagnetic band. It will open up possibilities for further evolution of the SPECTRA through the integration of new functions for the Rafale, including AI and collaborative services.

In parallel, and again as part of the preparation of the F5 standard, the developments of the RBE2 XG radar, notified in 2023, are moving ahead on schedule with the delivery of the first assembled radar set for 2027, the first flight in 2028 and the first flight with functional content in 2031. This radar will significantly enhance the Rafale's performance, enabling it to achieve unrivalled levels of detection and stealth.

Regarding the Future Combat Air System (FCAS), a demonstrator for the suite of connected sensors was developed as part of phase 1B. The work was conducted jointly at European level with industrial partners Indra and FCMS and completed on schedule in December.

At the same time, the Electronic Combat Systems activities are developing a cooperation strategy at the international level. A contract was signed in November with the Indian industrial group SFO for the production in India of complex cable structures for the RBE2 radars for the 26 Rafales intended for the Indian Navy.

In the field of support, commercial activity was strong, with the preparation of various offers and order intake, in particular the Rafale aircraft for the Indian Navy and the Qatari Forces.

Program execution is proceeding in line with the increase in production rates to meet customer commitments.

In January, the program concerning the Serbian order of 12 Rafales in 2024 was the subject of a formal start-up review with the customer. Deliveries are scheduled for 2028. In February, the UAE Rafale program concerning 80 Rafale aircraft reached an important milestone with the presentation of the first development aircraft to the customer. Deliveries are scheduled for late 2026 through to 2031. In April, the Rafale program for the Indian Navy was launched with deliveries planned from 2028 to 2030. In May, Croatia accepted the delivery of the last four Rafales, thus closing the contract for a total of 12 aircraft. In November, Indonesia accepted the deliveries of the first three Rafales out of a total of 42. Deliveries will continue through 2029. Egypt received 12 Rafales in 2025. These aircraft are part of the second tranche of the order, with 31 aircraft to be delivered through 2026.

In support and maintenance, consistent with the increase in the number of aircraft delivered, the technical and operational support activity increased significantly for the Forces.

Surveillance and intelligence systems

In naval electronic warfare, several export customers have chosen Vigile electronic warfare systems to equip or modernize their surface ships and submarines. The first FDI frigate integrating the fully digital Sentinel system was delivered to the French Navy.

Following the order placed by Greece at the end of 2025 for a fourth Defence and Intervention Frigate (FDI), Naval Group entrusted Thales with the supply of key capabilities covering anti-submarine, anti-surface and anti-air warfare. The Belh@rra® warship will thus be equipped with advanced solutions developed by Thales, including electronic warfare equipment, in addition to sonar systems, secure communications means, and radars.

The year was also marked by numerous innovations, showcased through various partnerships and customer demonstrations. These included the signing, at the DSEI trade fair, of a memorandum of understanding (MOU) with Autonome Device for the development of payloads intended to equip UAVs. In other developments, the French Navy and the Defence Innovation Agency (Agence de l'Innovation de Défense) awarded the PERSEUS label to CURCO, a compact radar detector for UAVs, and GOLDEN AI, an AI-based analysis tool.

This year's highlights in the airborne sector included the first flights of new platforms carrying our solutions, in particular the HIL Guépard helicopter and the Archange intelligence aircraft, both intended for the French forces. Major milestones were achieved in the development of these programs, including the first test flights of the AirMaster C surveillance radar and the system tests for electronic warfare. The Royal Navy's Crowsnest system attained its full operational capability (FOC) in March, equipping Merlin Mk2 helicopters for Airborne Early Warning & Control missions, helping to protect ships from a range of threats.

In the UAV segment, the Royal Navy announced the official in-Service Date (ISD) for the Peregrine Rotary Wing Uncrewed Aerial System, equipped with the I-Master radar. This is a major step towards strengthening the fleet's intelligence, surveillance and reconnaissance (ISR) capabilities, as the system has already demonstrated its effectiveness in the fight against drug trafficking. To meet French needs for MALE surveillance UAV solutions, Thales signed two strategic partnerships with Turgis & Gaillard and Skydweller at the Paris Air Show.

Lastly, support activity remained buoyant throughout the year, with numerous orders recorded in the naval and airborne segments.

Surface naval systems

Every day, Thales' teams around the world contribute to the extension and operability of naval fleets. In 2025, Thales signed contracts with navies around the world for naval sensors and their integration on board frigates, often including the Tacticos combat management system to assist operators in the use of sensors, effectors and other systems.

In addition to their work on the design and build of (batch) delivery projects for new frigate programs such as Miecznik, Type31 and F126, the Thales teams are also engaged on the through-life support of various classes of ships, through maintenance, updates and upgrades, as well as other services on platforms and sensors.

Throughout 2025, the team made progress on various ongoing programs, completing the all factory acceptance tests for the Type31 program and the full acceptance of the first ship system for the second batch of K130 corvettes. The teams continue to make regular progress on the latest-generation F126 German frigate program.

In 2025, Thales also looked to the future. The Group secured significant contracts, such as the modernization of the Indonesian Bung Tomo frigates. It also invested in its own resources, technology and skills as illustrated in several R&D projects, such as E-NACSOS Collaborative Combat. The Group also continued to invest in capacity, particularly in its support and service offerings in Europe, North America and the Pacific.

As a learning company, Thales is investing in the development of its employees with a view to ensuring the efficient and high-performing delivery of its surface ship programs now and in the future. Thanks to its International Naval Academy, more than 900 engineer employees have registered for training to further develop their skills. In 2026, Thales will continue to place the development of its employees at the center of its concerns and will expand its Naval Academy, incorporating courses on industry and the supply chain.

Underwater warfare systems

In 2025, Thales celebrated the order of its 100th CAPTAS sonar, thus consolidating its position as world leader in the field of towed sonars for anti-submarine warfare [1].

In France, Thales is continuing to deliver unmanned mine countermeasures systems to the French Navy, with the delivery of the second series system as part of the Franco-British Maritime Mine Counter Measures (MMCM) program. This world-first surface and underwater unmanned systems capability is now operational with the French Navy. In parallel, the delivery of the first production system to the Royal Navy marks a new stage in Franco-British cooperation, providing the two navies with access to leading-edge technologies integrating enhanced cybersecurity and artificial intelligence.

In mine countermeasures, Thales, in partnership with ST Engineering, won an initial export contract in Asia for the PathMaster solution. This pioneering solution, already proven at sea under the MMCM program, will enable the Navy to accurately and in real time detect, classify and locate mines in one of the busiest maritime straits in the region.

In the submarine sector, Thales, a trusted partner of Naval Group and the Royal Dutch Navy, will equip future submarines with a complete high-performance sonar suite, replacing the Walrus class currently in service. This contract will provide the Netherlands with the control of the underwater environment necessary for its operational superiority.

In terms of innovation, Thales is going further in the development of solutions for the protection of critical underwater infrastructures. Its strategic partnership with FEBUS Optics, a French specialist in DFOS fiber optic solutions, enables the co-design of new advanced detection and surveillance technologies, contributing to the resilience and security of sensitive underwater infrastructures.

At the Dronathlon organized in October by the French Navy, the DGA and the Defence Innovation Agency, Thales was once again recognized for its multi-drone and multi-medium demonstrations on major operational scenarios, including coastal reconnaissance and high-seas security.

For the fourth consecutive year, Thales took part in the REPMUS exercise, demonstrating the advantages of its latest solutions in terms of autonomous systems, with the advanced management of unmanned vehicles fleets and intelligent sensors to meet the new operational challenges of anti-submarine warfare.

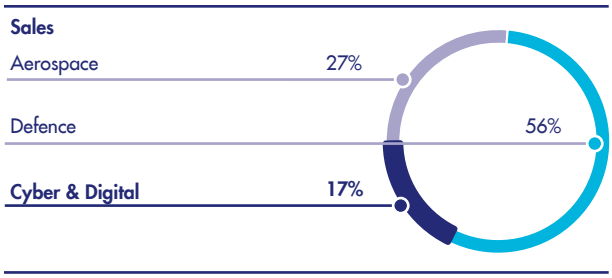
Thales presented the prototype of the Sonar 76Nano, a revolutionary miniaturized acoustic detection system designed to redefine the maritime security of NATO navies and their Allies. Drawing on the world-renowned technology of the Sonar 2076, part of the Captas sonar family, the Sonar 76Nano supports the ambitions of the UK government, as set out in the Strategic Defence Review and the Defence Industrial Strategy, to strengthen the UK's national security and industrial capacity.

2.1.3 Cyber & Digital segment

2.1.3.1 Key figures

(in € millions)	2025	2024
Order book at December 31	835	875
Sales	3,852	4,024
Adjusted EBIT [a]	526	585
Consolidated headcount	16,835	17,077

(a) Non-GAAP indicator. See definition on page 42.



2.1.3.2 Cyber & Digital

2.1.3.2.1 General overview

Companies and governments are navigating today a digital world where connections multiply rapidly and the number of cyber threats grows even faster. The use of artificial intelligence is increasing, bringing forward the necessity to secure the use of AI within organizations, protecting it from prompt injection, data leakage or model manipulation, while controlling the output of AI, allowing organizations to innovate safely while maintaining compliance. Within an environment of geopolitical tensions and the rise of sovereignty concerns, companies and governments need to protect identities, data and applications, and ensure that every digital interaction is resilient and trusted.

To meet these needs, organizations in 180 countries rely on Thales to secure personal and sensitive information and all the paths leading to it. More than 30,000 companies trust Thales' solutions to issue and verify identities, grant access to digital services, encrypt data, protect applications and secure digital transactions – ensuring safe and seamless digital journeys across industries such as financial services, retail, healthcare, manufacturing, utilities, telecommunications, airports and critical infrastructure. Digital identity customers seek secure, modern and more sustainable solutions that meet regulatory demands while enabling innovative experiences. Thales empowers customers to harness the full potential of transformative technologies – including biometrics, quantum computing, cloud, IoT and AI – to build a safer, more trusted digital future.

Thales embeds AI into cybersecurity at every stage, from design to delivery and beyond, ensuring the customers can detect and defend against AI-enabled attacks. It helps its customers counter evolving threats with consulting, intelligence sharing, risk analysis, training, detection and response, and rigorous testing of cyber defences. Its cybersecurity products and solutions sit at the core of data infrastructures, protecting what matters most: digital identities, data and applications.

(1) Thales internal data.

Thales' cybersecurity and digital identity technologies are designed to bring solutions for a more sustainable digital transformation, contributing to a more secure, greener, and more inclusive world. Committed to developing TrUE technologies (Transparent, Understandable and Ethical), Thales provides trusted digital identities, data privacy and cybersecurity for all.

In 2025, Thales Cyber & Digital reached 30% of more eco-responsible removable and embedded SIMs (licencing included), and payment cards, an increase of 3% compared to same perimeter previous year.

By the end of 2025, the organization is sourcing 100% renewable electricity, thereby diminishing its environmental impact and that of customers.In 2025, Thales launched the Eco-Design Progress indicator for Cyber & Digital hardware solutions, to capture and quantify improvements in the environmental impacts of physical products throughout their lifecycles. The indicator methodology, focusing on three key pillars: Climate, Resources, and Circularity, has been independently validated by EcoAct [1] to ensure transparency and technical rigor.

The global offering consists of several segments and sub-segments:

- **cybersecurity:**
  - data security, identity and access management, and application security products and platforms;
  - cybersecurity services: consulting, integration, managed security services.
- **digital identity and biometrics:**
  - payment services: modern payment card issuance solutions in digital and physical format; online payment security;
  - mobile network connectivity solutions: authentication of users and devices to mobile networks, connectivity and security solutions for the IoT, especially the automotive industry;
  - identity solutions and biometrics: national identity programs including secure identity documents, border control, seamless travel, basic identity, civil and voter register, criminal forensics.

2.1.3.2.2 Competitive position

Thales is a world-class cybersecurity leader, in a €53 billion market at the crossroads of cyber security and digital identity [2].

67% of the company's sales in 2025 came from offers for markets in which Thales is the global leader [2].

Thales' main competitors are Idemia, Giesecke+Devrient, Broadcom, and cybersecurity players such as Cloudflare and Varonis. The company also has many smaller competitors in several niche or local markets.

Thales has the broadest portfolio of products combining identity management, data visibility, protection and control of sensitive structured and un-structured data, whether at rest, in transit, or in use; application security, securing the most critical assets of companies and governments. This unique expertise is based on decades of experience, significant investments in R&D and more than 5,000 patents. It also draws on all of Thales' technological resources.

2.1.3.2.3 Significant events in 2025

In Cybersecurity

Thales strengthened its cybersecurity portfolio through new partnerships, product innovation, accelerated AI adoption and expanded industry collaboration.

Leveraging its unique position across the three key capabilities required to secure AI applications (data security, identity protection and application security) the company launched AI Security Fabric, delivering the first runtime security capabilities designed to protect Agentic AI, LLM-powered applications, enterprise data, and identities, enabling enterprises to confidently scale AI adoption across cloud and on-premise environments.

Thales also invested to innovate and sign key partnerships on its three cybersecurity segments. In Identity and Access Management, as a member of the FIDO Alliance, Thales launched a new solution to simplify and scale FIDO passkey management, enabling large organizations to deploy secure, passwordless authentication more easily.

In Data Security, Thales formed a strategic alliance with Deloitte, combining its advanced encryption and key management technologies with Deloitte's data protection and governance services.

Within its Application Security platform, Thales introduced enhanced detection and response capabilities that identify business logic threats and proactively block malicious sessions, establishing a new standard for API protection.

Working with Michelin, Thales helped protect the company's intellectual property and secure the global deployment of its software solutions. Thales also partnered with Eyedea to safeguard and scale the company's AI-powered visual recognition technologies for its customers.

Additionally, several industry analyst and technology partners recognised Thales for its market leadership in cybersecurity:

- Gartner recognised Thales as a Visionary for mastering the complexity of the European access management market and driving innovative, secure customer experiences in its Gartner Magic Quadrant;
- Omdia Universe named Thales a leader in the Data Security Posture Management market, highlighting its comprehensive data security platform, continuous monitoring, and defence-grade capabilities for protecting sensitive data);
- Frost and Sullivant named Thales the Growth Index Leader in their Frost Radar™: Data Security Platform, 2025;
- KuppingerCole named the Imperva Unified API Security Platform an Overall Leader for its end-to-end API protection and ML-driven analytics and built-in safeguards for GenAI applications.

[1] *EcoAct (now SE Advisory Services), is an international sustainability consultancy and project developer with 18+ years of industry experience and 360+ climate experts globally.*
[2] *Thales internal data.*

In Digital identity and biometrics

Thales launched Europe's first certified smartcard ready for the Quantum Age, providing governments and institutions with a secure foundation for next-generation identity solutions. At the same time, the company continued to empower governments to modernize their digital identity systems supporting more than 300 national identity programs and having enrolled over 500 million people. In North America, the Georgia Department of Driver Services selected Thales Enrollment Kiosks to improve their customer experience, while the Arizona Department of Public Safety awarded Thales the contract for printing of their special licence and identity cards.

On the connectivity front, Thales achieved the necessary certifications (SGP.32 and GSMA eSA) to reinforce its presence and further expand into the fast-growing IoT connectivity market.

Thales announced a strategic collaboration with T-Mobile and SIMPL IoT to simplify device management in the Massive IoT market, delivering seamless and secure connectivity for eSIM-enabled devices across multiple industries. Similarly, AT&T and Thales have carried on IoT deployments with a next generation eSIM solution, powered by the latest GSMA SGP.32 specification.

SHIFT, the German pioneer in sustainable and ethical handset manufacturing, partnered with Thales to bring eSIM functionality to their smartphones. Cyshield launched Egypt's first-ever eSIM connectivity services for consumer and IoT devices, enabling millions of Egyptians to access the extended range of eSIM-enabled devices thanks to Thales.

In the connected vehicles space, Thales was selected Cubic[3] to launch next generation eSIM solutions for connected vehicles.

In payment services, Thales keeps capturing market share in digital payment. Thales expanded its partnership with Curve Pay, enabling NFC payments directly within the Curve app on iOS. In Norway, Vipps MobilePay worked with Thales to launch the world's first alternative to Apple Pay on iPhone, enabling tap-to-pay directly within the Vipps app.

Thales also strengthened its leadership in sustainable payments, supporting DBS in becoming the largest issuer of PLA payment cards in Asia, offering a lower-impact alternative to plastic payment cards.

Several industry analysts and technology partners recognised Thales for its market leadership in Digital Identity:

- Juniper Research ranked Thales No. 1 in Digital Identity; awarded Thales the 2025 Smart Cities & IoT Innovation and Platinum Best Modern Card Issuing Platform at the 2025 Fintech & Payments Awards for Thales D1 Platform;
- Frost & Sullivan awarded Thales as the 2025 Company of the Year in the Automated Border Control industry, celebrating its mission to make every border crossing faster and safer;
- Counterpoint Research named Thales a Pacesetter in the eSIM Provisioning & Enablement rankings;
- Kaleido Intelligence recognised Thales as Champion for eSIM Remote SIM Provisioning, ranking No. 1 among 40 vendors in its latest Connectivity Vendor Hub.

2.1.4 Ground Transportation Systems (GTS) business

2.1.4.1 Key figures

(in millions of euros)	2025	2024
Order book at December 31	—	—
Order intake	—	1,006
Sales	—	718
Adjusted EBIT [(a)]	—	23
Consolidated headcount	—	—

(a) Non-GAAP indicator. See definition on page 42.

2.1.4.2 Ground Transportation Systems

After signing an agreement on August 4, 2021 to sell this business, Thales announced on May 31, 2024 that it had completed the sale of its Ground Transportation Systems business to Hitachi Rail.

The disposal strengthens Thales' strategic focus on three high-tech markets with long-term growth: Defence, Aerospace, and Cybersecurity & Digital.

The impact of the disposal was recognized in the second quarter of 2024.

2.2 Research and innovation

Critical systems design entails expertise in increasingly sophisticated technologies, in particular, detection, analysis or decision-making technologies. These innovative solutions serve Thales' customers in the aeronautics, space, defence, cybersecurity, and digital security markets.

Thales bases its vision of innovation on openness and partnership across several dimensions:

- a technological dimension thanks to collaboration with academic laboratories;
- an entrepreneurial dimension through work with SMEs and start-ups;
- a "market" dimension through co-innovation of users with customers and their ecosystems.

2.2.1 Research and development, the key to competitiveness and growth

From research through to engineering, the Group's technical activities involve some 34,000 people. On the restricted scope of R&D, a key factor of competitiveness, Thales spent €1,328 million on self-financed R&D in 2025, i.e. 6.0% of its sales.

A proportion of this budget is allocated to upstream research work, carried out both at Thales Research and Technology (TRT) laboratories and at the Group's Competence Centers, to develop and mature:

- innovations across the entire technological spectrum, with a particular emphasis on sovereignty technologies;
- new system and product concepts;
- new critical information system engineering tools and methods.

2.2.2 The four key technical areas

Research and development activities for key technologies are divided into four areas:

- hardware technologies: electronics, electromagnetism, quantum technologies, optronics, acoustics, radio-frequency techniques, expertise in thermal constraints, along with digital support technologies to design businesses, such as simulation and digital twins;
- software technology: on-board real-time calculation architectures, edge-computing, distributed systems, cloud computing, digital platforms, cybersecurity;
- information and algorithm sciences: artificial intelligence, autonomous systems, human factors, quantum algorithms;
- systems: focused on functional design and system architecture, this segment provides support in terms of methodology, tooled processes and expertise, synthetic environments.

FOCUS 1

Biomimicry: a source of inspiration to create new materials

The lotus leaf and the wings of the Greta Oto butterfly have nanostructures that give them superhydrophobic and anti-glare properties, respectively.

Thales Research & Technology drew inspiration from these natural phenomena to invent nanostructured camera optics using manufacturing technologies from microelectronics. These optics have remarkable rain- and fog-proof properties and also reduce the parasitic reflections of light that degrade image quality.

Following demanding tests in realistic conditions on a surveillance product on board ships, Thales adopted this technology in the Netherlands, ensuring all-weather day and night availability and producing an image that can be read by human operators and interpreted by automatic detection systems.

In all countries where it is present, Thales endeavors to build partnerships within innovation ecosystems, with academic partners, innovating companies, and manufacturers, to innovate together on usages, business models and technologies.

Thales Research & Technology (TRT), the international network of central laboratories, aims to build preferential relationships with academic partners.

In 2024, Thales created cortAIx – AI by Thales, bringing together all the Group's artificial intelligence activities under a single banner, representing some 800 experts throughout the Group. cortAIx has three pillars: cortAIx Sensors, which focuses on sensor design; cortAIx Factory, which aims to integrate artificial intelligence into command and control systems; and cortAIx Labs, which focuses on research, particularly in terms of frugal learning, reinforcement learning and the key issue of AI cybersecurity, to create trusted AI for mission-critical systems.

The Singapore Center is associated with Nanyang Technological University and the CNRS in one of the rare international joint units with an industrial partnership in place since 2009.

In France, Thales has a number of strategic partnerships with the CNRS, the CEA, *École Polytechnique*, and Sorbonne University, to name but a few.

The most successful form of collaboration is the joint laboratory, as set up by Thales with the CNRS, with ten joint laboratories, with the CEA-LETI in connection with the III-V-Lab (EIG made up of Nokia, Thales and the CEA-LETI), with the CEA-LIST for artificial intelligence and the formal methods for the development of critical software, with the Sorbonne University in artificial intelligence, etc.

FOCUS 2

Thales becomes the first French industrial group to host a European Research Grant (ERC)

In September 2025, Isabella Boventer, a research engineer at the Albert Fert Laboratory in Palaiseau, received a €1.5 million "Starting Grant" from the European Research Council, an EU body that supports excellence in scientific research. This highly competitive scholarship constitutes genuine peer recognition of a visionary scientific approach. It will enable Isabella to set up a research team for her project, called ARXIMEDES.

ARXIMEDES combines the use of magnonics and cold atoms to develop a compact chip that would revolutionize quantum technologies in the detection, chip information processing, and simulation.

This remarkable recognition inspires our entire scientific community to aim higher and dream bigger.

In the United Kingdom, Thales is developing a rich ecosystem of science & technology partnerships, including developing key relationships with Academia, Catapult Centres and regional Defence Clusters. Our academic relationships are formed through collaboration around PHDs as well as CDTs (Centres for doctoral training). Thales UK has joined forces with several major British universities including the University of Southampton, the University of Bristol, along with a long-term relationship with Cranfield University. In the cyber sector, Thales UK has also set up a number of collaborations, including the Center for Secure Information Technologies (CSIT), based at Queen's University Belfast, and the London Office of Rapid Cybersecurity Advancement (LORCA). Thales UK is committed to driving Open Innovation moving forwards and is striving to further align key institutions within the UK ecosystem to our technology strategy.

In Canada, the Group is working on the development of artificial intelligence technologies, quantum computing applications, human-machine interactions, autonomous collaborative systems, and cybersecurity. This work is carried out within research ecosystems, notably in collaboration with Institute for Data Valorization (IVADO) of the University of Montreal, the University of Toronto, the University of Alberta, McGill University, Polytechnique Montreal, Laval University and the Quantum Institute of the University of Sherbrooke.

FOCUS 3

Protecting protection systems: the example of facial recognition

Facial recognition algorithms are now extremely reliable. As such, they have been deployed for several applications, including automatic border control or online identity verification. However, systems incorporating these algorithms may fall victim to various attacks that we need to be able to thwart. Be it the presentation of a fake face, such as a mask, or the digital injection of an incorrect reference into the system, Thales develops the appropriate countermeasures by combining AI and cybersecurity algorithms.

In high-growth countries, Thales is developing research initiatives to complement its engineering facilities. In 2021, the Group set up a research team in India, at its Bangalore site, in the Open Hardware architecture field. This team is already collaborating with the Indraprastha Institute of Information Technology Delhi (IIIT-Delhi) (and the Central Manufacturing Technology Institute (CMTI) (in Bangalore).

Since 2015, Thales has structured its action towards start-ups, listing more than 4,000 start-ups and conducting more than 250 proofs of concept.

The training of engineers and scientists is also part of the Group's strategy policy in its relationships with the academic world. The Group supports nearly 250 PhD students around the world. These students are working on subjects directly linked to Thales' technical issues, making the group more attractive to young scientists.

2.2.3 A dynamic intellectual property management policy

Thales supports its R&D business with a strong intellectual property management policy.

The Group filed nearly 400 new patent applications in 2025. This volume reflects Thales' interest in innovation, and the transformation of the results of research into competitive advantages.

The portfolio of more than 22,000 patents and applications is regularly adapted to the needs of the operational units.

In 2025, Thales was once again named one of Clarivate's Top 100 Global Innovators, the Group being singled out for the volume, quality and influence of its patents, underlining the Group's commitment to innovation and invention protection. Since 2013, Thales has been included in this prestigious ranking 12 times, proving over time the importance to the Group of active and ambitious intellectual property management.

2.3 Report on operations and results

This section looks at the Group's financial performance in 2025. The analysis of its non-financial performance is presented in chapter 5 of this document (pages 141 to 230).

2.3.1 Adjusted Key figures

(in € millions, except earnings and dividend per share in €)	2025	2024	Total change	Organic change
Order intake	25,264	25,289	-0%	+1%
Order book at end of period	53,323	50,602	+5%	+7%
Sales	22,136	20,577	+7.6%	+8.8%
Adjusted EBIT [a]	2,740	2,419	+13.3%	+14.0%
as a % of sales	12.4%	11.8%	+0.6 pt	+0.7 pt
Adjusted Net Income, Group share [a]	2,005	1,900	+6%	
Adjusted Net Income, Group share, per share [a]	9.76	9.24	+6%	
Net income relating to continued operations, Group share	1,675	1,007	+66%	
Free operating cash flow [a]	2,577	2,027	+27%	
Net cash (debt) at end of period [a]	(1,618)	(3,044)	+1,425	
Dividend per share [b]	3.90	3.70	+0.20	

(a) Non-GAAP financial indicators. See definitions, section 2.3.2, page 42.
(b) Proposed at the Annual General Meeting on May 12, 2026.

Order intake for the 2025 financial year reached again the historic level of 2024 and amounted to **€25,264 million, up 1%** on an **organic basis** (at constant scope and exchange rates). The Group benefited in 2025 from strong commercial momentum across the vast majority of its businesses, particularly in the Defence and Aerospace segments. As at 31 December 2025, the consolidated **order book** reached a record level of over **€53 billion**, up by €2.7 billion compared with the end of 2024.

Sales totaled **€22,136 million** in 2025, up 7.6% from 2024 (+8.8% in organic growth). This sustained growth reflects in particular the solid performance of Aerospace and Defence segments throughout the year.

Adjusted EBIT [1] stood at **€2,740 million** in 2025, compared with €2,419 million in 2024, an increase of 13.3% (+14.0% on an organic basis). The Adjusted EBIT margin reached 12.4% of sales, a significant increase compared to 2024 (11.8% of sales).

At **€2,005 million**, **Adjusted Net Income, Group share** [1] was up 6% compared to 2024. It incorporates a temporary additional contribution to the corporate tax in France which amounted to €75 million, excluding the effect of this contribution on Naval Group, of which Thales' share amounted to €8 million (recognized under Adjusted EBIT). Excluding this impact of €75 million, Adjusted Net Income, Group share was up 9%.

Net income from continuing operations, Group share amounted to **€1,675 million**, up 66% compared to 2024.

Free operating cash flow [1] amounted to **€2,577 million**, compared with €2,027 million in 2024 [2]. This substantial increase reflects the solid progression of the Group's results as well as the significant improvement in the change in working capital requirement compared to 31 December, 2024, driven by strong momentum of order intake in 2025 and the continued actions taken in the context of stocks optimization. As a consequence, the cash conversion ratio of Adjusted Net Income, Group share, into Free operating cash flow reached 128% in 2025 (107% in 2024), an excellent performance, with the conversion ratio exceeding 100% for the sixth consecutive year.

In this context, the Board of Directors decided to propose the distribution of a **dividend** of **€3.90** per share, corresponding to a payout ratio of 40% of Adjusted Net Income, Group share. An interim dividend of €0.95 per share was paid on 4 December 2025. The balance of €2.95 will be paid on 20 May 2026.

[1] Non-GAAP financial indicators. See definition, section 2.3.2, on page 42.
[2] On the scope of continued activities only, free operating cash flow amounted to €2,142 million in 2024. The conversion rate, calculated on the scope of continued activities, was 114%.

2.3.2 Presentation of financial information

Accounting principles

The accounting policies used to prepare the consolidated financial statements of the Thales Group comply with the International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union as of December 31, 2025.

Definitions of non-GAAP financial indicators

In order to facilitate monitoring and comparison of its financial and operating performance, the Group presents three key non-GAAP indicators that exclude non-operating and/or non-recurring items. They are determined as follows:

- **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.
- **Adjusted Net Income**: net income, less the following elements, net of the corresponding tax effects:
  - amortization of acquired assets (PPA);
  - expenses recognized in income from operations or in "financial results" which are directly related to business combinations, which by their nature are unusual;
  - disposals of assets, changes in scope of consolidation and other;
  - impairment of non-current assets;
  - change in fair value of derivative foreign exchange instruments (recognized under "other financial income and expenses" in the consolidated financial statements);
  - actuarial gains (losses) on long-term benefits (recognized under "Finance costs on pensions and other long-term employee benefits" in the consolidated financial statements);
  - impact of changes in the Thales share price on the expense recognized in the income statement in respect of LTI plans.

The definition of those two indicators has been changed as of June 30, 2025 and now excludes the impact of changes in the Thales share price on the expense recognized in the income statement in respect of LTI plans.

- **Free operating cash flow** corresponds to the net cash flow from operations before contributions to reduce the pension deficit in the United Kingdom, and after deducting net operating investments.

Defining Adjusted EBIT and Adjusted Net Income involves defining other indicators in the **adjusted income statement**: adjusted cost of sales, adjusted gross margin (corresponding to the difference between sales and the adjusted cost of sales), adjusted indirect costs, other adjusted financial income, adjusted financial income on pensions and long-term employee benefits, adjusted income tax, Adjusted Net Income, Group share, per share, calculated as described on pages 43 and 44.

Net cash (debt) corresponds to the difference between the sum of the "Cash and cash equivalents" and "Other current financial assets" items and short and long term borrowings, including lease liabilities, after deduction of interest rate hedging derivatives.

"Organic change" measures the movement in monetary indicators excluding the effects of changes in exchange rates and scope of consolidation. It is obtained by calculating the difference between the indicator for the previous year discounted at the exchange rates applicable for the current year for entities whose reporting currency is not the euro, less the contribution of entities divested during the current year, and the value of the indicator for the current year, less the contribution of entities acquired during the current year. The calculation of organic change in sales is detailed thereunder.

- **ORGANIC CHANGE IN SALES BY QUARTER**

(in € millions)	Sales 2024	Exchange rate effect	Impact of disposals	Sales 2025	Impact of acquisitions	Total change	Organic change
1st quarter	4,421	+17	(6)	4,960	+90	+12.2%	+9.9%
2nd quarter	5,071	(89)	(12)	5,305	+14	+4.6%	+6.4%
1st half year	**9,493**	**(73)**	**(17)**	**10,265**	**+104**	**+8.1%**	**+8.1%**
3rd quarter	4,576	(91)	(7)	4,991	+10	+9.1%	+11.2%
4th quarter	6,508	(154)	(6)	6,881	+7	+5.7%	+8.3%
FULL YEAR	**20,577**	**(318)**	**(30)**	**22,136**	**+121**	**+7.6%**	**+8.8%**

Please note that only the consolidated financial statements as of December 31, 2025 are audited by the statutory auditors, including Adjusted EBIT, the calculation of which is outlined in Note 2 "Segment information", net cash (debt), the definition and calculation of which appears respectively in Note 13-a and Note 6.2 "Net cash (debt)", free operating cash flow, the definition and calculation of which is specified respectively in Note 13-a and Note 6.3 "Changes in net debt". Adjusted financial information other than that provided in the notes to the consolidated financial statements is subject to the verification procedures applicable to all information included in this press release.

The impact of these adjustment entries on the profit and loss accounts at December 31, 2025 and at December 31, 2024 is detailed in the tables on pages 43 and 44. The calculation of free operating cash flow is detailed on page 45.

• ADJUSTED INCOME STATEMENT, ADJUSTED EBIT AND ADJUSTED NET INCOME – 2025

(in € millions, except earnings per share in €)		Adjustments					
	Consolidated income statement 2025	**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**Adjusted income statement 2025**
Sales	**22,136**	**—**	**—**	**—**	**—**	**—**	**22,136**
Cost of sales	(16,283)	395	—	—	—	45	(15,844)
Research and development expenses	(1,328)	—	—	—	—	—	(1,328)
Marketing and selling expenses	(1,582)	—	—	—	—	—	(1,582)
General and administrative expenses	(725)	—	—	—	—	—	(725)
Restructuring costs	(132)	—	—	—	—	—	(132)
Income from operations	**2,087**	**395**	**—**	**—**	**—**	**45**	**2,526**
Share in net income of equity affiliates	198	15	—	—	—	—	213
Adjusted EBIT	**N/A**	**410**	**—**	**—**	**—**	**45**	**2,740**
Gain and losses on disposals of assets, changes in scope and other	(23)	—	23	—	—	—	—
Impairment of non-current assets	—	—	—	—	—	—	—
Net financial interest	(116)	—	—	—	—	—	(116)
Other financial income and expenses	(66)	—	—	37	—	—	(28)
Finance costs on pensions and other long-term employee benefits	(44)	—	—	—	(12)	—	(56)
Income tax	(397)	(99)	(48)	(9)	3	(12)	(561)
Effective income tax rate [(a)]	*21.6%*	—	—	—		—	*24.1%*
Net income from continuing operations	1,640	310	(25)	29	(9)	33	1,979
Net income from discontinued operations	—	—	—			—	—
Net income	**1,640**	**310**	**(25)**	**29**	**(9)**	**33**	**1,979**
Non-controlling interests	34	(8)	—	—	—	—	26
NET INCOME, GROUP SHARE	**1,675**	**302**	**(25)**	**29**	**(9)**	**33**	**2,005**
Net income relating to continued operations, Group share	1,675	302	(25)	29	(9)	33	2,005
Net income relating to discontinued operations, Group share	—	—	—	—	—	—	—
Average number of shares *(thousands)*	*205,476*	—	—	—	—	—	*205,476*
NET INCOME, GROUP SHARE PER SHARE *(in €)*	**8.15**	**—**	**—**	**—**	**—**	**—**	**9.76**

(a) Income tax divided by net income before income tax and before share in net income of equity affiliates.

Adjustments:

1. Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions and disposals.
2. Income from disposals of assets, changes in scope and other, and impairment losses on non-current assets.
3. Change in fair value of foreign exchange derivatives.
4. Actuarial gains or losses on long-term employee benefits.
5. Impact of the evolution of the share price of Thales on long-term equity compensation plans.

• ADJUSTED INCOME STATEMENT, ADJUSTED EBIT AND ADJUSTED NET INCOME – 2024

in € millions, except earnings per share (in €)		Adjustments				
	Consolidated income statement 2024	**(1)**	**(2)**	**(3)**	**(4)**	**Adjusted income statement 2024**
Sales	**20,577**	**—**	**—**	**—**	**—**	**20,577**
Cost of sales	(15,203)	573	—	—	—	(14,630)
Research and development expenses	(1,274)	—	—	—	—	(1,274)
Marketing and selling expenses	(1,590)	—	—	—	—	(1,590)
General and administrative expenses	(693)	—	—	—	—	(693)
Restructuring costs	(118)	—	—	—	—	(118)
Income from operations	**1,699**	**573**	**—**	**—**	**—**	**2,272**
Share in net income of equity affiliates	95	52	—	—	—	147
Adjusted EBIT	**N/A**	**625**	**—**	**—**	**—**	**2,419**
Gain and losses on disposals of assets, changes in scope and other	(279)	—	279	—	—	—
Impairment of non-current assets	(158)	—	158	—	—	—
Net financial interest	(166)	—	—	—	—	(166)
Other financial income and expenses	39	—	—	(4)	—	35
Finance costs on pensions and other long-term employee benefits	(51)	—	—	—	3	(49)
Income tax	(247)	(143)	(38)	1	(1)	(427)
Effective income tax rate [a]	*22.8%*	—	—	—	—	*20.4%*
Net income from continuing operations	932	482	399	(3)	2	1,812
Net income from discontinued operations	412	—	(393)	2	—	21
Net income	**1,344**	**482**	**6**	**(1)**	**2**	**1,833**
Non-controlling interests	75	8	—	—	—	67
NET INCOME, GROUP SHARE	**1,420**	**474**	**6**	**(1)**	**2**	**1,900**
Net income relating to continued operations, Group share	1,007	474	399	(3)	2	1,880
Net income relating to discontinued operations, Group share	412	—	(393)	2	—	21
Average number of shares *(thousands)*	*205,523*	—	—	—	—	*205,523*
NET INCOME, GROUP SHARE PER SHARE *(in €)*	**6.91**	**—**	**—**	**—**	**—**	**9.24**

(a) Income tax divided by net income before income tax and before share in net income of equity affiliates.

Adjustments:

1. Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions and disposals.
2. Income from disposals of assets, changes in scope and other, and impairment losses on non-current assets.
3. Change in fair value of foreign exchange derivatives.
4. Actuarial gains or losses on long-term employee benefits.

CALCULATION OF FREE OPERATING CASH FLOW

(in millions of euros)	2025	2024	Change
Operating cash flow before interest and tax	**3,366**	**3,175**	**+191**
+ Change in working capital and provisions for contingencies	724	26	+697
+ Payment of pension contributions, excluding contributions related to the reduction of the UK pension deficit	(234)	(117)	-116
+ Net financial interest received (paid)	(120)	(140)	+20
+ Income tax paid	(413)	(185)	-228
+ Net operating investments	(746)	(617)	-130
Free operating cash flow from continuing operations	**2,577**	**2,142**	**+435**
Free operating cash flow, discontinued operations	**—**	**(116)**	**+116**
Free operating cash flow	**2,577**	**2,027**	**+550**
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	(69)	359	-428
+ Contributions related to the reduction of the UK pension deficit	(1)	(13)	+11
+ Dividends paid	(781)	(708)	-72
+ Share buyback (program approved in March 2022)	—	(461)	N/A
+ New lease liabilities (IFRS 16)	(205)	(143)	-62
+ Other	(96)	(199)	+104
Change in net cash (debt)	**1,425**	**1,146**	**+279**
Net cash (debt) at start of period	(3,044)	(4,190)	+1,146
+ Change in net cash (debt)	1,425	1,146	+279
NET CASH (DEBT) AT END OF PERIOD	**(1,618)**	**(3,044)**	**+1,425**

2.3.3 Order intake

Order intake for the 2025 financial year amounted to **€25,264 million, flat in total change** compared with the record level recorded in 2024, and up 1% at constant scope and exchange rates. The book-to-bill ratio stood at 1.14 in 2025 (1.23 in 2024), and 1.17 excluding the Cyber & Digital business, where order intake is structurally very close to sales.

(in millions of euros)	2025	2024	Total change	Organic change
Aerospace	6,122	6,434	-5%	-5%
Defence	15,128	14,723	+3%	+3%
Cyber & Digital	3,872	4,032	-4%	-1%
TOTAL – OPERATING SEGMENTS	**25,122**	**25,189**	**-0%**	**+1%**
Other	142	100		
TOTAL	**25,264**	**25,289**	**-0%**	**+1%**
Of which mature markets [a]	19,490	19,010	+3%	+3%
Of which emerging markets [a]	5,774	6,279	-8%	-6%

(a) Mature markets: Europe, North America, Australia, New Zealand; emerging markets: all other countries.

In 2025, Thales recorded **28 large orders with a unit value of more than €100 million**, for a total amount of **€7,751 million**:

- 5 large orders recorded in Q1 2025:
  - contract signed with Space Norway, a Norwegian satellite operator, for the supply of the THOR 8 telecommunications satellite;
  - order by SKY Perfect JSAT to Thales Alenia Space of JSAT-32, a geostationary telecommunications satellite;
  - signing of a contract between Thales and the European Space Agency (ESA) to develop Argonaut, a future autonomous and versatile lunar lander designed to deliver cargo and scientific instruments to the Moon;
  - order from the Dutch Ministry of Defence for the modernization and support of vehicle tactical simulators;
  - order from the French Defence Procurement Agency (DGA) for the development, production, and maintenance of vetronics equipment for various Army vehicles as part of the SCORPION programme.
- 5 large orders recorded in Q2 2025:
  - contract related to the supply of 26 Rafale Marine to India to equip the Indian Navy;
  - as part of the SDMM (Strategic Domestic Munition Manufacturing) contract signed in 2020 for the supply of ammunition to the Australian armed forces, entry into force of years 6 to 8. The continuation of the SDMM contract concerns the design, the development, manufacture and maintenance of a variety of ammunition;
  - contract for the delivery to Ukraine of 70 mm ammunition and the transfer of the final assembly line of certain components of this ammunition from Belgium to Ukraine;
  - order for the production and supply of AWWS (Above-Water Warfare System) combat systems intended for frigates equipment in Europe;
  - order by Sweden of compact multi-mission medium range Ground Master 200 radars.
- 4 large orders recorded in Q3 2025:
  - signing of the Initial Phase Contract between Thales Alenia Space and the SpaceRISE consortium of satellite operators to engineer the system and secured payload solutions for the future European constellation IRIS²;
  - order from the UK Ministry of Defence for the production and delivery of 5,000 air defence LMM missiles;
  - order from the German Ministry of Defence for the delivery to a third country of portable land surveillance radars;
  - order from a European country for the production and delivery of 70mm ammunition.
- 14 large orders were recorded in Q4 2025:
  - order for the delivery of traveling wave tubes and amplifiers to equip defence systems;
  - order from a US airline for the retrofit of B777 aircraft to equip them with the Thales AVANT Up inflight entertainment system;
  - contract for the supply to the Indonesian Ministry of Defence of an observation system combining optical and radar satellites, as well as a multi-mission ground segment;
  - contract for the delivery of vetronics systems for Scorpion vehicles as part of the CaMo (Motorized Capacity) intergovernmental agreement between France and Belgium;
  - contract with the Royal Canadian Navy to provide predictive and corrective maintenance at various Canadian shipyards;
  - contract for the supply of maintenance services to the Royal Australian Navy as well as for foreign ships calling at the Sydney region;
  - as part of the SNLE 3G programme for the development of the third generation of French nuclear-powered ballistic missile submarines, entry into force of a new tranche of the framework agreement with the DGA for the development and supply of the sonar suite;
  - order from a navy in the Americas for the supply of Sonar 2087, a member of the CAPTAS family of low-frequency towed array sonars, for the equipment of destroyers;
  - order from an Asian Navy for the delivery of the TACTICOS combat management system, the Link Y tactical data link and various sensors, as part of a corvette modernization programme;
  - order from a European country for the supply of XTRAIM thermal weapon sights and Nellie night vision goggles;
  - order from the DGA for the development, production and deployment of the AURORE Ultra-High Frequency radar for low-earth orbit space surveillance;
  - order from a European country for the production and delivery of HPD anti-tank systems;
  - order for the supply of seekers to equip ASTER B1NT missiles;
  - order from Naval Group for the production and delivery of electronic warfare equipment, radars including the Sea Fire, sonars and secure communication systems for FDI frigates (Defence and Intervention Frigates) as part of the contract for the Greek Navy.

At **€17,513 million**, order intake **with a unit value of less than €100 million** recorded an increase and continued to benefit from favorable momentum.

Order intake in the **Aerospace** segment stood at **€6,122 million**, compared to €6,434 million in 2024 (down -5% at constant scope and exchange rates). In 2025, the Avionics market benefited from sustained demand in most of its activities, in both civil and military domains. The Space business, which saw solid underlying momentum with five orders with a unit value of more than €100 million recorded in 2025, showed a decline in order intake due to a high comparison base, particularly in the fourth quarter of 2024. At December 31, 2025, the segment's order book reached €10.8 billion, up 6% at constant scope and exchange rates compared to 2024.

At **€15,128 million** compared to €14,723 million in 2024, order intake in the **Defence** segment reached a new historic record (+3% at constant scope and exchange rates). The book-to-bill ratio stood at 1.24, above 1.2 for the seventh consecutive year. This new increase in 2025 is driven by continued strong demand across all activities. 20 contracts with a unit value exceeding €100 million were booked during the year, with major successes, particularly in the field of air defence. The segment's order book reached a new historic record at **€41.6 billion** (up 6%), representing 3.4 years of sales, offering strong visibility for this business in the years ahead.

At **€3,872 million**, order intake in the **Cyber & Digital** segment was structurally very close to sales, as most of the activities in this segment operate on short sales cycles. The order book is therefore not significant.

ORDER INTAKE BY DESTINATION – 2025

(in millions of euros)	2025	2024	Total change	Organic change	2025 weighting as a %
France	5,133	6,229	-18%	-18%	20%
United Kingdom	989	1,682	-41%	-41%	4%
Rest of Europe	9,224	7,292	+26%	+26%	37%
Subtotal Europe	**15,345**	**15,203**	**+1%**	**+1%**	**61%**
United States and Canada	3,083	2,796	+10%	+13%	12%
Australia and New Zealand	1,062	1,011	+5%	+12%	4%
Total mature markets	**19,490**	**19,010**	**+3%**	**+3%**	**77%**
Asia	3,892	2,990	+30%	+32%	15%
Near and Middle East	851	2,263	-62%	-62%	3%
Rest of the world	1,031	1,027	+0%	+5%	4%
Total emerging markets	**5,774**	**6,279**	**-8%**	**-6%**	**23%**
TOTAL ALL MARKETS	**25,264**	**25,289**	**-0%**	**+1%**	**100%**

Geographically, order intake in mature markets amounted to €19,490 million, up 3% on an organic basis. Sales momentum was particularly strong in continental Europe (excluding France), with an organic growth of 26%, as well as in Australia and New Zealand (up 12% on an organic basis).

Order intake in emerging markets amounted to €5,774 million, down (6)% at constant scope and exchange rates. This change is mainly explained by a high comparison basis linked to the booking in 2024 of several contracts with a unit value exceeding €500 million. However, sales momentum was particularly strong in Asia in 2025, with organic growth of 32%.

2.3.4 Sales

(in millions of euros)	2025	2024	Total change	Organic change
Aerospace	5,910	5,471	+8.0%	+8.7%
Defence	12,234	10,969	+11.5%	+12.2%
Cyber & Digital	3,852	4,024	-4.3%	-0.9%
Of which Cyber	1,455	1,566	-7.1%	-3.8%
Of which Digital	2,397	2,457	-2.5%	+1.0%
Total – operating segments	**21,996**	**20,463**	**+7.5%**	**+8.7%**
Other	140	113	+24.0%	+25.9%
TOTAL	**22,136**	**20,577**	**+7.6%**	**+8.8%**
Of which mature markets [a]	17,429	16,303	+6.9%	+7.8%
Of which emerging markets [a]	4,707	4,273	+10.2%	+12.9%

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

Sales for the 2025 financial year totaled **€22,136 million**, compared to €20,577 million in 2024, up 7.6% in total change and 8.8% in organic terms (at constant scope and exchange rates [1]), driven in particular by the solid performance of the Aerospace and Defence segments. Thales thus exceeded its organic sales growth target for 2025.

In the **Aerospace** segment, sales amounted to **€5,910 million**, up 8.0% from 2024 (+8.7% at constant scope and exchange rates). This solid progress reflects in particular the double-digit organic growth of the Avionics business in 2025, with solid momentum across all activities in both the civil and military domains. Original equipment activities notably benefited from higher commercial aircraft production, while the healthy momentum in air traffic benefited aftermarket services. In addition, the Space business also recorded growth in organic sales, driven in particular by the OEN (Observation, Exploration and Navigation) segment.

Sales in the **Defence** segment reached **€12,234 million**, up 11.5% from 2024 (+12.2% at constant scope and exchange rates). In 2025, Thales continued its efforts to increase production capacity in order to meet strong demand across all product lines. Land and air systems, such as surface radars and effectors, contributed particularly to the solid performance in 2025.

At **€3,852 million**, sales in the **Cyber & Digital** segment were down -0.9% at constant scope and exchange rates (-4.3% in total change, including negative exchange rate effects), with a fourth quarter showing slight organic growth. This evolution in sales over the year reflects different trends depending on the activities:

- Cyber businesses recorded a decrease in sales in 2025 (down -3.8% at constant scope and exchange rates):
  - The Cyber Products business, slightly down over the full year 2025, was affected in the second and third quarters by disturbances related to the merger of the Imperva and Thales sales forces. This key integration step, now completed, will gradually unleash the full potential of the business, which recorded a return to organic growth in the fourth quarter;
  - The Cyber Premium Services business was down year-on-year with double-digit organic decline. The business was notably impacted by soft demand in Australia, while the execution of the strategy to refocus the offer on segments offering profitable growth showed encouraging signs in the relevant geographies.
- Digital activities recorded organic growth of 1.0% in 2025:
  - Sales from Payment Services enjoyed strong momentum in digital banking solutions, but were affected by continued low volumes in payment cards during the year;
  - Secure Connectivity Solutions recorded strong growth in 2025, driven notably by digital solutions (including eSIM and on-demand connectivity platforms) which represent the majority of the business. The activity also benefited in 2025 from a one-off related to a large and non-recurring order from a customer in Asia.

[1] *The calculation of the organic change in sales is shown in section 2.3.2, on page 42.*

SALES BY DESTINATION – 2025

(in millions of euros)	2025	2024	Total change	Organic change	2025 weighting as a %
France	6,125	5,932	+3.3%	+3.0%	28%
United Kingdom	1,434	1,355	+5.8%	+7.1%	6%
Rest of Europe	6,208	5,155	+20.4%	+20.4%	28%
Subtotal Europe	**13,767**	**12,442**	**+10.6%**	**+10.7%**	**62%**
United States and Canada	2,750	2,921	-5.8%	-3.5%	12%
Australia and New Zealand	911	940	-3.1%	+3.3%	4%
Total mature markets	**17,429**	**16,303**	**+6.9%**	**+7.8%**	**79%**
Asia	2,194	1,977	+11.0%	+13.3%	10%
Near and Middle East	1,310	1,210	+8.2%	+10.4%	6%
Rest of the world	1,203	1,086	+10.8%	+14.7%	5%
Total emerging markets	**4,707**	**4,273**	**+10.2%**	**+12.9%**	**21%**
TOTAL ALL MARKETS	**22,136**	**20,577**	**+7.6%**	**+8.8%**	**100%**

Geographically, sales recorded robust growth in both mature markets (+7.8% in organic terms), with a notable performance in continental Europe excluding France (+20.4% in organic terms), and in emerging markets (+12.9% in organic terms), where all geographies recorded double-digit organic growth.

2.3.5 Adjusted Net Income

In 2025, the Group posted an **Adjusted EBIT** [1] of **€2,740 million**, at 12.4% of sales, compared with €2,419 million (11.8% of sales) in 2024.

Adjusted EBIT *(in millions of euros)*	**2025**	**2024**	**Total change**	**Organic change**
Aerospace	**560**	**391**	**+43.1%**	**+39.0%**
As a % of sales	*9.5%*	*7.2%*	*+2.3 pts*	*+2.0 pts*
Defence	**1,619**	**1,432**	**+13.1%**	**+14.1%**
As a % of sales	*13.2%*	*13.1%*	*+0.2 pts*	*+0.2 pts*
Cyber & Digital	**526**	**585**	**-10.1%**	**-7.2%**
As a % of sales	*13.7%*	*14.5%*	*-0.9 pts*	*-0.9 pts*
Total – operating segments	**2,705**	**2,408**	**+12.3%**	**+13.1%**
As a % of sales	*12.3%*	*11.8%*	*+0.5 pts*	*+0.5 pts*
Other – excluding Naval Group	(59)	(83)		
Total – excluding Naval Group	**2,646**	**2,326**	**+13.8%**	**+14.5%**
As a % of sales	*12.0%*	*11.3%*		
Naval Group (share at 35%)	94	93		
TOTAL	**2,740**	**2,419**	**+13.3%**	**+14.0%**
As a % of sales	*12.4%*	*11.8%*		

The **Aerospace** segment recorded an Adjusted EBIT of **€560 million** (9.5% of sales), compared with €391 million (7.2% of sales) in 2024. The Adjusted EBIT margin thus recorded a strong increase, reflecting a positive contribution from both Avionics and Space activities. Avionics posted a solid and growing double-digit margin, supported notably by the successful integration of Cobham Aerospace Communications and by aftermarket services. The Space business saw a recovery of its Adjusted EBIT as anticipated in 2025.

Adjusted EBIT for the **Defence** segment amounted to **€1,619 million**, compared with €1,432 million in 2024, representing an increase of +14.1% at constant scope and exchange rates, driven by sales momentum. The margin for this segment was stable at 13.2%, compared to 13.1% in 2024.

At **€526 million** (13.7% of sales), Adjusted EBIT in the **Cyber & Digital** segment showed a decline in 2025, both in value and margin. Impacted by lower-than-expected sales, the operating margin of the segment nonetheless resisted well in 2025, notably thanks to tight cost management within the Cyber business, whose margin increased slightly over the year. The operating margin also benefited from several positive one-off elements within the Digital business.

Naval Group's contribution to the Group's Adjusted EBIT stood at **€94 million** in 2025, compared with €93 million in 2024. In 2025, it includes the impact of the temporary additional contribution to corporate tax in France, which amounted to €8 million for Thales' share in Naval Group.

At **€-116 million** compared to €-166 million in 2024, **net financial interest** decreased significantly, due to significantly lower average net debt in 2025 compared to 2024. **Other adjusted financial income** [1] was negative at **€-28 million** in 2025 compared with to a €35 million positive contribution in 2024. This change is explained by the non-recurrence of exceptional items recorded in 2024, notably the distribution of dividends from non-consolidated affiliates, and by lower foreign exchange gains. The **adjusted financial expense on pensions and other long-term employee benefits** [1] increased slightly (**€-56** million compared with €-49 million in 2024).

Adjusted Net Income, Group share [1] thus amounted to **€2,005 million**, compared with €1,900 million in 2024, after an adjusted income tax charge [1] of €-561 million, compared with €-427 million in 2024. This change is mainly explained by higher results and the recording in 2025 of the additional temporary contribution to corporate tax in France, which reduced Adjusted Net Income by €75 million. The effective tax rate thus stood at 24.1%, and at 20.9% excluding the additional contribution in 2025 (compared to 20.4% in 2024).

The **Adjusted Net Income, Group share, per share** [1] amounted to €**9.76**, up **6%** compared to 2024 (€9.24).

Net income from continuing operations, Group share amounted to **€1,675 million**, up **66%** compared to 2024.

[1] *Non-GAAP financial indicator. See definition, section 2.3.2, on page 42.*

2.3.6 Consolidated net income

(in € millions)	2025	2024
Sales	**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	(132.0)	(118.3)
Income from operations	**2,086.7**	**1,698.7**
Disposal of assets, changes in scope of consolidation and other	(22.6)	(278.9)
Impairment of assets	—	(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	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	**(115.9)**	**(165.8)**
Other financial expenses	(65.8)	39.4
Finance costs on pensions and other employee benefits	(44.0)	(51.3)
Income tax	(396.5)	(247.3)
Net income relating to continued operations	**1,640.3**	**932.3**
Net income relating to discontinued operations	**—**	**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 *(in euros)*	8.15	6.91
Diluted earnings per share *(in euros)*	8.13	6.89

Income from operations

Income from operations amounted to **€2,087 million**, compared to €1,699 million in 2024, up 22.8%. This increase was due to a 7.6% rise in sales, and a 0.3 point improvement in gross margin.

Income from operating activities after share in net income of equity affiliates

Income from operating activities after share in net income of equity affiliates came to **€2,263 million**, compared to €1,357 million in 2024, up 66.7%.

Net income, Group share

Consolidated net income, Group share, stood at €1,675 million, up 18%. This increase is mainly explained by a higher Income from operations in 2025.

2.3.7 Financial position at December 31, 2025

Please refer to the free operating cash flow table in the section 2.3.2

Free operating cash flow [1] amounted to **€2,577 million** in 2025, compared to €2,027 million in 2024 [2]. This strong increase was mainly driven by the Group's strong results for the year as well as the significant improvement in the change in working capital requirement. The cash conversion ratio of Adjusted Net Income, Group share, into free operating cash flow reached 128%, compared to 107% in 2024.

The **net balance of acquisitions and disposals of subsidiaries and affiliates** amounted to **€-69 million**. This amount mainly consisted of the final price adjustment related to the sale to Hitachi Rail of the Transport activity on May 31, 2024. The Group did not finalize any significant acquisition or disposal in 2025.

As of December 31, 2025, **net debt** amounted to **€1,618 million**, compared with €3,044 million as of December 31, 2024. This significant decrease reflects the strong generation of free operating cash flow, and mainly takes into account dividend payments of €781 million (€708 million in 2024) and new lease liabilities for €205 million (€143 million in 2024).

Shareholders' equity, Group share amounted to **€7,968 million**, compared with €7,515 million as of December 31, 2024. This evolution mainly reflects the positive contribution of consolidated net income, Group share (+€1,675 million) less the dividend payout (€-781 million).

2.3.8 Proposed dividend

The Board of Directors decided to propose to the shareholders, who will convene at the Annual General Meeting on May 12, 2026, the payment of a **dividend** of **€3.90** per share. This corresponds to a payout ratio of 40% of the Adjusted Net Income, Group share, per share.

If approved, the ex-dividend date will be May 18, 2026, and the payment date will be May 20, 2026. This 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.

[1] *Non-GAAP financial indicator, see definitions in section 2.3.2, on page 42.*
[2] *On the scope of continued activities only, free operating cash flow amounted to €2,142 million in 2024. The conversion rate, calculated on the scope of continued activities, was 114%.*

2.3.9 Outlook

Thales benefits from solid short- and medium-term perspectives across all its markets, supported by strong visibility.

In 2026, the **Avionics** business will be driven by both original equipment activities, which will continue to benefit from the announced ramp-up in commercial aircraft production, and aftermarket services, supported by air traffic that is expected to remain dynamic. The In-Flight Entertainment (IFE) business will continue its recovery, driven by Thales' innovative solutions for airlines such as FlytEdge. Regarding the **Space** business, growth prospects remain favorable in Observation, Exploration & Science, Navigation, and civil and military telecommunications activities. 2026 will benefit from the contribution of contracts secured in late 2024 and in 2025, such as the initial phase contract for IRIS². The Adjusted EBIT margin of the Space business is expected to continue its progression as planned.

The **Defence** segment, whose prospects and visibility were further strengthened in 2025 by a high level of orders, benefits from an order book reaching a historic level. 2026 should see continued strong demand, driven notably by the increase in military budgets, particularly in the geographic areas where Thales operates. The Group, relying on its portfolio of premium and innovative solutions, is ideally positioned to meet its customers' needs in this context. Furthermore, Thales intends to continue the efforts initiated several years ago to increase its production capacity.

Lastly, **Cyber & Digital** businesses will remain supported by growing underlying markets where Thales' technological leadership is a key asset. Within the Cyber business, the completion of Imperva's integration allows the Group to benefit from the full potential of the activity and to gradually return to solid growth during 2026. Growth is expected to be more measured within the Digital businesses, reflecting a market that remains sluggish in terms of physical payment card volumes and a high comparison basis for secure connectivity solutions.

Finally, Thales anticipates net investment expenses to increase compared to 2025 (€746 million in 2025), allowing the Group to adapt its industrial footprint and increase its technological leadership in its markets.

As a result, and assuming no new major disruptions in the macroeconomic and geopolitical context, Thales sets the following targets for 2026 [1]:

- a book-to-bill ratio above 1;
- organic sales growth of between +6% and +7%, corresponding to sales in the range of €23.3 billion to €23.6 billion;
- an Adjusted EBIT margin between 12.6% and 12.8%, up 20 to 40 basis points compared to 2025.

In addition, the Group expects to maintain a high cash conversion ratio in 2026, between 95% and 100%.

Thales is firmly committed to the execution of its strategic roadmap to 2028, unveiled during the Capital Markets Day held in 2024. Given the momentum recorded since 2024, the Group is confident in its ability to:

- Reach the upper end of the organic sales growth range communicated on that occasion (5-7% organic CAGR over 2024-2028);
- Continue improving its profitability in line with the target of reaching an Adjusted EBIT margin between 13% and 14% in 2028;
- Maintain a high cash conversation ratio, at the upper end of the 95% to 105% range on average over 2024-2028.

Impact of tax measures in France

Following the adoption of the 2026 budget, the temporary additional contribution to corporate tax has been renewed for the year 2026, leading as in 2025 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.

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.

[1] *Based on March 2026 scope, including Space business consolidation, and on the assumption of an average EUR/USD exchange rate of 1.18 in 2026.*

2.4 Investments

Targeted investment in R&D, other intangible assets and property plant and equipment, or in the context of acquiring or taking equity stakes in other companies, are all essential levers for implementing the Group's development strategy.

In accordance with IFRS 5, the financial data for the operating segment "Transport" for 2023 and 2024 have been classified under "discontinued operations" following the entry into exclusive negotiations with Hitachi Rail with a view to selling this business. The details below for 2023 and 2024 therefore only concern continuing operations. Having signed an agreement on August 4, 2021 to sell this business, Thales announced on May 31, 2024 that it had completed the sale of its Ground Transportation Systems business to Hitachi Rail.

2.4.1 Investments in R&D

Research and development is one of the Group's core activities and is key to its differentiation and competitiveness. It involves almost 40% of the workforce. A description of the main areas of R&D can be found in section 2.2.2, on pages 39 and 40.

Nearly all the Group's R&D investments are recognized directly as expenses in the income statement. As described in Note 4.2 of the consolidated financial statements, the Group capitalized €20.5 million in development costs in 2025. At December 31, 2025, the net value of development costs capitalized as intangible assets amounted to just €41.8 million.

A significant portion of R&D investment is made as part of contracts with customers, particularly institutional space and military contracts. Only self-financed R&D expenditure is recorded separately in the income statement.

Over the past few years, to support its strategic plan, the Group decided to step up its self-financed R&D expenditure, which it sees as a strategic trump card that sets it apart from the competition. In 2023, R&D expenditure grew at a rate close to that of sales. In 2024, the Group's determined investment in R&D was such that it grew by more than sales. Self-financed R&D expenditure in 2025 exceeded €1.3 billion, representing 6.0% of sales.

(in millions of euros)	**2023**	**2024**	**2025**
Sales	18,428	20,577	22,136
R&D expenses shown on the IFRS income statement	1,108	1,274	1,328
Expenses excluded from the adjusted income statement	—	—	—
R&D expenses shown on the adjusted income statement	**1,108**	**1,274**	**1,328**
As a % of sales	*6.0%*	*6.2%*	*6.0%*

In 2025, Thales reaffirmed its determination to accelerate its development in trusted artificial intelligence for critical environments by signing a strategic partnership with Dassault Aviation and launching the international roll-out of cortAIx, now present in the United Kingdom and Singapore. The Group is investing in miniaturization technologies, which are essential for the development of new generations of sensors, thereby consolidating its leading position in advanced electronics.

In the next few years, the Group plans to maintain a high level of self-financed R&D expenditure, the weight of which could represent, in the medium term, around 6.5% of sales.

2.4.2 Operating investments

The Group's operating investments fall into three main categories: technical and production investments, real estate investments and investments in information systems.

(in millions of euros)	**2023**	**2024**	**2025**
Sales	18,428	20,577	22,136
Acquisitions of intangible assets and property, plant and equipment	626	623	757
Disposals of intangible assets and property plant and equipment	(4)	(6)	(10)
Net operating investments	**622**	**617**	**747**
As a % of sales	3.4%	3.0%	3.4%

In 2023, net operating investments totaled €622 million, mainly focused on engineering and the ramp-up of production capacities.

In 2024, they amounted to €617 million, down a slight -1%. These investments served to extend several industrial sites and acquire the production and engineering equipment needed to grow the Group's activity.

In 2025, net operating investments grew by 21% to €747 million, illustrating the Group's determination to equip itself with the resources needed to meet the strong worth prospect that lie ahead.

2.4.3 Acquisitions and equity investments

In support of its strategic plan to become a world leader in advanced technologies for the Defence, Aerospace and Cyber industries, and thus strengthen its portfolio of high-growth technologies, the Group pursues a policy of acquisitions. This strategy accelerated significantly with the acquisition of Gemalto which was announced in December 2017 and completed in 2019. Since then, the Group has made two major acquisitions: Imperva, finalized in 2023 in the field of cybersecurity, and Cobham Aerospace Communications, finalized in 2024, in innovative secure digital cockpit communication solutions.

As described in Note 6.3 of the consolidated financial statements, net disposal (acquisition) of subsidiaries and affiliates of the Group amounted to (69) million in 2025 from 359 million in 2024.

Acquisitions in 2023

Thales finalized two key acquisitions for 2023.

In October 2023, the Group finalized the acquisition of Tesserent, one of the leading cybersecurity players in Australia and New Zealand, with sales of around €110 million in 2022.

In December 2023, Thales finalized the acquisition of Imperva, a US-based cybersecurity leader specializing in data and application security, with sales of around $500 million in 2022.

These two acquisitions placed Thales among the world leaders in cybersecurity.

In October 2023, the Group also finalized the sale of its aircraft electrical systems business to Safran.

Acquisitions in 2024

In April 2024, the Group finalized the acquisition of Cobham Aerospace Communications, reinforcing its position as world leader in innovative digital communication solutions and secure cockpit connectivity. In addition, having signed an agreement on August 4, 2021 to sell its business, Thales announced on May 31, 2024 that it had completed the sale of the Ground Transportation Systems business to Hitachi Rail.

Thales also carried out two acquisitions to strengthen its technology portfolio.

In May 2024, The Group acquired Get SAT, a leading manufacturer of antennas dedicated to satellite communications, notably for companies in the defence, civil aeronautics and emergency services sectors. This acquisition strengthened the Group's secure satellite communications offering and its position in communications integration.

In October 2024, Thales finalized the acquisition from Boeing of Digital Receiver Technology, Inc., a company specializing in digital signal processing products, particularly wireless receivers and transceivers. This strategic acquisition strengthened Thales' position in the US defence market and broadened its portfolio of leading-edge technologies.

The Group thus reaffirmed its strategy of targeted acquisitions to round out its geographic presence and its technologies portfolio, with a view to strengthening its positioning in its three major areas of business: Defence, Aerospace, and Cybersecurity & Digital. Thales has no plans to diversify into markets other than those in which it already operates.

Acquisitions in 2025

In September 2025, the Group finalized the acquisition of all the shares held by RTX in the Thales Raytheon Systems AMDC2 joint venture. TRS AMDC2 has been developing the NATO airspace command and control system for more than 20 years.

In October 2025, Airbus, Leonardo and Thales signed a memorandum of understanding (MoU) aimed at grouping their space activities into a new company. The aim of this new European space player is to increase the strike force of the three companies by combining their satellite production activities and associated services. The new company could be operational in 2027, subject to regulatory approvals and the fulfilment of other closing conditions.

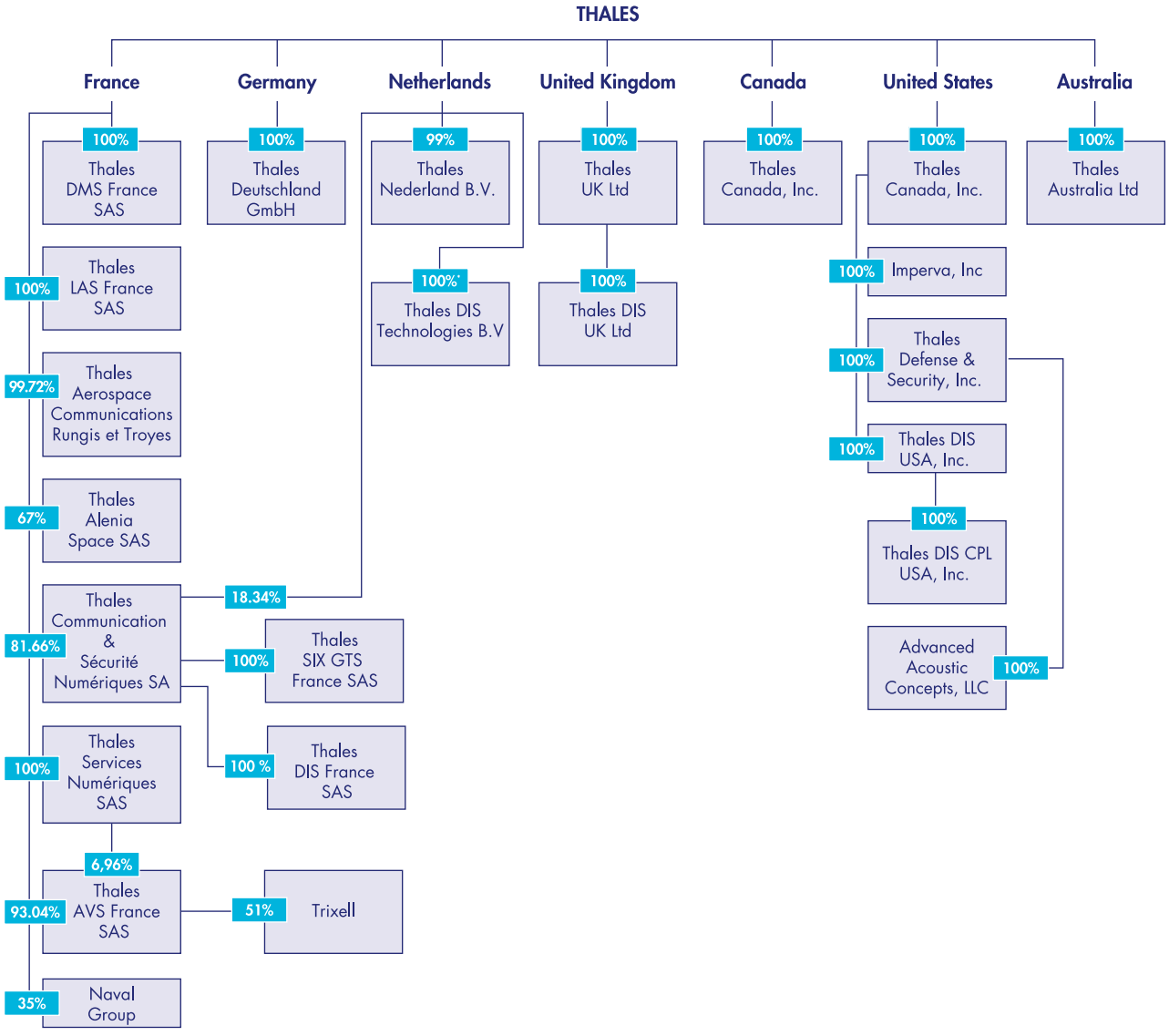
2.5 Organization of the Group

2.5.1 Relations between Thales and its subsidiaries

2.5.1.1 Simplified organizational chart at December 31, 2025

This simplified organizational chart shows fully consolidated companies with sales accounting for more than 0.5% of consolidated sales in the main countries where the Group is present.

With the exception of Naval Group, equity affiliates are not shown in this simplified organizational chart. The percentage of capital held is identical to the percentage of voting rights.



* Held by Gemalto B.V.

2.5.1.2 Role of the Thales parent company within the Group

For Group companies, the Thales parent company acts as a holding company:

- holding shares in the Group's main subsidiaries;
- managing central functions: developing the Group strategy, commercial policy, legal and financial policy, control of operations, human resources policy, communication;
- providing specialist assistance to the subsidiaries: contributing expertise in legal, tax and financial matters, for which subsidiaries pay a fee;
- financing, cash management and arranging guarantees, where necessary.

In addition to these functions, the Thales parent company carries on its own research business, described on pages 39 and following.

A list of the main consolidated companies is shown hereunder.

2.5.1.3 Financial flows between the Thales parent company and its subsidiaries

The Thales parent company receives the dividends paid by its subsidiaries, as approved by their respective Annual General Meetings of Shareholders, and subject to the statutory and regulatory provisions applicable to them locally.

Apart from dividend payouts and collection of a fee for the provision of shared services, the main financial flows between the Thales parent company and its subsidiaries concern centralized cash management.

The subsidiaries' surplus cash is, as a general rule, placed with the parent company under a central cash pooling system. In return, the Thales parent company meets the cash flow requirements of the subsidiaries. It acts, on its own behalf and on behalf of the subsidiaries, on the financial markets in order to carry out the investments and borrowing necessary in the context of its cash pooling. Except in special cases, this system applies to all subsidiaries in which Thales has majority control.

2.5.2 Data about the main operational subsidiaries and main sites

2.5.2.1 List of main consolidated companies

A list of main consolidated companies features in Note 15, of the Group's consolidated financial statements (page 298).

2.5.2.2 Main sites

At the end of 2025, 21 sites employed over 1,000 people:

December 31 2025	Workforce	Status	Surface area *(in m²)*
France			
Bordeaux	2,808	Freehold/Leasehold	68,000
Brest	1,944	Leasehold	67,300
Cannes	1,613	Freehold/Leasehold	63,300
Cholet	2,025	Freehold/Leasehold	74,100
Elancourt	3,634	Leasehold	113,000
Gennevilliers	3,489	Leasehold	91,900
Limours	1,475	Leasehold	26,300
Meudon	1,347	Leasehold	26,500
Sophia-Antipolis	1,188	Freehold/Leasehold	37,800
Toulouse	4,777	Freehold/Leasehold	163,100
Velizy	3,886	Leasehold	83,800
UK			
Belfast	1,047	Freehold/Leasehold	28,600
Crawley	1,623	Leasehold	34,200
Netherlands			
Hengelo	2,388	Freehold/Leasehold	58,300
Australia			
Sydney	1,385	Leasehold	86,600
Singapore			
Singapore	2,043	Freehold/Leasehold	31,800
Italy			
Rome	1,348	Freehold/Leasehold	52,300
Turin	1,137	Freehold/Leasehold	66,500
India			
Noida	1,426	Leasehold	14,400
Mexico			
Mexico City	1,264	Freehold/Leasehold	21,300
Poland			
Gdansk	1,136	Freehold/Leasehold	17,100


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3

Risk factors, internal control and risk management

3.1 Operational and strategic risks 61

3.1.1 Risks related to the economic, geopolitical, and social environment 61

3.1.2 Risks related to the competitive positioning of products and services 62

3.1.3 Risks related to the integration of acquisitions 63

3.1.4 Risks related to contract execution 64

3.1.5 Risks related to the Group's attractiveness and to talent development and retention 66

3.1.6 Risk of dependence on suppliers 67

3.1.7 Cyber risks 68

3.1.8 Environmental risks and climate 69

3.1.9 Risks related to investments 70

3.2 Legal and regulatory risks 71

3.2.1 Compliance 71

3.2.2 Protecting intellectual property 73

3.3 Financial risks 74

3.3.1 Liquidity, exchange rates, and customer credit 74

3.4 Risk control environment 76

3.4.1 Internal environment 76

3.4.2 Supervisory, monitoring and control bodies 81

3 Risk factors, internal control and risk management

Introduction

The Group supplies complex systems, products, and equipment which by their nature are often critically important to its clients, governments and corporate customers worldwide. It contends with three main types of risk: operational and strategic risk, legal and regulatory risk, and financial risk.

This chapter describes these risks and the related management environment, in accordance with Articles L. 232-1 (5° and 6°), L. 233-26 and L. 22-10.10 (7°) of the French Commercial Code and Regulation (EU) 2017/1129 of June 14, 2017, revising Prospectus Directive 2003/71 (EC) of November 4, 2003 (the Prospectus Regulation). It has also been prepared in consideration of the Guidelines on risk factors issued under the said Prospectus Regulation by the ESMA on October 1, 2019 (ESMA 31-62-1293 FR), with which the AMF has declared to comply as from December 4, 2019 and which it has commented on in the guide for the preparation of Prospectuses of July 28, 2023 (DOC AMF 2020-06) and in the guide for the preparation of Universal Registration Documents also updated on July 28, 2023 (DOC AMF 2021-02). It was approved by the Board of Directors at its meeting on March 2, 2026. Thales is exposed to various risks and uncertainties which could affect its activities, business reputation, profitability, or ability to achieve its financial and sustainability objectives. To address these risks and uncertainties, the Group:

- is committed to identifying sources of risks as early as possible in an effort to better control the consequences of those risks;
- relies on a proactive and coherent system of risk identification and management covering all of its functions and performs an annual mapping of the risks to which it is exposed.

The Group's risk management is consistent with the framework recommended by the AMF; it is a Thales management lever which helps to:

Create and preserve the value, assets, and reputation of the Group

Risk management identifies and analyzes the main threats and potential opportunities to which the Group is exposed. By anticipating the potential impact of these risks, it is intended to more effectively preserve the value, assets, and reputation of the Group.

Secure the Group's decision-making and processes to help it achieve its objectives

Risk analysis is designed to identify the principal events and situations which could significantly impact the achievement of the Group's objectives. Controlling such risks helps to achieve those objectives.

Risk management is integral to the Group's decision-making and operational processes. It is one of the tools for steering and assisting in decision-making. It gives executives an objective and comprehensive vision of potential threats and opportunities to which the Group is exposed, enabling them to take measured and considered risks, and guiding them in their decisions on the allocation of human and financial resources.

The Group's risk management approach entails strict compliance of its activities with national and international rules and legislation.

Involve the Group's employees in a shared vision of the main risks and make them aware of the risks inherent in their activity

Thales applies its corporate risk management and internal control approach in the companies which it controls and which are fully consolidated. The Group's insurance policy (see section 3.4.1 b), which is centralized, covers the same scope.

These risk management and internal control processes contribute to the achievement of the Group's objectives without providing an absolute guarantee, in particular because of the limitations inherent in the uncertainties external to the Group or in the assessment of the cost/benefit ratio of actions leading to the acceptance of a certain level of risk.

This section sets out what Thales considered to be its main risks at the end of 2025. It was prepared on the basis of the conclusions of the risk management, internal control and internal audit work carried out by the Group in 2025. The results of this work were reviewed at the various meetings of the Risk Assessment Committee and the Risk Management Committee (see section 3.4.2) during the year as well as at meetings of the Audit and Accounts Committee held in 2025.

The work allows residual risks, as estimated by the Group at the end of 2025 after the deployment of risk control resources and measures, to be ranked by criticality:

- significant;
- moderate;
- low;

the impact of each risk is combined with the likelihood of its occurrence or whether it is short, medium or long-term:

Low residual criticality	Moderate residual criticality	Significant residual criticality
• Protection of intellectual property	• Cybersecurity	• Economic and geopolitical environment
• Integration of acquisitions	• Attractiveness, development and retention of	• Contract execution
• Liquidity, exchange rates, and customer	• Compliance	• Competitive positioning of products and services
• Investment management	• Environment and climate	• Dependence on suppliers

These risks are described in each of the categories listed below: 3.1 operational and strategic risks, 3.2 legal and regulatory risks, 3.3 financial risks.

3.1 Operational and strategic risks

3.1.1 Risks related to the economic, geopolitical, and social environment

Residual criticality: significant

Risk identification

A significant portion of Thales' business is with government customers, particularly in the defence markets in many countries. In these markets, public spending is dependent on political and economic factors and is therefore likely to fluctuate from one year to the next. A reduction in the budget resources of government customers could for example generate delays in order booking, contract execution or payments, or mean a cut in funding for research and development programs.

A significant proportion of Thales' sales is subject to the risk of political instability in the countries in which the Group operates. The materialization of these risks could affect the Group's business and profitability.

In particular a change in government, a major political event, the development of protectionist policies involving the introduction of new customs duties, armed conflict, acts of terrorism or sabotage, a deterioration in the balance of payments, an increase in debt and interest rates, industrial action, strikes, protests, climatic events or pandemics in certain countries or market segments could lead to: a significant drop in demand, a reassessment of needs or priorities, an alteration in competition conditions, a change in regulatory standards and requirements to be met, a hardening of export control rules, a ban on trading, a shortage of labor, components or materials, a ban on delivery, more restrictive currency control, impairment or expropriation or the forced disposal of Thales' assets, a security situation which prevents the Group from meeting its performance obligations, an unexpected breach of a contract or commitment, an unfair call of a bond or a guarantee, or failure to obtain documents required for invoicing or payment.

In addition, the consideration of Environmental, Social and Governance criteria in investment decisions, as part of new national, European and even international regulations (Corporate Sustainability Reporting Directive, Duty of Vigilance), could in the future restrict the base of financing available to the Group, potentially reducing demand for financial instruments issued by the Group and/or limiting access to the most favorable terms for external financing.

Risk monitoring and management

Thales has based its strategy on a balanced portfolio of activities in the defence and civil markets. In the defence market, Thales offers solutions for all environments (land, air, sea, space, cyber).

The overall solidity of the portfolio is also underpinned by a large diversified order base with a unit value of usually less than €100 million. By way of illustration, 44% of orders taken between 2019 and 2025 were for less than €10 million.

The broad geographic spread of the Group's business, particularly through its local operations in many countries, ensures further diversification of its customer base. By way of illustration, no export country represents more than 5% of Group sales.

Thales has a significant order book, particularly in the defence sector, and also operates long-term service contracts that provide additional visibility on future revenues.

Thales has set up teams that specialize in the financial engineering of contracts to identify and analyze the risks and to determine how they can be reduced. Thales can use public or private insurers in this context to cover the risk of contract interruption, or credit risk, or abusive bond calls. It can also make use of financial instruments such as notified or confirmed letters of credit, discounting receivables without recourse or export credit facilities. The Group's size and global presence give it access to a diversified financing base.

In line with its corporate purpose, Thales has placed CSR issues at the center of its strategy. The Group places particular emphasis on the contribution of its solutions to a safer, more environmentally friendly and more inclusive world, which also meets its customers' expectations.

These initiatives are discussed in detail in chapter 5 of this document.

3.1.2 Risks related to the competitive positioning of products and services

Residual criticality: significant

Risk identification

The Group's product lines and service offers must be periodically improved or redesigned to keep pace with market trends, technological developments, regulations and standards, and to improve competitiveness, in particular by offering modular architectures and variability that allow for adaptations to be made competitively so that each customer's specifications can be met.

Poor anticipation of demand (volume, operating performance, target cost), poorly adapted design or business model, and inaccurate estimates of development costs and of time-to-market may lead to lower than expected sales or profitability, or to inventory write-downs for certain products or services.

The markets in which Thales operates are sensitive to factors such as rapid changes in technologies, business models, or standards and regulations. Thus, in the field of civil telecommunications satellites, the main operators have embarked on a multi-orbit strategy (combining low-orbit constellations and the renewal of geostationary fleets), which is affecting demand for geostationary satellites. At the same time, consolidation and verticalization moves are being seen among some competitors.

Across all of the Group's product lines, digitization and the integration of artificial intelligence, while representing an important growth driver, could also lead to market disruptions, changes in business model or the emergence of new competitors.

Risk monitoring and management

The Global Business Units and business lines, which are responsible for the product policy and R&D for their scopes, are organized by market to ensure innovation is managed in a manner that is coherent with customer needs.

Product line development is based on a dedicated procedure and organizational structure that are separate from bid and project management.

The Group develops and provides its entities with methodologies, an environment, a range of systems, software and equipment appropriate to the different levels of complexity of its products and solutions.

Every year the Group updates its strategic, industrial, and technological plans to ensure that supply matches demand, its product portfolios are relevant and competitive, it remains an expert in key technologies, and its industrial resources are optimized.

The diversity of the Group's business activities, the depth of its technology portfolio, its openness to global innovation ecosystems (universities, start-ups, and incubators) and a targeted acquisition policy are strengthening its ability to adapt to the changes in its markets.

In the space sector, Thales signed a memorandum of understanding with Airbus and Leonardo in 2025 in order to create a leading European space player bringing together satellite production activities and associated services. The new company could be operational in 2027, subject to regulatory approvals and the fulfilment of other closing conditions.

In the digital and artificial intelligence domains, the Group has for several years now been pursuing an action plan structured around:

- expertise in key digital technologies by capitalizing on its R&D investments, and its acquisitions. In particular, the Group is continuing to systematically seek and exploit synergies between its traditional activities and those of the CDI Global Business Unit (formerly Gemalto);
- a constantly enhanced range of services, in particular through the use of secure digital platforms, such as the solutions offered by S3NS;
- the Digital Factory, integrated into the Engineering function to facilitate permeability between these disciplines, which accelerates the digital transformation with its teams based in Paris, Montreal and Singapore;
- the launch in 2024 of the cortAIx initiative, which aims to expand the integration of artificial intelligence technologies across all the Group's businesses;
- partnerships with customers to support their digital transformation.

3.1.3 Risks related to the integration of acquisitions

Residual criticality: low

Risk identification

The Group regularly acquires businesses to round out its technological portfolio or strengthen its presence in certain markets. The financial performance of the businesses acquired may not be in line with the assumptions on which their valuation and the investment decision were based. Furthermore, the integration of these businesses could prove more difficult or time-consuming than envisaged, without producing all the expected synergies, leading to a loss of talent or requiring greater mobilization of the teams concerned and management than anticipated. This could have a negative impact on the Group's results and financial situation.

Risk monitoring and management

Finally, as part of the preparation of its strategic plans, the Group regularly analyzes the strategic positioning of its business portfolio. These analyses may lead to the acquisition or disposal of businesses. At the end of 2023 and 2024, for example, the Group had finalized the acquisition of Imperva and Cobham Aerospace Communications, and the sale of its rail business to Hitachi Rail.

Prior to any proposed acquisition, the Group performs audits and due diligence, with the help of external advisors where necessary, in order to analyze the target's situation and determine its value. All acquisition projects are reviewed at each major stage of the transaction by the Group's management (Mergers and Acquisitions Committee) to confirm the related benefits and set the conditions for completion. For each acquisition, an integration plan structured according to a dedicated Group instruction is systematically defined, implemented and monitored by the Mergers and Acquisitions Committee. Acquisitions of significant size are subject to successive internal audits: a "Welcome Audit" initially, then a "post M&A Audit" in the years that follow.

3.1.4 Risks related to contract execution

Residual criticality: significant

Risk identification

A significant proportion of Thales' business takes the form of long-term projects, some of which are won as part of a highly competitive process.

These projects may:

- present a very high degree of technological complexity, or even require the use, within the Group or by its subcontractors, of technologies whose maturity is not fully acquired at the start of the project;
- have to meet operational, regulatory, or contractual requirements which may be demanding, difficult to achieve or changing;
- implement solutions with a complex technical architecture, such as a "system of systems";
- require rare expert resources that are particularly in demand due to the growth of the Group's activities;
- have to deal with development or supply uncertainties 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.

While these contracts are generally entered into on the basis of a fixed lump sum selling price, their term and actual development and manufacturing costs may significantly exceed what was estimated during the bidding phase, which in turn may adversely impact Thales' results and financial position. In addition, in the event of failure to achieve the required performance or meet the scheduled timetable, customers can sometimes demand payment of penalties or even terminate the contract.

Since the most complex contracts run over several years, their economic contribution to the Group's results over a given year may be recognized, in accordance with current accounting standards, on the basis of an estimate of the costs at completion, which can be corrected later. See Note 1.3 "Main sources of estimates", section 7.1.6 of this document.

Risk monitoring and management

Group bids and project management are subject to a detailed risk assessment and management process, which is continually being enhanced:

- during the bidding phase, commitments are assessed through independent peer reviews and collaboration between the Project teams and the Technical, Engineering, Procurement, Production, Legal and Contracts, Finance, and Quality functions. A process is in place to ensure that the proposed solution meets the client's requirements, that the project is sufficiently structured for a reliable assessment of costs and completion times, that it is part of a product policy, is based on sufficiently mature technologies and will benefit from the necessary resources and skills;
- a criticality ranking enables the corporate management of the operational entities (business lines, Global Business Units, Group corporate management) to monitor and approve bids and projects with the most risk attached to them;
- during the execution phase, regular reviews prepared according to a common format for the entire Group measure the technical, contractual, and financial progress of each contract; for long-term projects, particular attention is paid to changes in costs at completion, risk and supply management, and the implementation of corrective action plans. See Note 10.3 "Provisions for risk liabilities and charges", section 7.1.6 of this document.

Risk identification	Risk monitoring and management

3.1.4 a) Industrial cooperation and offsets

Winning major contracts, in particular those in the defence sector, may be contingent in certain countries on making a commitment to implement local Industrial Cooperations & Offsets, which may be direct (execution of parts of the contract by local manufacturers), semi-direct (location in the customer country of Group activities which are not directly related to the execution of this contract), or indirect (local investments, training, industry, etc.) in domains outside Thales' principal business portfolio.

The Group's ability to factor the Industrial Cooperation & Offsets dimension into its proposals can also be a major source of differentiation, and as such have a decisive impact on its commercial success.

Non-fulfilment of contractual obligations by the requisite deadlines may expose the Group to penalties, the payment of which does not always release the obligor from its obligations. It can even compromise the Group's capacity to expand its activities in a given country.

Thales' order intake in countries that have implemented such a policy (particularly in India and the United Arab Emirates) has led to a significant increase in its Industrial Cooperation & Offsets commitments.

Thales units which export to a destination country that applies an Industrial Cooperation & Offsets policy are responsible for fulfilling the commitments entered into.

The Group has set up specific central organizations to:

- coordinate the direct Industrial Cooperation & Offsets policies between exporting units and destination countries or regions;
- steer certain semi-direct Industrial Cooperation & Offsets programs;
- ensure, through delegated units, that indirect Industrial Cooperation & Offsets commitments are implemented, a task that is entrusted to a permanent management structure: Thales International Offsets.

Changes in the policies of some of the Group's export markets towards higher value-added local production has led Thales to expand its local operations, for example, with Thales Emarat Technology in the United Arab Emirates.

3.1.4 b) Customer satisfaction

Major dissatisfaction, for whatever reason (delivery delays, inadequate quality or performance, poor understanding of the issues involved, lack of proximity, etc.) could damage confidence in Thales, harm its image, and cause it to lose market share.

Restoring the Group's image and positions could therefore require substantial investment and sales efforts.

Given that Thales operates in markets where the number of customers is sometimes structurally limited, the dissatisfaction of one customer could have even more significant consequences.

Thales has introduced a system for gauging its customers' concerns at all times at a number of different levels:

- a sales network of Key Account Managers, who are in close proximity to customers and in ongoing dialog with them;
- a Quality & Customer Satisfaction organization which liaises directly with customer Quality representatives throughout the life of contracts and also conducts customer satisfaction surveys;
- regular surveys conducted by independent organizations to assess customer satisfaction and confidence and to take corrective action where necessary.

3.1.5 Risks related to the Group's attractiveness and to talent development and retention

Residual criticality: moderate

Risk identification

In a global context of high tension and volatility on the labor market, the Group's performance around the world in the short- and medium-term depends on its capacity to:

- recruit talent with the technical skills that are particularly sought after and necessary for the execution of its activities, particularly in R&D and in the engineering, software and digital sectors;
- retain employee loyalty by supporting their professional development, promoting their commitment and offering them a working environment that meets their expectations.

If Thales were not sufficiently attractive, its development, sales and operating profitability could be negatively affected.

Risk monitoring and management

For many years, the Group has been developing a human resources management policy aimed at increasing its attractiveness and promoting the integration, retention and development of talent. This is described in section 5.1.3.1.5.

To maintain and develop its attractiveness, in 2025, the Group also:

- strengthened its visibility in schools and on social networks through numerous publications and targeted campaigns, which have helped to raise the profile of the Group's employer brand (2nd preferred employer of engineers in France, 31st in the UK, according to 2025 Universum ranking) and contributed to the success of the "Thales Careers" website, with 5.9 million visits and over 1.4 million applications submitted;
- rolled out a candidate relationship management tool offering improved responsiveness, fluidity and personalization;
- supported the professional development of employees as part of the "Thales: a learning company" scheme through:
  - a skills review for more than 80% of employees;
  - 36 academies that employees can use to learn together by Group business line, function and domain;
  - 6,200 employees acting as in-house trainers and providing mentoring within these academies;
  - an increase in the number of learners using the Ulearn platform (more than 80,000 employees);
- organized workshops to promote an inclusive culture and leadership.

3.1.6 Risk of dependence on suppliers

Residual criticality: significant

Risk identification

Thales has a very significant procurement share in its businesses, accounting for nearly half of its sales, whether in the industrial, services, equipment or sub-systems sectors. For example, Thales is exposed to the risk of excessive dependence on some of its suppliers, which could affect its performance and profitability.

This excessive dependence can take several forms:

- dependence on critical technology, particularly in the case of an exclusive supplier. Bringing an alternative source on board in the event that the supplier in question ceases to operate could affect the Group's performance (e.g., in aerospace, the time required to qualify a supplier and the associated cost could be considerable);
- supply difficulties or additional costs: the concentration or imbalance between supply and demand in certain markets (e.g. electronic components and cards, certain complex electro-mechanical parts, energy, certain raw materials) may create supply tensions for Thales and its subcontractors, likely to affect the Group's performance, which would then be unable to obtain supplies at the expected cost or within the expected time period;
- economic dependence, if Thales' share of procurement accounts for more than 50% of a supplier's sales, making it necessary to qualify alternative sources.

In addition, the global geopolitical and economic environment, inflation in energy and raw materials prices, in particular critical materials such as rare earths, and labor shortages may weaken the position of some of the Group's suppliers and subcontractors, or prevent them from ramping up production at the expected rate.

Lastly, the responsible procurement policy pursued by Thales may lead the Group to waive, suspend or terminate its commercial relations with suppliers or subcontractors who fail to meet the expected requirements or standards.

Risk monitoring and management

Faced with the risk of excessive dependence or tension in certain sectors, Thales implements various preventive or corrective measures:

- regular assessment of supplier markets and diversification of supply sources, with a search for dual sources by technological family;
- periodic buildup of specific stock levels;
- greater visibility (12 to 18 months) given to certain suppliers on the volume of future orders, and the anticipation of procurement negotiations (if necessary integrating the needs of Tier 1 suppliers, notably for electronic components) thus helping to secure deliveries and prices;
- monitoring of the supplier commitment rate (amount of Thales' purchase orders relative to the supplier's annual sales): when that rate exceeds 50% for more than two consecutive years, an action plan coordinated with specifiers and internal users is drawn up to reduce it;
- monitoring of the supplier's implementation of the risk control measures identified at the time of the supplier's selection;
- securing access to energy by signing long-term electricity supply contracts;
- occasional reorganization of internal schedules and priorities, or even changes to product or sub-assembly design.

In addition to these measures, Thales has strengthened its supplier risk qualification and assessment and operational performance management processes; supplier evaluation and audits cover a broad scope (quality control systems, industrial maturity, flow optimization, compliance with regulations, expertise in the business technical and technological processes, financial soundness, fire safety, cybersecurity, etc.), allowing for more in-depth risk analysis. The result of these assessments is a list of so-called "critical" suppliers for which action plans are initiated and monitored.

With regard to critical raw materials and rare earths, Thales does not buy them directly; they are acquired indirectly by our suppliers in very small quantities. At this stage, the Group believes that the risks associated with export restrictions are low; it nevertheless provides support to its suppliers to help speed up the processing time for their license applications.

In France, Thales participates in sector-specific initiatives to consolidate the aeronautical ecosystem launched with GIFAS; the Group is a founding member of the "ACE Aero Partenaires 1" and "Tikehau Ace Aero Partenaires 2" investment funds set up as part of the aeronautical recovery plan.

3.1.7 Cyber risks

Residual criticality: moderate

Risk identification

3.1.7 a) Cybersecurity of the Group's information systems

The Group operates – whether directly or through service providers – complex information systems and infrastructures that are essential to the smooth running of its commercial, industrial and financial processes. These information systems include management, development, and engineering systems as well as platforms operated on behalf of its customers. Their constant protection against malfunctions, malicious acts, or human errors is therefore fundamental.

The malfunction or failure of these systems may have:

- external causes (viruses or other malware or ransomware, computer hacking, network failures, unavailability due to a distributed denial of service (DDOS) attack, etc.);
- or internal causes (malicious acts, breaches of data confidentiality, human error or negligence, obsolescence).

Any such malfunction or failure can have an impact on the Group's operations and its financial results. In the geopolitical climate of 2025, attack trends are on the rise and include attempts to steal identifiers, exploit vulnerabilities, evade detection, "ransomware" attacks for financial or disruptive purposes, attacks on less well-protected partners or suppliers with the aim of stealing data or enabling rebound attacks. The attackers' motivations could be linked to industrial espionage or to the desire to disrupt the Group's operational activities through sabotage.

Risk monitoring and management

The Group's activities, teams and resources for the cybersecurity of information systems (IS/IT), technical infrastructures (OT) and delivered products and solutions have been brought together within a Cybersecurity Department. This department implements a coherent, global cybersecurity policy and management system for projects, solutions and systems delivered to customers (from quotation to decommissioning), and simplifies the exchange of information on cyber risks with customers, suppliers and partners.

Measures are in place to raise awareness and provide training in cyber-risk management and are being stepped up, notably through:

- communication initiatives, training programs, procedures and cyber-crisis management exercises for all Group employees;
- awareness campaigns conducted at exposed suppliers and partners.

The Group is committed to implementing a "Zero Trust" model, coupled with proactive detection of threats, vulnerabilities and incidents:

- data protection and deployment of multi-factor authentication (MFA) solutions;
- attack detection and response services delivered through cybersecurity operations centers (SOCs);
- coordination of incident response by a central team whose mission is to anticipate and respond to emerging or critical threats, and to analyze incidents;
- exploitation of advanced technologies in artificial intelligence and post-quantum cryptography.

In-depth security audits to assess infrastructure resilience are regularly carried out, in coordination or in conjunction with the Audit, Risks & Internal Control Department (DARCI), by auditors trained in the latest threats, technologies, processes and international regulations.

Specific action plans are in place to align the Group's security practices with ISO 27001 and NIST – CSF standards, and to ensure that development and production platforms (Business Managed Networks) comply with security requirements – including national ones.

Risk identification	Risk monitoring and management

3.1.7 b) Cybersecurity of the products, systems, and solutions delivered

The Group designs, develops, delivers and maintains in safety conditions, either alone or with partners and subcontractors, a large number of products and systems that are mission-critical and exposed to cyber threats.

The Group also designs, develops, and supplies systems or products with in-built cyber-protection capabilities. It also provides cyber-protection services (e.g., monitoring for cyberattacks on customers' systems, auditing and testing customers' cybersecurity systems).

In both cases, despite the tests carried out, Thales could fail to detect an IT security flaw in these products, systems and services, thereby creating significant vulnerabilities for the Group's customers. The financial results of the business lines concerned could be affected.

Products and systems designed and delivered by the Group for use in mission-critical operational contexts (space, land, maritime, aeronautical systems, etc.) may be subject to safety certification before being put into service, under the aegis of national or supranational commissions or supervisory authorities such as ANSSI (France), the European Commission, NATO, ESA, OCCAr, etc.).

Cyber-protection products are generally subject to qualifications granted by third-party organizations, such as ANSSI, the French agency for information systems security.

The Group participates in the work of several standardization bodies and committees – in France and internationally (ISO, CCSDS, ECSS, etc.) – to develop or create cybersecurity standards for its ecosystem. It also collaborates with national and international bodies (inter-CERT, CCIA, EU Space ISAC, Aviation ISAC) to share feedback and information on threats.

A network of Project and Product Cybersecurity Managers, trained and supervised by the Cybersecurity Department, is deployed in the Group's operating entities to support the development of embedded security in products and systems.

The Group also assesses the cybersecurity maturity of its suppliers and subcontractors presenting significant risks.

3.1.8 Environmental risks and climate

Residual criticality: moderate

Risk identification	Risk monitoring and management

3.1.8 a) Environmental impacts of the Group's activities

The Group's activities may affect the environment through 1) the emissions they generate and the use of natural resources, or 2) in the event of an industrial accident. In addition, the use of the products and solutions provided by the Group, throughout their life cycle, contributes to 1) the production of atmospheric emissions, including greenhouse gases contributing to climate change, and 2) the production of end-of-life waste.

The industrial footprint of Thales sites and operations, which remains small, exposes the Group to only limited risk of potential sanctions or harm to its image, particularly if certain operations do not comply with the increasing number of laws and regulations in this area.

The low-carbon strategy implemented by the Group for several years reflects its commitment to the fight against climate change and its desire to contribute to the drop in its emissions and those of its value chain. Despite the many initiatives already undertaken (see opposite), the Group may, however, be unable to fully achieve some of the stated objectives over the time frame it has set itself.

Risks induced by climate change (natural disasters, supply chain disruptions, economic instability, etc.) could have negative effects on the Group's ability to adapt, on its performance and on the resilience of its business model.

The Group constantly analyzes the environmental impact of its activities, considering regulatory, social, and technical developments and the sensitivity of the environments concerned. It also strives to optimize its operations as far as possible in order to limit its industrial footprint.

The Group has introduced an organization, processes, and tools to control the activities carried out at its industrial sites and to limit their environmental impact (see section 5.1.2.4).

For several years, the Group has implemented a process to assess and reduce its sites' exposure to climate change in order to reduce its vulnerability to its physical effects (see section 5.1.2.1.1 a). In 2022, it also conducted an in-depth forward-looking analysis of the resilience of its subsidiaries to the physical risks associated with climate change and of its business models, in reference to the IPCC scenarios (see section 5.1.2.2).

The Group has made quantified and measurable commitments to reduce its impact on the environment. In particular, it is pursuing a strategy to reduce its carbon footprint, with targets for 2030 aligned with the Paris Agreement. These targets were validated by the Science Based Targets initiative in March 2023 (scopes 1, 2 and 3). This strategy for a low-carbon future is supported by detailed action plans in four areas: mobility, operations, procurement and products (see section 5.1.2.4.1).

Achievement of the Group's stated objectives is measured on a regular basis and is consolidated and published annually (see section 5.1.2.5.2).

Risk identification	Risk monitoring and management

3.1.8 b) Impacts of regulatory changes

CSR regulations tend to stabilize and are even beginning to be simplified in Europe. Certain environmental regulations (substances) nevertheless require constant vigilance by the Group, particularly for products and solutions with long development cycles (in aeronautics for example). These regulations could disqualify technical solutions developed by the Group or its subcontractors.

This could give rise to a need to:

- qualify and implement alternative solutions;
- adjust supply chains;
- upgrade certain industrial facilities;
- commit to significant cost outlays and incur delays related to these changes;
- develop a number of internal skills and resources.

Regulatory differences between countries make it more difficult to verify the compliance of marketed solutions, and could introduce a comparative disadvantage.

The Group's analyses of environmental risks are regularly updated based on a regulatory monitoring process covering European regulations and international conventions that considers new issues, customers' expectations and voluntary sector commitments. Specific attention is paid to regulatory developments relating to products and chemical substances (e.g. REACh in Europe), the circular economy, water, pollution, climate change, and biodiversity.

More generally, substances at risk of being banned or restricted for use are identified in order to implement alternative solutions in anticipation of regulatory deadlines. This approach is integrated into the design of new products.

The regulatory differences are also factored into the design of the Group's products and solutions.

3.1.9 Risks related to investments

Residual criticality: low

Risk identification	Risk monitoring and management

Thales carries out some of its business through companies in which control is shared with, or exercised by, other partners. In 2025, the share in net income of equity affiliates accounted for around 7.8% of the Group's Adjusted EBIT.

A deterioration in the performance of these companies may impact the Group's results and financial position.

In the absence of exclusive control, Thales could be subject to decisions which are harmful to its interests.

Furthermore, the application of management rules and principles in these entities may differ from those adopted by Thales for entities over which it exerts exclusive control. Access to financial or operational data could be more limited than in the entities where Thales exercises exclusive control.

The Group aims to define appropriate governance methods by seeking to be represented on the Board of Directors (or a similar decision-making body) of these companies and more generally to negotiate contractual, governance and compliance provisions that are in Thales' best interests.

3.2 Legal and regulatory risks

3.2.1 Compliance

Residual criticality: moderate

Risk identification

3.2.1 a) Trade Compliance

Thales sells its products, solutions, and services across the world to a large number of public and private customers.

Some of the Group's activities are subject to national or international regulations relating to export control, transfers of war hardware, and "dual-use" goods or technologies.

The Group's activities may also fall within the scope of certain economic sanctions or restrictive measures adopted against a country, territory or natural person or legal entity: freezing measures, embargoes, restrictions on the import or export of goods or technologies in particular.

Thales must be able to react quickly to implement, where appropriate, any restrictive measures applicable to its activities or clients.

Risk monitoring and management

In order to comply strictly with the regulations in force, the Group develops and deploys a Trade Compliance program based on the most demanding existing standards. This program covers the following areas:

- compliance with national and international export control regulations;
- compliance with restrictive measures and international economic sanctions in force against countries, organizations or individuals.

It is based on the following principles:

- a set of instructions and guidelines published and regularly updated by the Group in the Chorus reference system;
- a structured Trade Compliance organization deployed worldwide, integrated into the Group's Legal, Contracts and Compliance Department;
- training and awareness-raising sessions regularly conducted in all the business units concerned;
- the deployment of tools and specially designed IT solutions to automate control tasks and secure the Group's operations;
- a relationship of trust with the competent authorities in all countries in which Thales operates;
- regular audits by the Audit, Risks and Internal Control Department (DARCI).

Details of this program and the Group's Trade Compliance organization are set out in section 5.1.3.4.3 of this document.

Risk identification	Risk monitoring and management

3.2.1 b) Compliance with rules of ethical business conduct (particularly anti-corruption and influence peddling)

Thales' business encompasses a variety of sectors in more than 60 countries.

Failure to comply with the laws and regulations applicable to ethical business conduct (which are increasingly extraterritorial in scope) and, in particular, the fight against corruption and influence peddling may have serious legal and financial consequences for the Group, and severely damage its reputation.

The Group's Anti-Corruption Compliance Programme, which has been in place for many years, is continuously strengthened to prevent and detect the risks identified by the Group based on a specific mapping dedicated to the risks of corruption and influence peddling, as required by the French "Sapin II" legislation. An update of this mapping carried out in 2024 shows that gross and net exposures have remained stable overall.

The Group complies strictly with national and international regulations. This compliance program has been developed by the Ethics & Integrity Department (DEI), validated by the Integrity and Compliance Committee (CIC), and is implemented by the network of Chief Compliance Officers and Compliance Officers, under the supervision of the CIC.

As part of a follow-up ISO 37001 audit conducted by AFNOR of the Thales "Anti-bribery management systems (ABMS)", the certification obtained from AFNOR in May 2024 for a scope comprising Thales SA and various companies controlled in France and abroad was renewed in May 2025 and extended to include Thales Italia SpA. The ISO 37001 certification is only awarded to companies able to demonstrate that they have a structured, effective ABMS that complies with the most demanding international standards and is backed by a strong commitment from senior management.

In 2025, the Group continued to roll out its Anti-Corruption Internal Control Manual (MCIA) and the Minimum Anti-Corruption Questionnaire (MAQ) specifically aimed at some 200 very small Group entities (small subsidiaries, representative offices, stable establishments, etc.).

In addition, external and internal audits are performed regularly to ensure strict compliance with Group rules and procedures on the prevention and detection of corruption and influence peddling.

The Group's corruption and influence peddling prevention and detection policy is described in section 5.1.4.1.3 of this document.

Risk identification	Risk monitoring and management

3.2.1 c) Compliance with competition rules

The Group's business activities are subject to numerous national and international regulations aimed in particular at combating anti-competitive practices, whether concerning suppliers, customers, partners, or the competitors themselves.

Infringement of these rules could lead to severe sanctions, such as fines, payment of damages, statutory prohibitions and criminal penalties. Such sanctions could also have a serious impact on the Group's reputation.

To prevent these risks, the Group regularly reinforces its compliance program, with a) a legal team dedicated to compliance with competition rules and the analysis of sensitive agreements and projects, and b) an awareness policy based on guides, guidelines or procedures, as well as training for the most exposed activities and personnel (based on a risk mapping).

This program covers all anti-competitive practices covered by national and international regulations, including those relating to (i) anti-competitive agreements (e.g. price fixing, market distribution, etc.), (ii) abuse of dominant position (e.g. abusive discrimination, rebates and discounts, etc.), (iii) control of concentrated ownership and control of foreign investments and subsidies, and (iv) State aid.

The program for compliance with competition rules put in place by the Group is detailed in section 5.1.4.1.3 of this document.

Risk identification	Risk monitoring and management

3.2.1 d) Compliance with the rules relating to the protection of personal data

Thales is exposed to the risk of non compliance with the regulations concerning the protection of personal data and, more specifically, the European General Data Protection Regulation (GDPR) which came into force on May 25, 2018.

Like any entity based in the European Economic Area, Thales is impacted by this Regulation as a "data controller" when the Group has to process the personal data of its employees.

Thales is also impacted by this Regulation as a "data processor" when it has to process personal data on behalf of its customers.

Thales has deployed a compliance program, under the coordination of a Group Data Protection Officer (DPO) supported by a network of officers in the various functions and entities, the basis of which is a Group personal data protection policy applicable both when Thales is the data controller and when it is a data processor.

Details of the Group's personal data protection policy are provided in the Binding Corporate Rules (BCR), approved by the French Data Protection Authority (CNIL) in December 2023 and updated annually. These define the principles and procedures that each Group company implements, and that each employee undertakes to respect in the course of his or her duties, in order to protect and secure the personal data processed, in compliance with applicable legislation. The BCR also governs the transfer of personal data between Group entities.

As part of this personal data protection strategy, Thales has, for example, introduced a personal data processing register, reviewed the Group's policy procedures and its information notices, provided training for its employees, and put in place tools to ensure that the regulation is correctly applied.

The Group's personal data protection compliance program is described in section 5.1.4.2 of this document.

3.2.2 Protecting intellectual property

Residual criticality: low

Risk identification	Risk monitoring and management

Given that it develops solutions with significant technological content, Thales is exposed to the risks of:

- infringement of its intellectual property rights;
- allegations of infringement of intellectual property rights belonging to third parties;
- dependence on technologies belonging to a third party;
- marketing of products incorporating key patents in the telecommunications field that could involve the infringement of intellectual property rights ("patent pools").

To monitor and manage intellectual property risks, Thales relies on a governance structure comprising a network of Intellectual Property Managers (IPM) and IP legal officers who implement the policy decided at Group level and more particularly by the Technical Department.

Thales' intellectual property is protected by the enforcement of intellectual property rights (copyright, patents, trademarks domain names) and contractual rights.

To reduce the risk of reliance on critical third-party technologies, Thales has implemented a process to identify these technologies and manage each situation with a precise strategic Make/Team/Buy plan.

Given the nature of its activities and the specific features of its products, Thales conducts a great part of its research and development work in house and focuses on controlling the key technologies which are critical to the business.

Dedicated training programs, especially for new recruits, help foster a shared culture of intellectual property protection.

The Group covers itself against the risk of third-party actions for alleged infringement of their intellectual property rights by identifying and analyzing this risk in the context of its own patent filing procedures and/or when embarking on technical research or product development. In the event of a third-party claim against a Thales company, the legal and technical analysis of the allegedly infringing products and intellectual property rights is handled centrally by Thales experts with the assistance of specialist external consultants where needed.

3.3 Financial risks

3.3.1 Liquidity, exchange rates, and customer credit

Residual criticality: low

Risk identification	Risk monitoring and management

3.3.1 a) Liquidity

The Group's liquidity risk is the risk of it being unable 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 liquidity needs and ensures that these are covered through short-term and long-term financial resources, as follows:

- equity, which is detailed in Note 8 to the consolidated financial statements;
- gross debt, particularly bonds, a detailed presentation of which, including a breakdown by maturity, is given in Note 6.2 to the consolidated financial statements;
- a confirmed bank credit line totaling €1,500 million, not used as of December 31, 2025, maturing in 2028;
- as well as a commercial paper program (NeuCP).

Risk identification	Risk monitoring and management

3.3.1 b) Exchange rates

Due to the international nature of its business, Thales is exposed to the risk of exchange rate fluctuations.

The main exposure arises from current business activity when some of the business is billed in a currency other than the functional currency of the entity bearing the related costs. To a lesser extent, cash pooling and the holding of net assets in countries outside the eurozone also expose the Group to a foreign exchange risk.

The financial statements of Thales' subsidiaries located in countries where the functional currency is not the euro are translated into euros in the Group's consolidated financial statements. A fall in these currencies against the euro is likely to have a negative impact on the accounts. Its impact on profitability is limited however since the cost base of these subsidiaries is essentially in the same currency as their sales. The main currencies concerned are the pound sterling, the U.S. dollar and the Australian dollar.

In addition, for certain Group businesses, in particular in civil aviation, the U.S. dollar ("USD") is the reference transaction currency. For activities performed outside the dollar zone, the fall in the USD against the functional currency of the entity concerned might negatively impact the Group's financial statements.

Lastly, Thales is also exposed to an "indirect" dollar risk on contracts denominated in currencies other than the dollar. This occurs when the Group is bidding against companies that benefit from a cost base in dollars.

A significant portion of Thales' activity is naturally protected from foreign exchange rate fluctuations since nearly half of its sales are generated in the euro zone, which is also the region where the Group conducts most of its manufacturing.

When the US dollar is the transaction currency for business performed outside the dollar zone, a specific policy for hedging foreign exchange risk is implemented through market transactions (forwards and options).

A similar approach is adopted when a customer requires a contract denominated in a currency other than the functional currency of the entity in question.

Additional information can be found in Note 6.6 a) to the consolidated financial statements as of December 31, 2025.

Risk identification	Risk monitoring and management

3.3.1 c) Customer credit

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

Governmental customers account for around 60% of Thales' sales. Among the countries with which Thales works, some of them 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.

Less than 40% of Thales' sales come from non-government customers. These customers may encounter major and/or prolonged financial difficulties that could lead to payment defaults.

To limit its exposure to customer credit risk with respect to public-sector, state, or institutional customers, Thales takes out insurance with public export credit agencies (such as Bpifrance Assurance Export) or private insurers.

With regard to its non-governmental customers, Thales regularly reviews their ability to meet their obligations. If necessary, Thales may request bank guarantees or support from their parent company or use credit insurers.

Additional information can be found in Note 6.6 b) to the consolidated financial statements as of December 31, 2025.

3.4 Risk control environment

3.4.1 Internal environment

In most of its activities, the Group is subject to a control environment imposed by its customers and regulatory authorities (Ministries of Defence and Industry, customer country authorities, civil aviation, etc.) which require demanding certifications and controls.

These specific constraints are in addition to legal obligations and are an integral part of the Group's control environment.

The Thales organization follows the internationally recognized "three lines of control" model, which provides an effective way to improve risk management and control by clarifying key roles and duties. The management bodies and the General Management are the main stakeholders of these three lines of defence.

The first line of control consist of the operational management functions that bear and manage risk, described in section a) below.

The second line of control consists of functions that help to identify or contain risks (including risk assessment, financial control, security, quality, Corporate Responsibility integrating HSE (hygiene/health/safety/environment) considerations, compliance, insurance), described in section b) below. The internal control system implemented within Thales is based on the COSO 2013 (Committee of Sponsoring Organizations of the Treadway Commission) and IFACI international standards; it aims to provide reasonable assurance on the achievement of the Group's objectives through:

- the effectiveness and efficiency of internal processes;
- internal control of accounting and sustainability:
  - to ensure the reliability of information used internally for steering and control purposes, and of published accounting, financial and sustainability information;
  - to prevent the risk of fraud;
- legal compliance, which aims to ensure that regulatory obligations are met.

The third line of control is the Internal Audit function, whose mission is to provide independent assurance, and which is described in section c) below.

a) The main operational entities involved in risk management

As of December 31, 2025, the Thales organization is based on a two-dimensional matrix structure, Global Business Units (GBUs) and countries:

- Global Business Units are organized into business lines (BL) that cover a coherent range of products, solutions and services. Globally, for the products, solutions and services entrusted to them, the business lines are responsible for strategy, product and marketing policy, competitiveness, customer access, contractual commitments, engineering, development, production, integration, quality and services, industrial organization, optimization of resources, and economic performance (contribution to income of operating activities and cash generation);
- each country manager is responsible for ensuring that all aspects of the Group's policy are properly implemented in the territory for which they are responsible, and for managing relations with local customers and partners.

The Group's main countries of operation (Australia, France, Germany, Netherlands, United Kingdom and United States/Canada) share responsibility for local offers and projects with Global Business Units. The Country Manager is involved in all decisions taken by Global Business Units regarding organization and appointment, or relating to offers, projects and competence centers of any kind in their territory. They are responsible for the development of human resources and the optimization of industrial resources. They are also responsible for Thales' institutional relations, as well as communications.

The head of each of the main countries, excluding France (see list above), reports to a "Non-Executive Chairman", appointed from among the Group's senior managers. This Non-Executive Chairman ensures cohesion between the country and headquarters, and acts as a liaison between the country manager and the Executive Committee of the Group.

In the rest of the world (other European countries, Africa, Latin America, Asia and the Middle East), the country or regional manager reports to the International Development Departments (DGDIs).

The Group defines common processes and internal delegation rules that reflect the sharing of responsibilities, provides entities with the corresponding tools, and organizes shared services.

These delegations are implemented within the legal entities and are coordinated by the countries.

The management bodies of Thales include the Global Business Units, the countries and the functional departments and have overall responsibility for the Group's internal control system, relying in particular on internal processes and the work of the Risk Management Committee and the Risk Assessment Committee.

A key principle of the Group's governance is the accountability of the managers of the operating entities, who are responsible for implementing and maintaining the risk management system and the internal control system within their operating entities.

Lastly, certain strategic or cross-functional operations (e.g: Mergers and Acquisitions, Real Estate, etc.) are carried out exclusively by the central departments, which ensure the sharing, consistency and coordination of Group practices. A specific internal control system has been set up to manage the risks associated with these operations. Thus:

- total or partial acquisitions or disposals of businesses are the sole responsibility of the Group's General Management. The Global Business Units propose projects at the periodic meetings of the Mergers and Acquisitions Committee, which is composed of the main central departments;
- all real estate transactions are the exclusive responsibility of the Group's Real Estate Department. The latter delegates certain operations, particularly outside France, either to a country organization or to a local company, while ensuring that they are supervised.

b) The main internal control and risk monitoring functions

Operations and Performance function

The Operations and Performance Department manages all the operational resources needed to carry out projects, ensure customer satisfaction and quality, and contribute to risk management. It validates the most sensitive offers with the Finance and Information Systems Department, according to defined criteria, and organizes reviews of projects deemed critical as needed. It oversees plans to strengthen the skills and certification of bid and project managers, deploys and improves bid costing and project management tools, and provides ad hoc assistance and support to Global Business Units and countries that request it. In each entity, the Operations Director coordinates the management of all business risks in close cooperation with the Legal & Contracts Director and the Finance Director of their unit.

Within this department, the Quality and Customer Satisfaction function defines the quality policy and objectives and initiates the customer satisfaction improvement process. It pilots the Chorus 2.0 process management framework, applicable to all Group entities. Its representatives in each operational entity carry out quality assurance activities for offers, projects and products, to ensure that contractual commitments are taken into account and fulfilled, and to secure the execution of operations.

The Thales reference system, Chorus 2.0, structured by process, defines the rules, practices and methods to be implemented by each Group entity. It also contains all the governance notes governing the organization and operation of the Group. It is accessible to all Group employees via the intranet.

Its modular architecture allows it to be adapted to the context of the activity; it is accompanied, at the level of each country and each entity, by local rules and practices.

Chorus 2.0 provides all Group companies with a common language and a unified set of management processes defining the roles, rules, practices and operating methods to be applied; it also aims to achieve uniform organizational alignment throughout the Group.

Chorus 2.0 structures the Group's internal control system and is naturally part of the guidelines used by the Audit, Risks and Internal Control Department.

Chorus 2.0 is an essential tool for each entity to have its management systems certified in terms of quality, health, safety and the environment and with regard to the norms and standards applicable to each activity.

Thales holds numerous certifications regarding the standards and regulations applicable to its various businesses: in terms of Quality, the Group is ISO 9001 certified for all its activities. A number of standard certifications can be added to this (non-exhaustive) list depending on the activity, such as AQAP 2110 (NATO quality reference in the defence sector), EN 9100 (European standard describing a quality assurance system for the aeronautics, space and defence sectors) and civil airworthiness approvals (EASA PART 21 G for production activities, EASA PART 145 for maintenance activities) and state airworthiness approvals (FRA21Z design approvals, FRA21G production approvals, EMAR/FRA145 Maintenance Organization approvals, etc.), ISO 14001 and ISO 45001 (for Environmental, Health & Safety at Work aspects), ISO 27001 (for Information Security Management System aspects), ISO 20000 (for Service Management System aspects), ISO 37001 (for the Anti-Corruption Management System aspects).

Thales is committed to a continuous improvement process: the Group has set up internal and external assessments, based on international standards, which enable it to identify and prioritize its continuous improvement needs and to monitor the associated action plans.

To develop the maturity of its operations, Thales has built a maturity model called Thales Integrated Maturity Systems (TIMS). This is the reference tool deployed by the Group to locally assess the maturity of its organization over a given scope (e.g. an entity, a project, a function). This maturity model is shared by the entire Group and covers all the processes of the Chorus 2.0 management system.

Maturity assessments are entrusted to qualified assessors recognized within their disciplines, as well as to the quality managers of the operational entities.

Finance function

The Group's Finance Department is represented in each Global Business Unit, in each operating entity, and in each of the main countries by a Finance Director who reports functionally to it. The implementation of internal control over accounting and financial reporting is entrusted to these Finance Directors, who have local teams within their area of responsibility to ensure that financial information is prepared in compliance with internal control rules.

At the time of the closing of the annual and half-yearly financial statements, the General Managers and their Finance Directors issue a letter of affirmation to the Group's Finance Department, certifying the accuracy and completeness of the financial data submitted for consolidation.

Accounting and financial operations are managed by the Group's Finance Department. Its central organization includes:

- an accounting and consolidation function, which is responsible for the preparation and presentation of the Group's consolidated statements. The teams in charge of consolidation ensure that regulatory and normative changes are taken into account. They use a single consolidation software package, chosen from among the market standards, which enables accounting information from the various Group entities to be fed back to them, while guaranteeing controls on consistency at the source. The transfer of entries to the headquarters is only authorized after validation. Training sessions and expertise on the tool within the Group's consolidation teams ensure that the software is mastered.

  The Group's accounting and financial procedures, presented in Chorus 2.0, are applicable to all entities. In particular, they define:
  - the accounting rules and principles applicable to the preparation of consolidated financial statements under IFRS;
  - the hierarchy and levels of reporting required by the Group, financial cycles, the role of finance in operational processes and the management rules to be applied by Group entities;
  - the content and format of periodic reports;
  - the respective roles of the central teams and the teams within the entities in the conduct of treasury and financing operations and the procedures to be applied in terms of short-term cash management, the operation of the foreign exchange risk hedging system and the associated reporting rules.

  The ICQ internal control questionnaire, completed by the Finance Departments (see the section on Business Risk Assessment and Internal Control Functions below) and the accompanying instructions, constitute a complementary reference framework and contribute both to making financial reporting more reliable and to preventing the risk of fraud.

The financial reporting system is based on these accounting and financial procedures, and the centralized consolidation process is supported by a single tool. The entity Finance Directors are responsible to the Group Finance Department for ensuring compliance with these procedures;

- a management control and budget function, which analyzes the Group's financial data and prepares monthly summaries with comparisons to the budget and to comparable periods in previous years. On this occasion, the financial forecasts for the half-year and the current year are reviewed and commented on in order to steer the activity towards the set objectives.

  Monthly results are analyzed to identify budget variances and to update annual forecasts for order intake, sales, earnings and cash flow. This process, which is carried out within the entities, makes it possible to consolidate the vision of the Global Business Units and the Group and to identify, where necessary, the action plans required to achieve the objectives.

  Annual budget targets are set in three stages:

  - the Global Business Units draw up a strategic plan for a minimum period of four years, adjustable according to their business models, which is submitted for validation to the Group's General Management;
  - in a second phase, each Global Business Unit, each major country of operation and the International Development Department present a detailed two-year budget plan to the Group's General Management. This plan is based on commercial assumptions set in advance by the sales departments, in line with the strategic plans of the Global Business Units;
  - finally, the General Management sets the objectives of the Global Business Units, the major countries of operation and the International Development Department, ensuring overall consistency. The first year of the budget plan is then subject to monthly reporting, which serves as a reference for the Group's management;
- a treasury, financing and financial engineering function (DTFI), which optimizes the financing of the Group and its contracts and manages the Group's financial risks (liquidity, foreign exchange, customer credit, pensions, etc.) on a centralized basis. In this context, the DTFI is responsible for financing the Group and its subsidiaries, managing the Group's cash positions in all currencies and offsetting cash surpluses and requirements. It also manages the Group's foreign exchange position and, in particular, hedges the foreign exchange risk of all entities. Lastly, this department coordinates and supervises the implementation of market guarantees, customer financing and, more generally, instruments designed to secure payments receivable and cover the Group against the financial consequences of contract interruption;
- a tax function, which provides support to the operational entities, particularly with regard to applicable tax controls and in the context of tax audits. This function also monitors tax consolidations carried out within the Group and checks their overall consistency;
- an insurance function, responsible for implementing the insurance policy and managing insurable risks. This centralized Insurable Risk Management Department also ensures that the policy is implemented by Group companies.

The Group is covered against the financial consequences of accidental damage to property or persons by appropriate insurance policies taken out with leading international insurers and reinsurers.

The insurance policies taken out by the Group to cover these major risks relate to risks such as:

- property damage and consequential business interruption;
- transport of goods;
- assembly and testing;
- aeronautical liability, including aeronautical product liability, and hull insurance;
- space product liability;
- risks of damage to or by ships borne by the subsidiaries in their capacity as integrators of naval products;
- general civil liability;
- environmental liability;
- liability of corporate officers and managers;
- individual Accident – Repatriation Assistance for personnel on assignment;
- cyber risks.

The Group did not suffer any major losses during 2025.

The Group's policy is to obtain insurance coverage on the market at rates and within limits that it considers reasonable in relation to market conditions. Insurance covering major risks is limited by coverage ceilings; in addition, general exclusions for the entire market (e.g. asbestos risk) apply to Thales.

For property damage and consequential business interruption insurance, the maximum limit of coverage in 2025 is €1.3 billion. This limit takes into consideration the estimated maximum possible loss caused to a specific industrial site.

The levels of liability insurance coverage are based on the measurement of reasonably foreseeable risks to the Group identified in the risk maps carried out in the main activities and at Group level. These levels of coverage are also a function of the coverage capacities available in the insurance market. Insurance coverage for aviation liability commitments is the subject of a specific program.

The insurance industry depends on the financial markets, among other things. Also, there is no guarantee that Thales will be able to maintain current levels of insurance with similar financial conditions in the future.

In order to reduce exposure to insurance market volatility, major risk coverage is structured in two tiers:

- the Group's retention of claims payment through its captive insurance and reinsurance companies, for property damage and consequential operating losses, cyber, transport, general civil liability, assembly & testing and space risks;
- the transfer to the insurance and reinsurance markets of the payment of catastrophic or high intensity claims.

At the same time, an active policy of prevention and protection of industrial sites aims to reduce the frequency and magnitude of accidental fire or explosion risks as well as to detect other exposures to natural or environmental disasters and the vulnerabilities of critical industrial facilities. In 2025, 60% of the insured values were audited as "multi-hazard" by the insurers in the context of their visits to the main operational sites.

In application of the Group's processes, resources have been put in place to ensure that operations are maintained as effectively as possible and to minimize the consequences of an unforeseen event. A crisis management organization and tools make it possible to deal as effectively as possible with the immediate consequences of a catastrophic disaster and to take the necessary emergency measures.

In addition, the prevention policy concerning critical supplier sites was continued. It aims to reduce the risk of operating losses for Thales if an accidental loss occurs at their sites.

Moreover, the Group continues to implement an insurance policy designed to cover the exposure of its employees in their professional activities. Lastly, specific and/or local coverage is taken out to comply with current regulations or to meet the particular requirements of certain activities or projects, such as public-private partnership contracts.

Health, Safety and Environment (HSE) function

Within the Corporate Social Responsibility Department, the HSE function is responsible for drawing up and deploying the Group's environmental, health and safety policies.

This scope includes:

- the environment of sites/operations (industrial activities), external worksites and products/projects, due to the risks and impacts of the Group's activities on natural resources, emissions (water, air, soil), waste generation and management, soil and subsoil pollution, energy efficiency and carbon footprint or biodiversity;
- people's health, particularly with regard to the risk of exposure of employees or third parties, which may be chemical (toxicity of a substance or chemical products, wastewater, etc.), biological (legionella, drinking water quality, etc.) or physical (ionizing radiation, noise, etc.);
- the safety of people due to technological or technical risks (facilities, equipment) in connection with activities carried out on and off Thales sites (machines, tools, external worksites, etc.) or in connection with their movements and working conditions, as well as the use of products placed on the market.

The HSE function is responsible for risk monitoring and internal control within its area of competence in order to:

- prevent and limit the impact of HSE risks: by identifying and characterizing them according to local specificities, by ensuring their control through the deployment of formalized processes and regularly updated action plans, and by anticipating new risks;
- develop the reference scenarios for managing HSE emergency situations;
- issue alerts on significant HSE risks and help to manage crisis situations in this area in accordance with Group governance;
- ensure the reliability of HSE information used internally for steering and control purposes, and of published HSE information;
- anticipate and identify gaps with legal HSE requirements, to help ensure compliance with regulatory obligations.

Ethics & Integrity function

The Ethics & Integrity Department develops and updates the Anti-Corruption Compliance Programme and coordinates other integrity programs. It proposes to the General Secretariat the key areas of ethical policies on which the Group positions itself, in line with the values and priorities defined by the Group, while anticipating changes in society and regulations. It oversees the updating and implementation of the rules of conduct and internal procedures in these areas (Code of Conduct, Code of Ethics, Group instructions, charters, etc.).

It receives internal alerts sent via the Group's professional alert system and participates in their processing in accordance with the procedure established by the Group.

In general, it defines and implements the means to promote and disseminate a culture of ethics and integrity within the Group.

Legal, Contracts and Compliance function

The Legal, Contracts and Compliance Department (DJCC) is divided into three organizations:

- **a corporate organization** serving the operational entities comprising in-house lawyers who are experts in subjects such as mergers and acquisitions, litigation and intellectual property, and compliance experts specializing in other compliance programs relevant to the Group given the regulations applicable to its activities (trade compliance, competition law, personal data protection, Duty of Vigilance);
- **an organization of legal experts and contract managers** deployed within the business units, responsible for providing expertise and support in contractual matters, from the preparation of bids through to project completion;
- **an organization of Chief Compliance Officers and Compliance Officers** deployed throughout the Group, responsible for implementing the corruption and influence peddling prevention program as well as the Group's other compliance programs with the help of Compliance Experts.

The Human Resources Department (HRD) also has a network of legal experts specialized in labor law who provide support to the Group's entities. The DJCC and HRD use the services of external legal firms if necessary.

With the exception of disputes relating to relations with employees and trade unions, which are handled by the Human Resources Department, disputes and litigation are handled by the Legal, Contracts and Compliance Department.

Corporate risk assessment and internal control function

The Audit, Risks and Internal Control Department (DARCI) develops and updates internal control assessment questionnaires:

- the Yearly Attestation Letter (YAL) questionnaire: the risk scenarios for which local entities are responsible are certified annually by their management in the form of the YAL questionnaire, which is updated each year and completed by the managing directors of the business units and their management team. 126 such questionnaires were completed by the Group's business units in 2025. The responses to these questionnaires are analyzed by DARCI and the Risk Advisors network (see below). DARCI also verifies the sincerity and compliance of these declarations on a rotating basis: in 2025, 17 YAL questionnaires were subject to an internal audit;

- the ICQ: based in particular on the recommendation of the French financial markets authority "Internal Control System: Reference Framework" and in liaison with its statutory auditors, the Group uses an Internal Control Questionnaire (ICQ) for its financial community, focusing on the reliability of financial processes and fraud prevention. The questionnaire is updated on a regular basis. The ICQ is made up of internal control objectives linked to the Group's processes and accounting cycles (clients/suppliers/fixed assets); it enables the entities to identify their areas for improvement, whether these are due to imperfectly achieved control objectives, incomplete implementation of controls or procedures to be reinforced. In 2025, 144 questionnaires, covering all business units and shared services, were sent out by DARCI and nine ICQ questionnaires were audited. It should be noted that 12 control points on the ICQ questionnaire are systematically reviewed by DARCI during YAL audits;
- the Anti-Corruption Internal Control Manual (MCIA): this is organized to cover each of the corruption risks identified in a dedicated, periodically updated risk map, with three levels of control (level one: systematic operational control; level two: ex-post control on samples; level three: audit), involving numerous functions. In 2025, DARCI carried out an assignment to assess the implementation of this recent system;
- the MAQ questionnaire: this is intended to prevent the risk of corruption and fraud within the Group's very small entities (representative offices, permanent establishments, small subsidiaries, remote teams, etc.). It comprises 10 control points and must be completed annually under the responsibility of the entity to which the very small entity in question legally reports. The Group has around 200 active very small entities. The application of this system is verified particularly through YAL audits.

The Group has put in place a risk assessment process for all the activities and subsidiaries under its control. Each year, DARCI draws up and updates a chart of the main risks to which Thales is exposed, whether they are operational, strategic, compliance or financial. This mapping is organized by risk factors broken down into independent risk scenarios, measurable in terms of probability of occurrence and financial impact in relation to a common prudential rating scale, and each attributed to a single line of responsibility.

For each of these risk factors, the Group has appointed a Risk Advisor responsible for overseeing the relevant risk management system under the coordination of the Risk Assessment Committee: risk characterization, monitoring of major incidents, and monitoring of the implementation and continuous improvement of the control system.

Twice a year, DARCI also draws up risk maps by Global Business Unit and by Major Country; it also updates risk maps dedicated to cross-functional themes (cybersecurity, GDPR, corruption, Duty of Vigilance, etc.), in addition to the risks already identified and managed by operational management. The relevant Operational and Functional Departments, the Quality Department and the Insurance Department are involved in this work.

The selection and planning of internal audits conducted by DARCI (see (c) below) are primarily based on these risk analyses.

c) Internal audit

DARCI ensures that risks are controlled and that an adequate level of internal control is maintained by carrying out audit and advisory missions. It can operate throughout the Group (Thales parent company and its controlled subsidiaries) as well as on non-controlled subsidiaries after agreement with the co-shareholders. Its scope of intervention covers all areas and processes (governance, administrative, accounting and financial, functional and operational). DARCI works in particular with the Audit and Accounts Committee, the Risk Management Committee, the Risk Supervision Committees, Group General Management and the statutory auditors.

Since 2006, DARCI has been continuously certified by the French Institute of Audit and Internal Control (IFACI), which ensures that its practices comply with international standards of the profession. In March 2025, a renewal audit conducted by IFACI based on its new 2025 professional standards confirmed this certification.

DARCI's interventions are governed by an Internal Audit charter which defines the basic principles of internal control and internal audit tasks, the scope and limits of its responsibilities and the forms of intervention with the entities.

In 2025, 73 audit or advisory assignments, resulting from Group risk analyses and planned according to criteria presented to and validated by the Audit and Accounts Committee, were carried out by the DARCI teams. These assignments covered the following topics:

- operations: bids and projects, product policy, engineering, industry and production ramp-up, HSE, information systems security;
- compliance: anti-corruption, export control, personal data protection;
- governance: organization, shared services, joint ventures, monitoring of acquisitions;
- internal control: audits to check the sincerity of internal control questionnaires (YAL, ICQ and Welcome Audit), assessment of the internal sustainability control system.

3.4.2 Supervisory, monitoring and control bodies

Board of Directors

The Board of Directors controls the management of the Group, directly or through its committees. Detailed information on the organization of the work of the Board of Directors, its rules of procedure and, more generally, its functioning and that of its committees, is provided in section 4.2.1.

Audit and Accounts Committee

The resources implemented and the actions taken to strengthen internal control, to identify and manage risks, as well as the results of the operation of these systems, are reviewed at meetings of this Committee of the Board of Directors. It also reviews the mapping of the Group's main risks at least once a year, as well as the Sustainability Report.

The Audit and Accounts Committee reports regularly to the Board of Directors on its work and the results of the audit of the financial statements and sustainability information, on the way in which this audit has contributed to the integrity of the financial information and sustainability information, and on the role it has played in this processes. It informs the Board of Directors immediately of any problems encountered.

The Audit and Accounts Committee met five times in 2025.

The Audit, Risks & Internal Control Department (DARCI) presents an annual audit plan to the Audit and Accounts Committee covering the various aspects of the Group's legal and regulatory compliance, internal control assessment and risk identification and management. This presentation is updated halfway through the year.

At the time of the annual closing of the accounts, the Chief Financial and Information Officer reports to the Audit and Accounts Committee on risk exposure and significant off-balance sheet commitments.

Risk Management Committee

This Committee, chaired by the Chairman and Chief Executive Officer, is responsible for defining the level of risk acceptable to the Group, allocating responsibilities for monitoring and controlling these risks, defining the strategy for transferring certain risks to insurance, validating the Group's risk map and, more generally, ensuring the completeness of the risk assessment and management system with a view to controlling risks. It is based on the work of the Risk Assessment Committee. This Committee met twice in 2025.

Risk Assessment Committee

This Committee is chaired by the Director of Audit, Risks and Internal Control (DARCI). It is responsible for analyzing losses and changes in threats, updating and prioritizing risk scenarios, ensuring that they are appropriated within the Group, drawing up risk maps and making recommendations to the Risk Management Committee to improve the Group's overall management and control of risks. In 2025, the Risk Assessment Committee met once for each six-month period with each of the six Global Business Units.

Integrity and Compliance Committee

Chaired by the Group Secretary & General Counsel, this Committee is composed of the directors in charge of the Ethics & Integrity, Legal, Contracts & Compliance, and Audit, Risks and Internal Control Departments. It meets at least once a month and its main mission is to steer the development, deployment, implementation, evaluation and updating of the Group Integrity and Compliance Program, which now covers 5 pillars: the prevention of corruption and influence peddling risks (and related risks); trade compliance (export control and compliance with embargoes and economic sanctions programs); competition law; personal data protection; Duty of Vigilance. It is also responsible for assessing the criticality of internal alerts received within the Group and allegations of integrity and compliance violations brought to its attention. This committee met 15 times in 2025.

The CSR Strategy Committee

This Committee, chaired by the Chairman and CEO, is a corporate social responsibility strategy decision-making body at the Executive Committee level. Its role is to validate Thales' CSR policy, strategy and objectives, including the associated indicators and quantified targets. It ensures that the Group's strategy takes account of CSR goals and objectives, agrees on priorities and action plans to achieve these objectives, and periodically reviews progress. It also ensures that the resources and investments committed to support the Group's CSR ambition and objectives are adequate. This Committee met four times in 2025.

External audit and control of financial information and sustainability

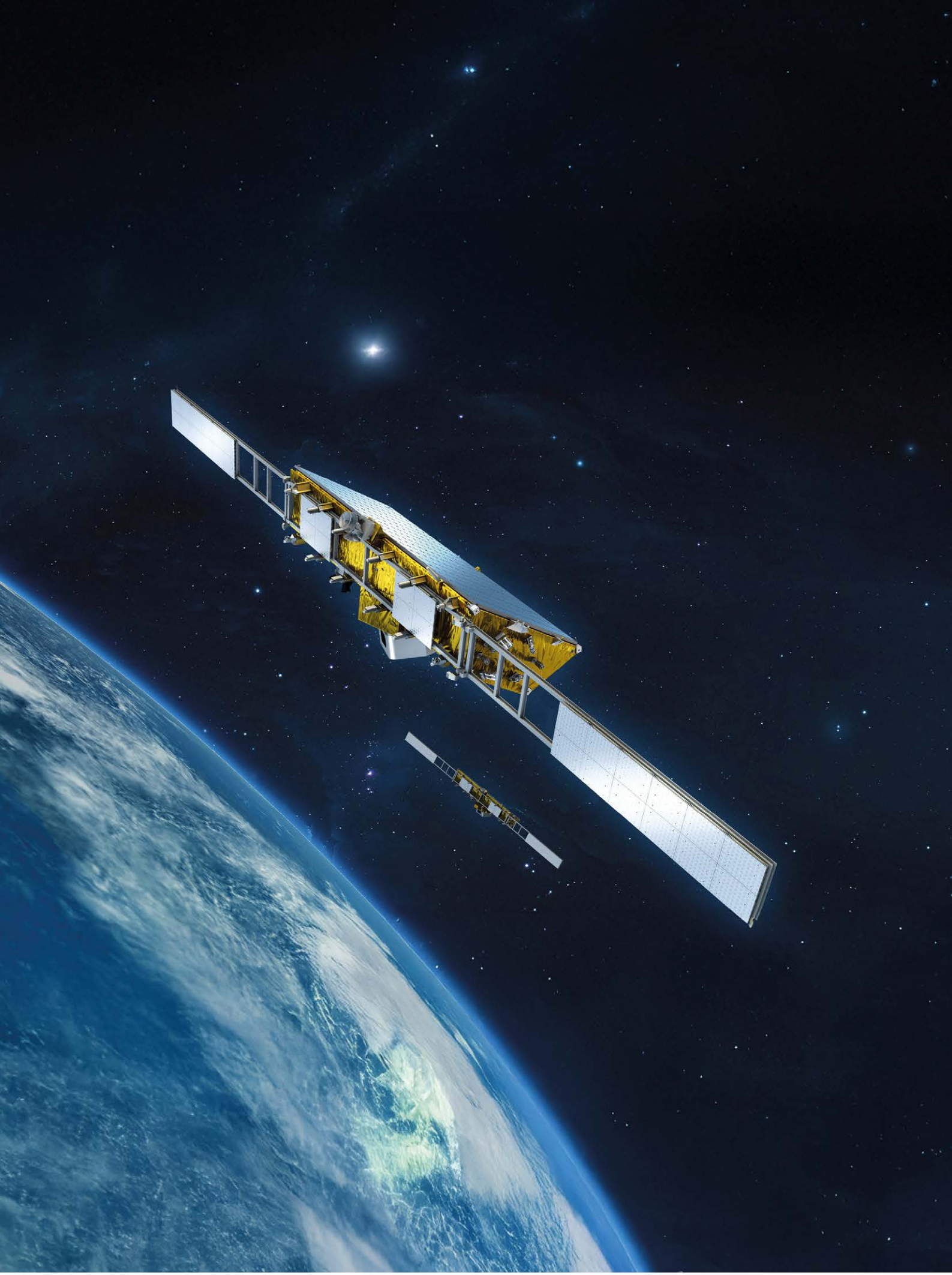
The consolidated financial statements of the Thales Group and the annual financial statements of Thales SA are independently audited by statutory auditors in accordance with the professional standards applicable in France.

The statutory auditors present their conclusions to the Audit and Accounts Committee, including:

- their audit approach and the organization of the audit;
- key audit matters, which are significant to the monitoring of the financial reporting process;
- any other matters important to the Audit Committee in the performance of its duties.

Following the entry into force of the European CSRD directive in France in 2024, the Group's Sustainability Report is subject to certification by sustainability auditors in accordance with Article 8 of Regulation (EU) 2020/852.

The sustainability auditors present to the Audit and Accounts Committee the key elements contributing to the formation of their conclusions.



4

Governance and compensation

4.1 Composition of the Board of Directors 84

4.1.1 Principles governing the composition of the Board of Directors, shareholders' agreement and the selection procedure for directors 84

4.1.2 Composition of the Board as of December 31, 2025 85

4.1.3 Diversity and complementarity of expertise of the Board of Directors and its Committees 88

4.1.4 Directors' biographies (at December 31, 2025) 91

4.1.5 Other participants in the Meetings of the Board of Directors (without voting rights) 101

4.2 Corporate Governance 102

4.2.1 Organization and functioning of the Board of Directors 103

4.2.2 Report on the Board of Directors' activities during the 2025 financial year 105

4.2.3 Preparatory work for Board of Directors meetings 105

4.2.4 Assessment of the functioning of the Board 108

4.2.5 Succession plan 108

4.2.6 Other information 109

4.3 General Management and Executive Committee 112

4.4 Compensation of corporate officers 113

4.4.1 Information on the 2025 compensation of corporate officers 113

4.4.2 Compensation policy for corporate officers for the 2026 financial year 129

4.5 Compensation of other Officers 139

4.6 Summary statement of transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the 2025 financial year 139

4.1 Composition of the Board of Directors

4.1.1 Principles governing the composition of the Board of Directors, shareholders' agreement and the selection procedure for directors

The Company is a public limited company with a Board of Directors.

Under the terms of the shareholders' agreement between the Public Sector and the Industrial Partner (Dassault Aviation), as published on the AMF site, the Board of Directors is composed of 16 directors, 14 of whom are appointed by the Annual General Meeting (or by decree), and 2 of whom are appointed by the trade unions representing employees, in accordance with law (Article L. 225-27-1 and following of the French Commercial Code) and the Articles of association (Article 10).

Of the 14 seats filled upon decisions of the shareholders or by decree:

- four are occupied by "External directors" selected jointly by the Public Sector and Dassault Aviation [1];
- one is occupied by the employee shareholder representative [2];
- five are proposed to the Annual General Meeting by the Public Sector or appointed by decree [3]; and
- four are proposed to the Annual General Meeting by Dassault Aviation.

In addition, the shareholders' agreement states that the Chairman and Chief Executive Officer will be chosen based on a joint proposal by the Public Sector and Dassault Aviation (or the Chairman of the Board and the Chief Executive Officer if the functions are separated with the joint approval of the two shareholders) and that at least one director representing each of the parties must sit on each of the Committees of the Board.

In practice, the selection of candidates for Board membership is carried out in accordance with the requirements for balanced representation of men and women on boards of directors set out in law No. 2011-103 of January 27, 2011 (known as the "Copé-Zimmerman" law) and in the transposition of Directive (EU) No. 2022/2381 of November 23, 2022 (known as "Women on Boards"), and in the light of the Board's diversity objectives and skills matrix, as well as the expertise and experience of the directors (see section 4.1.3 below); in any case, all of the above will be considered in compliance with the rules of the shareholders' agreement mentioned above.

The 2014 Annual General Meeting set the term of office for directors at four years.

[1] Their candidacy is examined beforehand by the Governance and Compensation Committee, as indicated in section 4.2.3.2 b) below.
[2] This candidacy is submitted to the Annual General Meeting in accordance with the French Commercial Code and the Articles of Association (Article 10).
[3] In accordance with Article 4-I of Ordinance No. 2014-948, the French State appoints its representative to the Board directly by decree, without consulting the Annual General Meeting.This has been the case since the French State took over TSA's shares from EPIC Bpifrance on September 5, 2023. By decree dated January 29, 2024, Mr. Alexis Zajdenweber succeeded Mr. Emmanuel Moulin as the State's new representative on the Board of Directors.

4.1.2 Composition of the Board as of December 31, 2025

a) Summary presentation (in accordance with Appendix III of the Afep-Medef code)

Directors at December 31, 2025	Age	Gender	Nationality	Number of Thales shares	Number of terms of office held in other listed companies
Appointed by the Annual General Meeting (13) or by decree (1) [a]					
On the proposal of the Public Sector (5)					
Patrice Caine, Chairman and Chief Executive Officer	55	M	French	25,886 [f]	1
The French State, represented by Alexis Zajdenweber [a]	49	M	French	2,060 [c]	1
Delphine Gény-Stephann [b]	57	F	French	200	0
Bernard Fontana [b]	64	M	French	0	2
Anne Rigail [b]	56	F	French	0	0
On the proposal of the Industrial Partner (Dassault Aviation) (4)					
Valérie Guillemet [d]	61	F	French	500	0
Loïk Segalen	65	M	French	509	1
Éric Trappier	65	M	French	500	1
Marie-Françoise Walbaum	75	F	French	500	0
Representative of employee shareholders (1)					
Philippe Lépinay	72	M	French	1,584	0
External directors (4)					
Ruby McGregor-Smith Independent director [e]	62	F	British	500	2
Marianna Nitsch Independent director [e]	57	F	Austrian	500	0
Loïc Rocard Independent director [e]	53	M	French	500	0
Anne-Claire Taittinger Independent director [e]	76	F	French	612	0
Appointed by the trade unions (2)					
Anne-Marie Hunot-Schmit	61	F	French	163	0
Stéphane Jubault	58	M	French	14	0

(a) Since September 5, 2023, the French State has appointed its representative on the Board directly by decree, without seeking the approval of the Annual General Meeting of shareholders (see Article 4-I paragraph 1 of Ordinance No. 2014-948). By decree dated January 29, 2024, Mr. Alexis Zajdenweber succeeded Mr. Emmanuel Moulin as the State's new representative on the Board of Directors.

(b) Director(s) proposed by the State (Article 6 of Ordinance No. 2014-948).

(c) The French State owns 2,060 Thales shares directly and 54,786,654 shares indirectly via its 100%-owned subsidiary TSA SAS. Its representative, Mr. Alexis Zajdenweber, is not required to hold any share (Article 5 of Ordinance No. 2014-948) and does not hold any.

(d) On February 4, 2025, the Board of Directors co-opted Ms. Valérie Guillemet to the Board for the remainder of the term of Mr. Charles Edelstenne (who stepped down on January 9, 2025), i.e. until the Annual General Meeting called in 2026 to approve the financial statements for the year ended December 31, 2025. This co-option was ratified by the Annual General Meeting on May 16, 2025.

(e) Independence under the Afep-Medef code, confirmed by the Board of Directors on March 2, 2026.

(f) Of which 4,700 shares held through a holding company controlled by the concerned person.

Directors at December 31, 2025	First appointment	Current term		Committees*			Attendance in financial year 2025	
		Starts	Ends	S&C	A&A	G&C	Number of meetings taken into account and attendance rates [c]	
							Boards	Committees
Appointed by the Annual General Meeting (13) or by decree (1) [a]								
On the proposal of the Public Sector (5)								
Patrice Caine, Chairman and Chief Executive Officer	12/23/2014	05/11/2022	2026 AGM	■			9 100%	3 100%
The French State, represented by Alexis Zajdenweber [a]	[a]	Decree of 05/09/2023	09/04/2027	■		■	9 100%	7 100%
Delphine Gény-Stephann [b]	05/06/2021	05/16/2025	2029 AGM				9 100%	n.a n.a
Bernard Fontana [b]	01/30/2018	05/16/2025	2029 AGM		■		7 78%	2 40%
Anne Rigail [b] [f]	05/06/2021	05/16/2025	2029 AGM	CSR [f]			9 100%	4 100%
On the proposal of the Industrial Partner (Dassault Aviation) (4)								
Valérie Guillemet [c] [d]	02/04/2025	02/04/2025	2026 AGM	■			9 100%	4 100%
Loïk Segalen	05/19/2009	05/11/2022	2026 AGM		■		9 100%	5 100%
Éric Trappier	05/19/2009	05/11/2022	2026 AGM			■	7 78%	2 100%
Marie-Françoise Walbaum [f]	09/17/2013	05/11/2022	2026 AGM	CSR [f]			9 100%	4 100%
Representative of employee shareholders (1)								
Philippe Lépinay	04/01/2007	05/16/2025	2029 AGM	■			9 100%	3 100%
External directors (4)								
Ruby McGregor-Smith Independent director [e]	05/15/2024	05/15/2024	2028 AGM				7 78%	n.a n.a
Marianna Nitsch Independent director [e]	05/10/2023	05/10/2023	2027 AGM				7 78%	n.a n.a
Loïc Rocard Independent director [e]	09/28/2023	05/15/2024	2028 AGM			■	9 100%	4 100%
Anne-Claire Taittinger Independent director [e]	05/15/2012	05/11/2022	2026 AGM		■		9 100%	5 100%
Appointed by the trade unions (2)								
Anne-Marie Hunot-Schmit	12/09/2016	12/09/2024	12/08/2028		■	■	8 89%	8 89%
Stéphane Jubault	12/09/2024	12/09/2024	12/08/2028	■			8 89%	3 100%

(a) Since September 5, 2023, the French State has appointed its representative on the Board directly by decree, without seeking the approval of the Annual General Meeting of shareholders (see Article 4-I paragraph 1 of Ordinance No. 2014-948). By decree dated January 29, 2024, Mr. Alexis Zajdenweber succeeded Mr. Emmanuel Moulin as the State's new representative on the Board of Directors.

(b) Director(s) proposed by the State (Article 6 of Ordinance No. 2014-948).

(c) Attendance is calculated based on the total number of meetings at which the director was in office, as the case may be, on the Board or the Committee concerned. The only director who left office in 2025, namely Mr. Charles Edelstenne, left before the meetings were held.

(d) Mr. Charles Edelstenne has resigned from his directorship with effect from January 9, 2025. On February 4, 2025, the Board of Directors co-opted Ms. Valérie Guillemet to the Board for the remainder of his term, i.e. until the Annual General Meeting called in 2026 to approve the financial statements for the year ended December 31, 2025. This co-optation was ratified by the Annual General Meeting of May 16, 2025.

(e) Independence under the Afep-Medef code, confirmed by the Board of Directors on March 2, 2026.

(f) Ms. Anne Rigail and Ms. Marie-Françoise Walbaum attend meetings of the Strategic & CSR Committee for CSR-related agenda items, as well as meetings of the two other Committees dealing with CSR issues.

- ***Committees:*** *Strategic and CSR (S&C), Audit and Accounts (A&A) and Governance & Compensation (G&C).*
  Status: ■ *Member,* ■ *Chair.*

At December 31, 2025, the Board of Directors comprised a single executive member, namely the Chairman and Chief Executive Officer, Mr. Patrice Caine, and 15 non-executive members.

The average age of the directors is 62.2 years as of December 31, 2025. As of that date, in the absence of a specific provision in the Articles of Association, ordinary law applied to the age of directors:

- the number of directors over the age of 70 may not exceed one third of the directors in accordance with the French Commercial Code (Article L. 225-19, paragraph 2);
- the age limit for the Chairman is 65, under the French Commercial Code (Article L. 225-48).

b) Independent directors

According to its rules of procedure, the Board of Directors, based on the report of the Governance and Compensation Committee, conducted its annual review of the situation of its members concerning the definition of and criteria for independent directors as specified by the Afep-Medef code.

The Board has decided to maintain the strict approach adopted in previous years: directors appointed by the Annual General Meeting on the proposal of a shareholder ("Public Sector" or "Industrial Partner") or a category of shareholders (employees), or appointed by trade unions may not be considered independent within the meaning of the Afep-Medef code. Under these conditions, only the four "External directors" according to the terms of the shareholders' agreement (out of a total of 16 directors) can be declared independent.

At its meeting of February 20, 2026, the Governance and Compensation Committee carefully studied the responses to the detailed questionnaire sent to each of these "External directors" in January 2026.

Of these, Ms. Marianna Nitsch indicated that she has no business relationship with the Company or the Group.

Mr. Loïc Rocard indicated that he was employed for the entirety of 2025 by a group having business relations with Thales, namely TechnicAtome SA, of which Mr. Loïc Rocard is Chairman and Chief Executive Officer (see biography on page 96).

The Committee noted that the total amount of sales made by the Group with TechnicAtome SA was lower than the threshold of 1% of Thales' sales, on the one hand, and of TechnicAtome's sales, on the other hand, this 1% threshold having been set by the Board as the materiality threshold in assessing whether or not the business relationship is significant.

As in 2025, the Committee, after noting that TechnicAtome SA is 20.3% owned by Naval Group SA, itself 35% owned by Thales, concluded that this circumstance was not such as to call into question the independence of Mr. Loïc Rocard, insofar as Thales does not hold any indirect cross-directorships in TechnicAtome SA. In fact, Thales holds only a minority stake in Naval Group, which in turn holds a minority stake in TechnicAtome SA, whereas the Afep-Medef code stipulates that cross-directorships must be via a subsidiary.

The Committee also considered that Mr. Loïc Rocard's concurrent holding of an executive office within a public company is not likely to call into question his independence; a statement to this effect was made to the Board by the representative of the French State.

On this basis, the Committee considered that there was nothing to compromise Mr. Rocard's freedom of judgement in the performance of his duties as a director of Thales and that there was therefore nothing to prevent the Board from declaring him an independent director.

With regard to Ms. Ruby McGregor-Smith, the Committee noted that the sales generated with Thales by the Atkins Realis group, of which she is a director of the Canadian parent company, represent less than 1% of the sales of the two groups.

Lastly, the Committee examined the situation of Ms. Anne-Claire Taittinger, the fourth "external director", in view of the fact that she has been a director of the Company for more than 12 years, and this since the Annual General Meeting of May 15, 2024. It recommended that the Board maintain this status, based in particular on the following reasons already noted during its meetings of March 4, 2024 and April 2, 2025 relating to the particular situation of the Company and the concerned director:

- Ms. Anne-Claire Taittinger's experience as a company executive and her extensive knowledge of Thales' global environment, enabling her to question and challenge General Management;
- her personality, independent judgment and critical thinking, which put her in a position to express positions that sometimes diverge from those of General Management or other directors;
- her many contributions to the Board's work, both as a director and as Chair of the Audit and Accounts Committee.

In light of these factors, the Board decided to confirm Ms. Anne-Claire Taittinger's status as an independent director.

The Board of Directors was informed by Ms. Anne-Claire Taittinger, whose renewal is proposed at the Annual General Meeting of May 12, 2026, for the statutory term of four years, of her intention to voluntarily limit this term of office to a maximum period of two years. This time will be used to finalize the selection and co-optation by the Board of a new independent director who would be called upon to succeed her as Chair of the Audit and Accounts Committee.

In accordance with the Afep-Medef code, the table below shows the independence criteria thus met by the directors concerned.

		Marianna Nitsch	Loïc Rocard	Anne-Claire Taittinger	Ruby McGregor-Smith
Criterion 1	Employee corporate officer during the previous 5 years	✓	✓	✓	✓
Criterion 2	Cross-directorships	✓	✓	✓	✓
Criterion 3	Significant business relationship	✓	✓	✓	✓
Criterion 4	Family ties	✓	✓	✓	✓
Criterion 5	Auditor	✓	✓	✓	✓
Criterion 6	Term of office exceeding 12 years	✓	✓	✗	✓
Criterion 7	Status of non-executive officer	✓	✓	✓	✓
Criterion 8	Status of major shareholder	✓	✓	✓	✓

In the table above, ✓ represents a criterion of independence that has been met, and ✖ represents a criterion of independence that has not been met but which, in the opinion of the Board of Directors, does not call into question the qualification of an independent director.

As a conclusion, upon recommendation of the Governance and Compensation Committee, the Board decided to declare Ms. Ruby McGregor-Smith, Ms. Marianna Nitsch, Ms. Anne-Claire Taittinger and Mr. Loïc Rocard independent directors.

As at March 2, 2026, the date on which the 2025 company management reports were closed, the Board of Directors has four independent directors, representing 31% of its members (excluding directors representing employees and employee shareholders, as specified by the Afep-Medef code). This proportion is slightly lower than the one-third recommended by the code in controlled companies. For the purposes of the Sustainability Report, these independent directors represent 27% of the total number of non-executive directors (four out of fifteen).

c) Changes in the composition of the Board of Directors and committees during the 2025 financial year (prepared in accordance with Appendix III of the Afep-Medef code)

	Departures	Appointments	Reappointments
Board of Directors	Charles Edelstenne	Valérie Guillemet	Bernard Fontana Delphine Gény-Stephann Philippe Lépinay Anne Rigail
Strategic and Corporate Social Responsibility Committee	Charles Edelstenne	Éric Trappier	Philippe Lépinay
Audit and Accounts Committee			Bernard Fontana
Governance and Compensation Committee	Éric Trappier	Valérie Guillemet	

4.1.3 Diversity and complementarity of expertise of the Board of Directors and its Committees

a) Diversity policy

The directors assessed the achievement of the Board's diversity targets initially set at its meeting on March 5, 2018 and subsequently confirmed, as well as their potential development for 2026.

Diversity target wording	Findings from 2025	Possible reassessment of the target for 2026
Varied and complementary expertise and experience within the Board	By virtue of their experience, the directors possess skills in all of the Group's business sectors (aerospace, space, defence, cybersecurity, digital technology and digital identity) as well as in key cross-disciplinary areas such as finance, industry and human resources. See sections 4.1.3 b and c below for a matrix of directors' skills and CSR experience.	Target unchanged. The Board noted certain desirable skills during the assessment conducted in 2025.
A balanced representation within the Board and its Committees	This target was considered met. As of December 31, 2025, the Board of Directors showed perfect parity in terms of directors (8 men and 8 women out of 16 directors) and when excluding employee representatives (7 men and 7 women out of 14 directors) [(a)]. It should be noted that, for the purposes of the Sustainability Report, the proportion of women is also 50% on average in 2025.	Target unchanged
Balance in terms of seniority of directors	This target was considered met. The Board noted that, as of December 31, 2025, directors with more than eight years' seniority represented 44% of the Board, and that directors with less than four years' seniority represented 37%.	Target unchanged

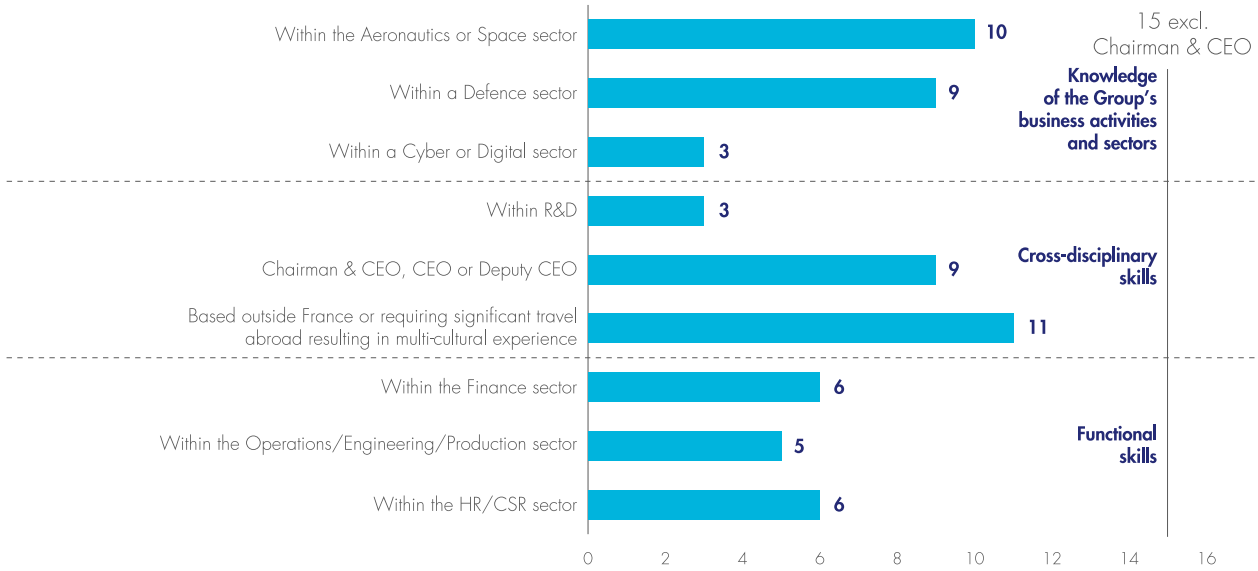
(a) *The objectives set by Law No. 2011-103 of January 27, 2011 on balanced representation of men and women on boards of directors and supervisory boards and on gender equality in the workplace (minimum 40% of women and men among directors, excluding directors representing employees) have been achieved since November 29, 2016.*

As is the case since 2020, the Board furthermore reiterated that these diversity targets should be taken into consideration when it comes to complying with the rules of the shareholders' agreement regarding the composition of the Board and its Committees.

b) Skills matrix

The self-assessment of the Board's competencies as of March 2, 2026, carried out by the directors based on the positions personally held during their career, is presented below in aggregate and non-nominative form, excluding the competencies of the Chairman and Chief Executive Officer. It attests to the diversity and complementarity of expertise and experience within the Board.

Self-assessed skills by directors in accordance with their personal positions*



* *This assessment excludes the Chairman and Chief Executive Officer's skills.*

c) Sustainability expertise, skills and training

In the area of sustainability, the Board's collective expertise stems from the directors' experience, most of which is described in their biographies in section 4.1.4.

For the purposes of the Sustainability Report, the table below, updated as of March 2, 2026, presents, for each of the "Environment", "Social & Societal" and "Governance" areas, which include the material opportunities, impacts and risks for the Group presented in section 5.1.1.4, the link between the latter and the experience and expertise of the directors, which were surveyed with stakeholders in February 2026:

Domain	**Directors' sustainability experience and expertise** *(excluding Chairman and Chief Executive Officer and directors' participation in the Thales Board of Directors or its specialized committees)*
Environment	• Offices as Chair or executive officers of groups with major decarbonization or environmental impact objectives, or contributing to their customers' decarbonization, or having created a CSR Department or implemented CSR projects in this area, or director and, where applicable, member of the CSR Committee of the Board of Directors within these groups. • Establishment and implementation within the Strategy Department of an international group of its climate strategy. • Secretary of State in the French government having accompanied the rise of CSR issues ("loi Pacte") and with a representation mandate for France on the CoP. • Active participation in associative and teaching activities related to the environmental transition.
Social and societal	• Offices as Chair or executive officers of groups: – having implemented social and societal policies (diversity, skills development and initiatives to develop apprenticeship and access to employment); or – having put in place systems to deal with risks relating to respect for the Human Rights of local populations (in connection with the exploitation of natural resources) and within the value chain, or to promote access by local populations to essential resources; or – having significant objectives in R&D and innovation, or having deployed innovative projects and/or having objectives linked to the fight against possible misuse of products. • Director and member of CSR, diversity and inclusion, compensation, governance or audit committees of a Group's Board of Directors, with responsibility, where applicable, for monitoring the internal implementation of non-discrimination, diversity and equality policies. • Management in human resources and economic and social affairs, or HSE risk management in international groups. • Chair and Secretariat for employee representative bodies. • Active participation in associative activities, in a public institute for apprenticeship, or in urban projects with a societal impact or chairing of an international foundation, notably promoting access to essential resources (education, employment). • Honorary title awarded for services to diversity within a country's companies.
Governance	• Offices as Chair or executive officers of groups operating in the aviation, nuclear and defence sectors, and in sensitive business sectors with high data protection and cybersecurity stakes, and/or which have set up an ethics and compliance department responsible for implementing measures to prevent and combat corruption and influence peddling. • Management of technical or operational activities, or membership of a group Executive Committee, or of a safety and project supervision committee of a Board of Directors. • Management in legal affairs, compliance and public affairs, governance or military export. • Membership of CSR or audit committees, in charge of, where applicable, reviewing annual ethics and compliance reporting and/or monitoring internal practices regarding the security of confidential information. • Bank inspectorate. • Positions held in the French senior administration overseeing compliance and corporate governance regulations. • Participation in teaching activities in defence, security and international relations.

The variety and depth of these experiences enable the Board to collectively address sustainability issues and material opportunities, risks and impacts with perspective, and to analyze them in depth by drawing on internal and external experts.

4.1.4 Directors' biographies (at December 31, 2025)

In compliance with the revised Afep-Medef code and the recommendation of the AMF, as well as for the needs of the Sustainability Report, the biographical notes appearing below detail the list of offices held by members of the Board of Directors in Group companies and/or in listed companies, in France or abroad, and include information about their other activities, areas of expertise or experience.

4.1.4.1 Directors appointed by the General Meeting

PATRICE CAINE

(age 55)

Chairman and Chief Executive Officer

Chairman of the Strategic & CSR Committee

Date of first appointment
December 23, 2014

Seniority on the Board
11 years

Current term expires
2026 AGM

Number of shares held
- 25,773 Thales shares (of which 21,073 are held personally in registered form and 4,700 are held through a holding company); and
- 113 through the Group savings plan.

Born on January 7, 1970, of French nationality. A graduate of the *École Polytechnique* and the *École des Mines de Paris*, Patrice Caine is an *ingénieur en chef* in the Corps des Mines. He began his career in 1992 with the pharmaceutical group Fournier before becoming a mergers and acquisitions and corporate strategy advisor at Chaterhouse Bank Limited in London.

From 1995 to 1998, he served simultaneously as head of mission for the Prefect of the Franche-Comté Region and as Director of the Industrial Development and Energy Division at the Regional Directorate for Industry, Research, and the Environment (DRIRE).

From 1998 to 2000, he served on the Conseil Général des Mines, where he was responsible for human resources for the Corps des Mines. At that time, he was also responsible for training student engineers in the State technical corps at the *École des Mines de Paris*. From 2000 to 2002, he was technical advisor responsible for energy policy at the office of the Minister of the Economy, Finance, and Industry.

In 2002, Patrice Caine joined the Strategy Department at the Thales Group. He went on to hold management positions in various units – Aerospace and Naval, Communication, Navigation and Identification, Air Systems, Radio Communication Products, Networks and Infrastructure Systems, and Protection Systems.

In February 2013, Patrice Caine joined the Thales Executive Committee as Executive Vice President for Operations and Performance.

On December 23, 2014, he was appointed Chairman and Chief Executive Officer of Thales by the Board of Directors.

He was awarded the National Defence Medal, bronze level. He is an *Officier de l'Ordre National du Mérite* [Officer of the National Order of Merit] and a *Chevalier de l'Ordre National de la Légion d'honneur* [Knight of the National Order of the Legion of Honor].

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Director of Naval Group and of L'Oréal [1], First Vice-Chairman of GIFAS, Vice-Chairman of France Industrie (Cercle de l'Industrie and Groupe des Fédérations Industrielles), Chairman of the Association Nationale de la Recherche et de la Technologie (ANRT), member of the Conseil National de l'Industrie and its Executive Committee.

Abroad: none.

Other positions held by Mr. Caine over the last five years

In France: none.

Abroad: none.

[1] *Listed company.*

BERNARD FONTANA

(age 64)

Director proposed by the Public Sector
(Article 6 of Ordinance No. 2014-948)

Member of the Audit and Accounts Committee

Date of first appointment
January 30, 2018

Seniority on the Board
7.9 years

Current term expires
2029 AGM

Number of shares held
Not required to hold the minimum number of Thales shares provided for in the Articles of Association (Article 6-VI of Ordinance No. 2014-948).

Born on March 11, 1961, Bernard Fontana is a French national and a graduate of the *École Polytechnique* and the École Nationale Supérieure des Techniques Avancées de Paris.

He began his career in 1987 as a weapons engineer with the SNPE group (formerly Société Nationale des Poudres et Explosifs), where he held various positions, including director of the fine chemicals business, strategic director for the chemicals business, and then director for North America. In 2001, he became a member of the Executive Committee of the SNPE Group, responsible for the chemical and industrial explosives business.

In 2004, he joined steel group ArcelorMittal as Vice President for human resources for the Flat Products Europe sector. In 2006, he became Executive Vice President of ArcelorMittal, responsible for the automotive sector and then for human resources. In 2010, he took over the management of the stainless steel division, which was listed on the stock exchange under the name Aperam, and of which he then became CEO.

In 2012, he became CEO of Holcim, a leader in the global cement industry, where he directed the merger with Lafarge. In September 2015, Bernard Fontana was appointed CEO of Areva NP. In July 2016, he was named Chairman of the Management Board of the group, renamed Framatome in 2018. He became Chairman and Chief Executive Officer of EDF on May 5, 2025.

Bernard Fontana has also been a Director and Chairman of the Board of Directors of Arabelle Solutions since May 31, 2024, and Chairman of the Supervisory Board of Framatome since May 5, 2024.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman and Chief Executive Officer of EDF SA, Chairman of the Board of Arabelle Solutions, Chairman of the Supervisory Board of Framatome.

Abroad: Director of SSAB (Sweden) [1] and member of its *Compensation Committee*. Director of Edison spa [1] (Italy) and of EDF Energy (UK).

Other positions held by Mr. Fontana over the last five years

In France: Executive Vice President of Areva NP, Chairman and Chief Executive Officer of Arabelle Solutions.

Abroad: none.

[1] *Listed company.*

DELPHINE GÉNY-STEPHANN

(age 57)

Director proposed by the Public Sector
(Article 6 of Ordinance No. 2014-948)

Date of first appointment
May 6, 2021

Seniority on the Board
4.7 years

Current term expires
2029 AGM

Number of shares held
200 Thales shares

Not required to hold the minimum number of Thales shares provided for in the Articles of Association (Article 6-VI of Ordinance No. 2014-948).

Born on November 19, 1968, a French national. Delphine Gény-Stephann is a graduate of the *École Polytechnique*, the École des ponts ParisTech, and the Collège des ingénieurs.

She began her career in 1994 at the Treasury Department of the Ministry of the Economy and Finance. From 1999 to 2005, she served as Head of Office at the *Agence des Participations de l'État*. In 2005, Delphine Gény-Stephann joined the High Performance Materials division of the Saint-Gobain group as Development Director, later serving as Finance Director of the Ceramic Materials business line. In 2013, she was appointed Director of External Venturing for the group, responsible for mergers and acquisitions for the Innovative Materials Sector. In 2014, she was named Director of Planning and Strategy for Compagnie de Saint-Gobain, a member of the Group's General Management Committee, before being named General Manager of the Silicon Carbide and Quartz business line in 2017. She is also a member of the Board of Directors of Thales and served as a member of its Audit and Accounts Committee from November 2016 to November 2017.

At that time, she was appointed Secretary of State to the Minister of the Economy and Finance, a position she held until October 2018. She has been a consultant since 2019.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Member of the Steering Committee of GENEO Capital, member of the Supervisory Committee of Holding d'infrastructures des métiers de l'environnement (controlling entity of the Saur group), member of the EDF Board of Directors.

Abroad: none.

Other positions held by Ms. Gény-Stephann over the past five years

In France: none.

Abroad: Non-Executive Director of Eagle Genomics Ltd (UK).

VALÉRIE GUILLEMET

(age 61)

Director proposed by the Industrial Partner

Member of the Governance and Compensation Committee

Date of first appointment
February 4, 2025

Seniority on the Board
0.9 year

Current term expires
2026 AGM

Number of shares held
500 Thales shares

A graduate of the École Nationale Supérieure de l'Aéronautique et de l'Espace (Sup'Aero), Valérie Guillemet began her career at Dassault Aviation in 1988 as an aerodynamic engineer, then as an aerodynamic synthesis engineer in the Design Department.

In 1995, Valérie Guillemet became Head of Mirage 2000 Systems, before heading the Series Systems department in 1999. In 2008, she was appointed Head of the Rafale Production Unit, then Head of the Falcon 7X/8X Production Unit in 2011.

In 2014, Valérie Guillemet was appointed Deputy Manager of the Mérignac site, in charge of Production. The following year, she became Manager of the Mérignac facility.

Since July 2019, Valérie Guillemet has been Head of Human Resources and a member of the Management Committee of Dassault Aviation.

Valérie Guillemet is Chair of the Labor Relations Committee of GIFAS and a member of the Board of Directors of ISAE-Supaero. She is also a Knight of the Legion of Honor and a recipient of the Aeronautical Medal.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Ms. Guillemet over the last five years

In France: none.

Abroad: none.

PHILIPPE LÉPINAY

(age 72)

Director representing employee shareholders

Member of the Strategy & CSR Committee

Date of first appointment
March 8, 2007, effective on April 1, 2007

Seniority on the Board
18.8 years

Current term expires
2029 AGM

Number of shares held

- 832 Thales shares
- 752 Thales shares in the Group savings plan

Not required to hold the minimum number of Thales shares provided for in the articles of association (Article L. 225-25 paragraph 3 of the French Commercial Code.

Born on December 3, 1953, Philippe Lépinay is a French national and holds an engineering degree from the Institut de marketing international, Université Paris VII.

Between 1977 and 1986, he held various sales and marketing positions at the Appalette & Tourtellier Systèmes, Radiall, and SOPEMEA groups.

In 1986, he joined Thales Electron Devices as an export sales engineer; in 2000, he became Director of Development at Thales Engineering & Consulting.

He joined Thales International in 2003. Since 2013, he has served as VP and Director of International Relations at Thales.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Delegate for institutional relations at the Fédération française des associations d'actionnaires Salariés et anciens Salariés, Vice President of the Fédération des Associations d'actionnaires Salariés de Thales (FAST), member of the Supervisory Committee of the "Thales Employee Shareholding Fund" (FCPE), member of the Board of Directors of ENSOA (École Nationale des Sous-Officiers d'Active) and member of the Board of Directors of the Franco-Lebanese Chamber of Commerce.

Abroad: none.

Other positions held by Mr. Lépinay over the last five years

In France: President of the FAS, member of the Conseil d'orientation de la participation, de l'intéressement, de l'épargne salariale et de l'actionnariat salarié (COPIESAS).

Abroad: none.

RUBY McGREGOR-SMITH

(age 62)

Independent director

Date of first appointment
May 15, 2024

Seniority on the Board
1.6 years

Current term expires
2028 AGM

Number of shares held
500 Thales shares

Born on February 22, 1963, Ruby McGregor-Smith, a British national, holds a BA in Economics from Kingston University and a postgraduate diploma in Global Business from Oxford University's Saïd Business School.

After graduating from university, she qualified as a chartered accountant, before joining Serco Group plc, one of the UK's leading utility providers, in 1991, where she spent nine years in a variety of operational and financial roles.

In 2002, after a brief spell with facilities management company Service Group International (acquired by Babcock International), Ruby McGregor-Smith joined Mitie Group PLC, the UK outsourcing and energy services group, as Finance Director.

In 2005, she was promoted to Group Operations Director, before becoming CEO in 2007, a position she held until December 2016.

In 2012, Ms. McGregor-Smith was appointed Commander of the Order of the British Empire (CBE) for services to business and corporate diversity. She was appointed a Life Peer in August 2015 (currently Independent) and took her seat in the House of Lords on October 16, 2015, where she notably served on the EU Market Sub-Committee from July 2017 to July 2019.

She was also a non-executive board member of the UK Department for Education from 2016 to January 2022, and President of the British Chambers of Commerce from 2020 to September 2022.

Ms. McGregor-Smith is a member of the Institute of Chartered Accountants in England and Wales. She is currently a non-executive director of Atkins-Realis Inc. and a non-executive director of Everyman Media Group plc. She is also Chair of the Institute of Apprenticeships and Technical Education and Airports UK, and non-executive Vice-President and Chair of Tideway Tunnel's Audit and Risk Committee.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: non-executive director of Atkins-Realis Inc. (and member of its Audit and Risks Committee and its Safety, Projects Supervision and Technology Committee) [1], non-Executive Director of the Everyman Media Group plc [1] and non-executive Vice-President of the Board of Directors of Bazalgette Tunnel Ltd (and responsible for social issues and Chair of its Audit and Risk Committee), non-executive Chair of Airports UK and a member of the *Institute of Chartered Accountants*. Invitee to the Advisory Board of Thales UK Plc's Board of Directors [2].

Other positions held by Ms. McGregor-Smith over the past five years

In France: none.

Abroad: Chair of the Board of Directors of Mind Gym plc [1], Managing Director of Investcorp Europe Acquisition Corp I [1], Chair of the *Institute of Apprenticeships and Technical Education*, Chair of the *Chartered Institute of Personnel and Development* (CIPD), Chair of the UK Chambers of Commerce, non-executive member of the Board of Directors of the UK Department of Education, Pro-Chancellor of the University of Surrey.

(1) *Listed company.*
(2) *A Thales Group company.*

MARIANNA NITSCH

(age 57)

Independent director

Date of first appointment
May 10, 2023

Seniority on the Board
2.6 years

Current term expires
2027 AGM

Number of shares held
500 Thales shares

Born on April 27, 1968, Marianna Nitsch, an Austrian citizen, holds a degree in law and social sciences from the University of Vienna, and a postgraduate diploma (DEA) in international economic law from Université Paris I. Ms. Marianna Nitsch began her career as an M&A business lawyer in Paris, from 1991 to 2001.

She then held positions in the International Legal and Compliance Departments of the Biogen Idec pharmaceutical group in Paris.

In 2007, she joined the General Electric group as General Counsel for real estate activities in France and then Europe, before becoming General Counsel and Compliance Director for all activities in Europe.

In 2013, she joined Chanel group as General Secretary for the EMEA region, and in 2019 became General Counsel, Legal, Compliance and Public Affairs for the entire Chanel group, a member of the Executive Committee and Secretary of the Board of Directors. From 2018 to 2024, she chaired the Fondation Chanel France and was a member of the Board of Directors of the Fondation Chanel UK from 2019 to 2024.

Marianna Nitsch is also involved in a number of associations in France and the UK in the luxury goods sector and in the protection and international promotion of intellectual property (member of the Board of Directors of Unifab and Walpole, and member of Comité Colbert's Advocacy and Public Policy Commission).

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Vice-Chair of the Supervisory Board of Chanel SAS, Chair of the Supervisory Boards of Chanel Coordination, Chanel PB and LAVH; director of the French Association to promote and defend Intellectual Property (Unifab).

Abroad: member of the Walpole Board of Directors (equivalent to the Comité Colbert in the UK).

Other positions held by Ms. Nitsch over the past five years

In France: President of the Chanel Foundation in France.

Abroad: member of the Board of Directors of the Chanel Foundation in the UK.

ANNE RIGAIL

(age 56)

Director proposed by the Public Sector
(Article 6 of Ordinance No. 2014-948)

Date of first appointment
May 6, 2021

Seniority on the Board
4.7 years

Current term expires
2029 AGM

Number of shares held
Not required to hold the minimum number of Thales shares provided for in the Articles of Association (Article 6-VI of Ordinance No. 2014-948).

Born on March 8, 1969, Anne Rigail is a French national and a graduate of the *École des Mines de Paris*. She joined Air Inter in 1991. In 1996, she was appointed Air France Customer Service Manager for the Paris-Orly office.

In 1999, she became Head of passenger and baggage connections at the Air France hub at Paris-Charles de Gaulle, then Head of customer and baggage products for Ground Operations.

She was named Director of Operations for the Paris-Charles de Gaulle hub in 2005, and then Director of the Paris-CDG hub in 2009.

She joined the Executive Committee in 2013 as Senior Vice President for Flight Service, responsible for Flight Attendants.

In 2017, she was appointed Senior Vice President for Customer Service. In this capacity, she oversees ground and in-flight products and services, including the design of Air France airport lounges, the configuration and modernization of cabins, and the deployment of in-flight connectivity.

On December 12, 2018, Anne Rigail was appointed CEO of Air France.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chief Executive Officer of Air France SA.

Abroad: none.

Other positions held by Ms. Rigail over the past five years

In France: President of the Air France Foundation since July 2019. Member of the Board of Directors of Atout France and of Aviation Sans Frontières.

Abroad: none.

LOÏC ROCARD

(age 53)

Independent director

Chairman of the Governance and Compensation Committee

Date of first appointment
September 28, 2023

Seniority on the Board
2.3 years

Current term expires
2028 AGM

Number of shares held
500 Thales shares

Born on June 3, 1972, Loïc Rocard is a French national and a former student at the Polytechnique engineering school. He is also a graduate of the ENAC engineering school, and holds a degree in History from Paris IV Sorbonne and a Master of Science from the University of California at Berkeley.

He began his career in 1997 at Aéroports de Paris, where he worked for ten years. He was first Advisor to the Director of Flight Operations, then Operations Director for the Roissy Charles de Gaulle 2 terminals, before heading the airport's two automatic metro projects.

Loïc Rocard subsequently joined Vinci Group to manage rail concession projects, in particular the tender for Sud Europe Atlantique (the Tours-Bordeaux high speed line). In 2010, he became Operations Director of Cofiroute, before being appointed CEO in 2012.

From May 2014 to May 2017, Loïc Rocard was Advisor, Head of the Transport, Environment, Energy, Housing and Urban Planning Department in the French Prime Minister's Office.

Loïc Rocard has been Chairman and CEO of TechnicAtome SA since May 2017.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman and Chief Executive Officer of TechnicAtome SA, Director of LFB SA.

Abroad: none.

Other positions held by Mr. Rocard over the last five years

In France: none.

Abroad: none.

LOÏK SEGALEN

(age 65)

Director proposed by the Industrial Partner

Member of the Audit and Accounts Committee

Date of first appointment
May 19, 2009

Seniority on the Board
16.6 years

Current term expires
2026 AGM

Number of shares held
509 Thales shares

Born on March 27, 1960, Loïk Segalen is a French national and a graduate of the École Centrale de Lyon and ESSEC.

He began his career in 1986 in the Finance Department of Dassault International.

He was named as a Financial advisor to the Vice President for economic and financial affairs at Dassault Aviation in 1990; he then served as a deputy Director of this department from 1998 to 1999, after which was appointed a full Director of that department.

In January 2009, Loïk Segalen was appointed Managing Director for Economic and Financial Affairs at Dassault Aviation.

In September 2011, he was appointed Managing Director for Economic and Social Affairs at Dassault Aviation.

In January 2013, he became Deputy CEO of Dassault Aviation.

He is a member of the Management Committee of Dassault Aviation.

He is an *Officier de l'Ordre National du Mérite* [Officer of the National Order of Merit] and a *Chevalier de l'Ordre National de la Légion d'honneur* [Knight of the National Order of the Legion of Honor].

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Deputy CEO of Dassault Aviation [1], Vice-Chairman of GIFAS, member of the Advisory Board of Daher Industrial Services SAS.

Abroad: Director of Dassault Falcon Jet Corporation (USA) and of SITAM Belgium SA.

Other positions held by Mr. Segalen over the last five years

In France: none.

Abroad: Director and member of the Audit Committee of Sabca [1].

[1] *Listed company.*

ANNE-CLAIRE TAITTINGER

(age 76)

Independent director

Chairwoman of the Audit and Accounts Committee

Date of first appointment
May 15, 2012

Seniority on the Board
13.6 years

Current term expires
2026 AG

Number of shares held
612 Thales shares

Born on November 3, 1949, Anne-Claire Taittinger is a French national and a graduate of the Institut d'Études Politiques de Paris. She holds a master's degree in urban sociology, a graduate degree in urban planning, and an MBA from HEC (CPA). She began her career in 1976 in the Caisse des Dépôts et Consignations group as head of urban planning operations at the Société centrale d'équipement du territoire.

In 1979, she joined the Louvre Group as the Company Secretary and then became Chairman and Chief Executive Officer of Compagnie Financière Deville. She successively served as Chairman and Chief Executive Officer of Compagnie Financière Leblanc and of Elm-Leblanc, Vice-Chairman and Chief Executive Officer of the Deville industrial group, Chairman and Chief Executive Officer of Parfums Annick Goutal France USA, and then Chairman and Chief Executive Officer of Baccarat.

She became CEO and then Chairman of Société du Louvre in 1997. In 2002, she was named Chairwoman of Groupe Taittinger as well as CEO of its subsidiary Groupe du Louvre in the context of a separation of the roles of Chairman and CEO. She stepped down as a Chief Executive Officer in July 2006, after having managed the sale of the Taittinger group to an investment fund in 2005.

Since September 2006, Anne-Claire Taittinger has been part of the pool investors acquiring Champagne Taittinger.

She became involved in the Women's Forum for the Economy and Society in 2004, where she was a co-founder and an investor.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman of SAS Le Riffray, member of the Board of Directors of Société des Amis du Louvre.

Abroad: none.

Other positions held by Ms. Taittinger over the past five years

In France: until July 2018: Director and member of the Nomination and Compensation Committees of Carrefour [1]. Until 2022: Member of the Management Committee of SAS E-Attestation.

Abroad: none.

[1] *Listed company.*

ÉRIC TRAPPIER

(age 65)

Director proposed by the Industrial Partner

Member of the Strategy & CSR Committee

Date of first appointment
May 19, 2009

Seniority on the Board
16.6 years

Current term expires
2026 AGM

Number of shares held
500 Thales shares

Born on June 1, 1960, Éric Trappier is a French national and a graduate of the École Sud Telecom (formerly known as the Institut National Telecom).

He began his career in 1984 at the Technical Division of Dassault Aviation (responsible for the development of ATL2 and Mirage 2000 systems).

In 1991, he became responsible for sales in India and Asia, and then the United Arab Emirates in 1996.

He was named Director of the Middle East and Africa region in 2000, Director of Military Exports in 2001, and Senior International Vice President in 2002.

In 2006, Éric Trappier was appointed Executive Vice President of Dassault Aviation.

He was appointed Chairman and Chief Executive Officer of Dassault Aviation in January 2013.

He is an *Officier de l'Ordre National de la Légion d'honneur* [Officer of the National Order of the Legion of Honor] and a *Chevalier de l'Ordre National du Mérite* [Knight of the National Order of Merit]. In 2022, he was awarded the Aeronautics medal.

On January 9, 2025, Mr. Éric Trappier became Chairman of Groupe Industriel Marcel Dassault.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman of Groupe Industriel Marcel Dassault (GIMD), Chairman and Chief Executive Officer of Dassault Aviation [1], Chairman of the UIMM, Honorary Chairman of GIFAS. Member then Executive Committee member of the Conseil National de l'Industrie, Director and Chairman of the Figaro SASU Group, Chairman of Figaro SAS, Chairman of Rond Point Immobilier SAS, Permanent Representative of GIMD on the Board of Directors (as Director and Chairman) of Dassault Medias SAS, Representative of GIMD (Chief Executive Officer) at Dassault Wine Estates SAS and Representative of GIMD (Chairman) at Rond Point Investissements SAS.

Abroad: Chairman of Dassault Falcon Jet Corporation (USA), member of the Board of Directors of ASD Belgium (European Association of Aerospace and Defence Industries), Permanent Representative of GIMD on the Board of Directors (as Managing Director and Chairman) of Sitam Belgique SA (Belgium) and director of Dasbat Aviation LLC (UAE).

Other positions held by Mr. Trappier over the last five years

In France: Director of Sogitec Industries (France), President of GIFAS, President of Cidef.

Abroad: Chairman of the Defence Committee then Chairman of the ASD (Belgium). *Chairman* and Director of Dassault Reliance Aerospace Limited (DRAL) (India).

[1] *Listed company.*

MARIE-FRANÇOISE WALBAUM

(age 75)

Director proposed by the Industrial Partner

Date of first appointment
September 17, 2013

Seniority on the Board
12.5 years

Current term expires
2026 AGM

Number of shares held
500 Thales shares

Born on March 18, 1950, Marie-Françoise Walbaum is a French national and holds degrees in economics and sociology from the Université Paris X.

She began her career in 1973 at BNP Paribas, where she held various retail banking and credit analysis positions until 1981. From 1981 to 1994, she successively held the positions of Project Leader at the General Inspection Department of BNP, CEO of SICAV, and CEO of the brokerage firm Patrick Dubouzet S.A. In 1994, she became head of listed and unlisted investments and the private equity portfolio at BNP Paribas, a company she left in the summer of 2012 after 39 years of service. Since then, Marie-Françoise Walbaum has held directorships in a number of companies in addition to Thales, including ESSO, Peugeot Invest, Imerys and Isatis.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Ms. Walbaum over the past five years

In France: independent director of FFP – now Peugeot Invest [1] – (and Chair of the Finance and Audit Committee and Member of the Governance, Appointments and Compensation Committee) until the Annual General Meeting of May 24, 2024 and of Imerys [1] (and Chair of the Appointments Committee and the Compensation Committee) until the Annual General Meeting of May 10, 2024 and independent director of Esso [1] (and Chair of the Audit Committee) until March 18, 2020. Member of the Supervisory Board of Isatis Capital until March 18, 2025.

Abroad: none.

[1] *Listed company.*

ALEXIS ZAJDENWEBER

(age 49)

State representative (appointed by order of January 29, 2024), director proposed by the Public Sector
(Article 4 of Ordinance No. 2014-948)

Member of the Strategy & CSR Committee

Member of the Governance and Compensation Committee

Date of first appointment as State representative
January 29, 2024

Seniority on the Board as State representative
2 years

Current term expires [2]
September 4, 2027

Number of shares held
The French State owns 2,060 Thales shares directly and 54,786,654 shares indirectly via its fully-owned subsidiary TSA SAS. Its representative, Alexis Zajdenweber, is not required to hold the minimum number of Thales shares provided for in the Articles of Association (Article 5 of Ordinance No. 2014-948) and does not hold any.

A graduate of the Institut d'études politiques de Paris and the École nationale d'administration, Alexis Zajdenweber began his career in 2003 with the French Ministry of the Economy, Finance and Industry, as deputy head of the Savings and Financial Markets office of the Treasury department where he became deputy head of the Corporate Financing and Development Office in 2006.

In 2007, he was seconded to the Economic, Financial and Monetary Affairs Department of France's Permanent Representation to the European Union in Brussels as an advisor on competition and state aid, company law and corporate governance.

Alexis Zajdenweber returned to the French Treasury in 2009 as Head of the Banking and Payment Services Office. In 2011, he was appointed Head of the Investment, Anti-Financial Crime and Sanctions Office.

In 2012, he was appointed Financial Sector Advisor to the Minister of the Economy and Finance.

He joined *Agence des Participations de l'État* in 2014 as Deputy Director, in charge of the Energy holdings division.

In 2017, he joined the French presidency as Economy, Finance and Industry advisor.

Alexis Zajdenweber has been the Commissaire aux participations de l'État, Director of the *Agence des Participations de l'État*, since his appointment on September 14, 2022 by decree of the President of the French Republic.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Director of Renault SA [1], Director of Bpifrance SA, Director of SNCF SA, Director of EDF SA.

Abroad: none.

Other positions held by Mr. Zajdenweber over the last five years

In France: none.

Abroad: none.

[1] *Listed company.*

[2] *Pursuant to Article 4-I paragraph 1 of Ordinance No. 2014-948, the French State appoints its representative to the Board directly by decree, and has done so since September 3, 2023, the date on which the State's current mandate began. By decree of January 29, 2024, Mr. Alexis Zajdenweber was appointed the State representative, succeeding Mr. Emmanuel Moulin.*

4.1.4.2 Directors representing employees

ANNE-MARIE HUNOT-SCHMIT

(age 61)

Director representing employees

Member of the Governance and Compensation Committee

Member of the Audit and Accounts Committee

Date of first appointment
December 9, 2016

Seniority on the Board
9.1 years

Current term expires
December 8, 2028

Number of shares held
- 1 Thales share
- 162 Thales shares in the Group savings plan

Not required to hold the minimum number of Thales shares provided for in the articles of association (Article L. 225-25 paragraph 3 of the French Commercial Code.

Born on October 4, 1964, Anne-Marie Hunot-Schmit is a French national and holds a post-graduate degree in Applied Mathematics from the IAE in Paris. In addition, she is certified as a "Company Director" by the IFA-Sciences Politiques Paris.

She joined Dassault Electronique in 1987 as a software developer and filed the first patent for a ground-based anti-collision system (GPWS/GCAS) before joining the first contract management team on the Mirage 2000-9 programs in 1998.

She joined Thales headquarters in 2007, where she was responsible for ethical standards in international trade before becoming head of price control.

From fall 2016, she was responsible for the financial control of bids and projects for the Land Transportation business. Between June 2020 and May 2022, she led the environmental risk assessment within the Group's HSE Department, and has since focused on her directorship and the two committees of which she is a member. She also works as a temporary teacher at the High Institute of Armament and Defense (Institut Supérieur de l'Armement et de la Défense – ISAD).

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Ms. Hunot-Schmit over the past five years

In France: temporary lecturer at the Institut Supérieur de l'Armement et de la Defence.

Abroad: none.

STÉPHANE JUBAULT

(age 58)

Director representing employees

Member of the Strategy & CSR Committee

Date of first appointment
December 9, 2024

Seniority on the Board
1.1 year

Current term expires
December 8, 2028

Number of shares held
- 14 Thales shares in the Group savings plan

Not required to hold the minimum number of Thales shares provided for in the articles of association (Article L. 225-25 paragraph 3 of the French Commercial Code.

Stéphane Jubault, a French national, was born on November 19, 1967. He holds an F3 technical baccalaureate. He began his career in 1986 as a maintenance technician for Siplast, before working as a design draughtsman for Clemessy. In 1990, he became an instrument panel repair technician at SVA (Société Vendômoise d'Avionique), then at Sextant Avionique at the international logistics center in Châtellerault.

Based since 2007 at the Vendôme site, which became Thales Avionics, now part of the Avionics World Business Unit, he obtained a CQPM BTS in electronics and worked as an industrial methods technician for several years, before taking on full-time union responsibilities, notably as a central union delegate and member of the board of the Aeronautics Council within his federation, until his appointment as a director representing Thales employees.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Mr. Jubault over the last five years

In France: none.

Abroad: none.

To Thales' knowledge:

- there are no family ties between the members of the Board of Directors;
- no member of the Board of Directors has been convicted of fraud in the last five years;
- no member of the Board of Directors has participated as a director in a bankruptcy, receivership, liquidation, or court-ordered receivership [a] during the last five years and no member has been the subject of an official public accusation and/or sanction pronounced by a statutory or regulatory authority;
- no Board Member has been prevented in the last five years by a court from acting as a member of a body dedicated to the administration, management or supervision of an issuer or from being involved in the management or running of such a company's affairs;
- there are no service contracts binding members of the Board of Directors to the Company or any of its subsidiaries and providing for the granting of benefits under such contracts;
- there is no potential conflict of interest between the private interests of its members and their duties towards Thales.

[a] *With the exception of Ms. Delphine Gény-Stephann, non-Executive Director of Eagle Genomics Ltd, a UK-based company. This company was first placed, at the request of its Board of Directors, under the UK Insolvency Act 1986 by the High Court of Justice on March 20, 2024, and was then placed by its Administrator under a Creditors' Voluntary Liquidation procedure on March 13, 2025.*

4.1.5 Other participants in the Meetings of the Board of Directors (without voting rights)

The following persons are invited to all meetings of the Board of Directors and attend them without voting rights, alongside the Secretary of the Board of Directors and the members of the General Management whom the Chairman invites to attend depending on the agenda:

Representative of the French State by virtue of its golden share

Emmanuel Chiva, age 55, Head of the French Defence Procurement Agency.

He was appointed by decree of the Minister of Economy and Finance on September 26, 2022.

Representing the French State on the Board of Directors of Thales, by virtue of the golden share according to Decree No. 97-190 of March 4, 1997 instituting a golden share for the benefit of the French State (see page 239 and under Article 10 of the Company's Articles of Association).

By decree of February 4, 2026, **Mr. Patrick Pailloux**, age 59, the new Head of the French Defence Procurement Agency, succeeded Mr. Emmanuel Chiva as the State's representative on the Board of Directors by virtue of its golden share.

Government Commissioner

Jean-Luc Sourdois, age 64, General Inspector of the Armed Forces.

Appointed Government Commissioner to Thales and its subsidiaries by decree of the Minister of Defence dated July 3, 2019, under the legal and regulatory provisions applying to companies holding contracts relating to war hardware or more generally engaged in the manufacture or trade of such hardware.

By decree of the Minister of the Armed Forces and Veterans dated February 11, 2026, Mr. Denis Chevillot, 63 years old, General Inspector of the Armed Forces, succeeded him in these duties as of April 1, 2026.

The Representative of the Central Social and Economic Committee

Sébastien Madelénat, age 46, appointed [1] by the Central Social and Economic Committee (CSEC) as its representative on the Thales Board of Directors, under the provisions of Article L. 2312-75 of the French Labour Code

Statutory auditors

The law requires them to attend at least the meetings of the Board of Directors when accounts are being closed or reviewed, for at least the part relating to such accounts. In addition, they may, at the invitation of the Chairman, participate in other meetings of the Board when their presence is of particular value to the discussion. During the 2025 financial year, this concerned:

- **Ernst & Young Audit**, represented by Serge Pottiez, partner of the firm;
- **Pricewaterhousecoopers Audit SA**, represented by Cédric Haaser, partner in the firm, having succeeded **Forvis Mazars**, represented by Jean-Marc Deslandes, in the end of the Annual General Meeting of May 16, 2025.

[1] *On January 23, 2024, Sébastien Madelénat was appointed representative of the CSEC of Thales SA on the Board of Directors.*

4.2 Corporate Governance

In compliance with law, the Company decided in 2008 to voluntarily refer to the Corporate Governance Code for listed companies established by Afep-Medef – the current version of which dates from December 2022 and can be referred to the Afep website at https://hcge.fr/wp-content/uploads/2023/09/Afep_Medef_Code_revision_2022_EN.pdf or at the Company's registered office.

"Comply or Explain" principle

The Company complies with the recommendations contained in the Afep-Medef code except for those concerning:

Heading	Afep-Medef	Thales 03/02/2026	Explanation
A. Independent directors (ratios) (section 10.3, section 17.1 and section 18.1)			
• Board of Directors	1/3 (controlled companies)	31%	To ensure the best possible balance and alignment between the representatives of the Public Sector and the Industrial Partner, the floating shareholders and the General Management, the shareholders' agreement concluded between the Public Sector and the Industrial Partner provides a framework for the composition of the Board of Directors and its Committees. To meet the highest standards of corporate governance, the Board of Directors has adopted a consistent approach in which directors appointed by the Annual General Meeting on the proposal of a shareholder (Public Sector or Industrial Partner), a category of shareholders (employees) or trade unions cannot be considered independent. This automatically results in a deviation from the provisions of the Afep-Medef code relating to the ratios of independent directors on the Board of Directors, the Audit and Accounts Committee and the Governance and Compensation Committee. The Company emphasizes, however, that the directors nominated on the proposal of the shareholders who are party to the shareholders' agreement are primarily motivated by the interests of the Company, in accordance with their fiduciary duties. Also, they play a leading role within the Board and its Committees, which benefits all shareholders. In addition, the balance of interests under the agreement and the different nature of the two shareholders (the French State on the one hand and a major industrial player on the other) ensures that all parameters likely to lead to the best decisions for the Company are taken into account. Lastly, let it also be noted that the Audit and Accounts Committee, along with the Governance and Compensation Committee, are chaired by independent directors within the meaning of the Afep-Medef code. In this regard, in anticipation of Anne-Claire Taittinger, Chairman of the Audit and Accounts Committee, reaching her twelve-year term of office on May 15, 2024, the Board of Directors, after discussion at its meeting on March 4, 2024, had confirmed her status as an independent director [1]. This position was reiterated at the Board meeting of April 2, 2025 and that of March 2, 2026 [2]. Lastly, the Chairman of the Governance and Compensation Committee plays a central role in steering the assessment of the functioning of the Board of Directors and its Committees, thus guaranteeing the independence of the process.
• Audit and Accounts Committee	2/3	1/3	
• Governance and Compensation Committee	> 50%	1/3	
B. Independent directors (term of office) (section 10.5.6): Director's length of service since first appointment	< 12 years	One director qualified as independent by the Board (Ms. Anne-Claire Taittinger) has exceeded the limit of 12 years of service	
C. Succession plan for the Executive Corporate Officer (Chairman and Chief Executive Officer at Thales) (section 18.2.2)	A Board Committee establishes a succession plan for the Chairman and CEO	No	Under the terms of the aforementioned Agreement, the appointment of the Chairman and Chief Executive Officer is a decision of the two shareholders (the Public Sector and Dassault Aviation). The deviation from Article 18.2.2 of the Afep-Medef code, which formally provides for the involvement of a committee in the preparation of this appointment, is also justified by the highly strategic and sovereign nature of the defence and security activities carried out by Thales. A succession process is nevertheless planned (see section 4.2.5).

(1) See the explanations given in the 2023 Universal Registration Document, p. 95.
(2) See details of this decision in section 4.1.2 b above. In a letter dated December 1, 2025, the French High Committee for Corporate Governance (HCGE) informed the Company that it considers the explanation to this deviation from the Afep-Medef code as irrelevant. The HCGE requested that this opinion, to which the Company does not subscribe, be published in its Universal Registration Document.

4.2.1 Organization and functioning of the Board of Directors

The Company is a public limited company with a Board of Directors and no separation of the functions of Chairman of the Board and Chief Executive Officer.

At the end of each term of office of the executive concerned, the Board considers whether it is appropriate to keep these functions combined or to separate them.

Therefore, when Mr. Patrice Caine was reappointed Chairman and Chief Executive Officer on May 11, 2022, the Board of Directors considered that the lack of separation did not restrict the active and effective exercise of its control and monitoring mission. The responsibilities of the Board of Directors, the role of each of its Committees and the limits placed on the powers of the Chairman and Chief Executive Officer are clearly established (see in particular section 4.2.1.1 below).

The Board confirmed this choice at its meeting of March 2, 2026, in anticipation of the renewal of Mr. Patrice Caine's term of office as Chairman and Chief Executive Officer after the Annual General Meeting of May 12, 2026. It based its decision on the following:

1) The appropriateness of this form of governance to the particularities of the Company's shareholder base

The appointment of a joint candidate by the Public Sector and the Industrial Partner ensures the maximum possible solidarity in the decisions taken by the governing bodies in the interest of the Company.

2) The appropriateness of this model of governance with respect to the Company's operational needs

It allows General Management and the Board of Directors to make better decisions, with the benefit of the respective skills of General Management and the members of the Board of Directors, while facilitating quick and efficient decision making. The relevance of the uniqueness of the roles of the Chairman of the Board of Directors and the Chief Executive Officer was particularly evident during the health crisis (see the 2020 Universal Registration Document, p. 87). In addition, the Board's performance is very satisfactory according to all directors, as evidenced by the assessments of the Board's operations carried out internally or by an external consultant (see page 101 for 2023, pages 107 and 108 for 2024 and page 108 for 2025).

3) The existence of effective control mechanisms of the General Management

The powers of the Chairman and Chief Executive Officer are indeed limited by the obligation to submit many transactions for formal approval by the Board of Directors, as specified in section 4.2.1.1 below.

Furthermore, the representatives of the two reference shareholders individually and collectively represent an effective counterweight to the Chairman and Chief Executive Officer on the Board of Directors.

In addition, more than half of the directors (excluding Mr. Patrice Caine) exercise or have exercised General Management functions in international groups operating in sectors as diverse as defence, aerospace, digital, energy or finance (see their biographies in section 4.1.4, pages 91 to 100), which adds considerable value to the discussions and decisions on the basis of the best expertise.

Lastly, the work of the specialized committees – including the Audit and Accounts Committee and the Governance and Compensation Committee, of which the Chairman and Chief Executive Officer is not a member and which are chaired by independent directors – provides a free and independent view of issues that are fundamental to the Company.

4) Other considerations

The review of the compensation of the Chairman and Chief Executive Officer is carried out by Committee and then by the Board, without the presence of the individual concerned. This review takes place at the same time as the review of the annual financial statements.

Furthermore, the Board of Directors has held at least one meeting per year without the presence of the Chairman and Chief Executive Officer, as required by its rules of procedure. This annual meeting is chaired by the Chairman of the Governance and Compensation Committee, who may propose restricting all or part of the meeting to certain directors. By guaranteeing the participants' freedom of expression, this meeting makes it possible to address various subjects related to current events, the Company and its governance. A session was held on June 26, 2025, bringing together all the directors present other than the Chairman and Chief Executive Officer. The following topics were discussed in particular: the operation of the Board, strategy, acquisition projects and CSR. The Chairman of the Governance and Compensation Committee presented a summary of this to the Chairman and Chief Executive Officer.

Finally, the directors have the opportunity to exchange views during Board visits to Group sites, and in particular during the annual strategic Board meeting.

4.2.1.1 Restrictions on the Chief Executive Officer's powers

Since December 23, 2014, Mr. Patrice Caine has served as Chairman and CEO, with no limitation of powers other than those stipulated in the applicable legislation with respect to the specific powers of the Board of Directors or the Annual General Meeting.

In addition, the Chief Executive Officer's powers are limited by the Board's rules of procedure. These rules state that the annual budget, the multiyear strategic plan, the acquisitions and disposals of equity interests or assets over €150 million (in terms of commitments or sales), and the strategic alliance and the technological and industrial cooperation agreements, are systematically submitted to the Board for approval. Also, it is specified that the shareholders' agreement stipulates that a majority of the directors representing the industrial partner (Dassault Aviation) must approve these decisions. The Board of Directors, in view of the rules of procedure of the Board and the shareholders' agreement, is also asked to approve transactions worth over €50 million whose implementation would imply a change in the Group's strategy, as previously approved by the Board.

These limits were confirmed by the Board of Directors, without modification, at the same time as the separation of the functions of Chairman and Chief Executive Officer on the two renewals of the term of office of the Chairman and Chief Executive Officer following the Annual General Meetings of May 23, 2018 and May 11, 2022.

4.2.1.2 Obligation to hold a minimum number of shares

Under Article 10.3 of the Articles of Association, each director must hold at least 500 shares unless exempted by law. Also, the Chairman & Chief Executive Officer is subject to an obligation to retain shares allocated to them as part of their long term compensation, within the limits outlined in section 4.4.2.1 B.

4.2.1.3 Rules of procedure of the Board of Directors and the Committees

The Board of Directors' rules of procedure, the most recent revision of which was carried out by the Board on March 2, 2026 to reflect changes in the Board's CSR governance (see section 4.2.4 below, p. 108), do not replace the legal and statutory provisions governing the Board of Directors and its Committees. Directors and other permanent attendees at Board meetings are also subject to compliance with the Code of Ethics and the Code on Insider Information and Securities Trading – for provisions applicable to directors (see "Prevention of insider trading" below).

In addition to the specific provisions of the shareholders' agreement, the rules of procedure are based on best practices in terms of corporate governance, particularly those contained in the above-mentioned Afep-Medef code. The Governance and Compensation Committee is responsible for ensuring that they are periodically updated and for submitting any revisions it deems necessary to the Board.

The rules of procedure are organized into five chapters:

i) Members of the Board of Directors (composition of the Board, independence, availability, primary duty, transparency, confidentiality, compensation)

In particular, the rules of procedure state that:

- the members of the Board of Directors must inform the Chairman of all management or administrative offices entrusted to them;
- each Executive Corporate Officer must obtain the opinion of the Board of Directors before accepting a new corporate office in a listed company;
- directors must inform the Board of Directors of any situation involving a conflict of interest, even a potential conflict of interest. In this case, they must not attend the discussions and must not vote on the corresponding deliberation.

Also, they must inform the Chairman of any proposed agreement that directly or indirectly concerns them and that is likely under the French Commercial Code to require prior authorization by the Board of Directors.

In addition, the directors must individually issue a declaration regarding the following:

- none of them has been convicted of fraud in the last five years;
- none has participated as an executive of a company that has been subject to bankruptcy, sequestration, liquidation, or receivership [1] in the last five years, and none has been subject to official public censure and/or sanction by a statutory or regulatory authority;
- a court has prevented none from acting as a member of an administrative, management, or supervisory body of an issuer or from intervening in the administration or conduct of the affairs of an issuer in past five years;
- none of them has family ties with any member of the Board or the General Management;
- no potential conflict of interests exists between the positions held at Thales and their private interests or other positions held; and
- there are no service contracts binding directors to the Company or any of its subsidiaries and providing for the granting of benefits under such contracts;
- each director declares that he or she is aware of the Group's anti-bribery measures, including the related policy and Code of Conduct, as reviewed by the Board of Directors and transmitted to all new directors, and will follow it.

ii) Powers of the Board of Directors (representation and corporate interest, specific powers, shareholders' agreement)

This section deals mainly with the specific powers of the Board in relation to the shareholders' agreement. These consist of the decisions referred to in section 4.2.1.1 above, as well as the procedures for appointing and dismissing the Chairman and Chief Executive Officer (or the Chairman and the Chief Executive Officer in the event of a separated Chair) which are subject to approval by the Board with a majority of directors representing the Industrial Partner (Dassault Aviation) in application of the shareholders' agreement.

iii) Information for the Board of Directors (communication, training)

In particular, it is expected that:

- Board documents are sent to participants in a timely manner;
- the representative of the French State by virtue of the golden share, the Government Commissioner and the representative of the Central Economic and Social Committee receive all the documents sent to the directors and are called to all Board meetings;
- upon appointment, all new directors receive a folder containing useful documents for taking up their duties. They are also given an information session on the Company, its organization, and activities, led by the Group's principal executives. Subsequently, each director may request additional training.

iv) Committees of the Board of Directors (constitution and powers, organization, information, Audit and Accounts Committee, Governance and Compensation Committee, Strategic and Corporate Social Responsibility Committee)

In addition to the powers of each Committee (see relevant sections below), it is specified that each Committee has the right to request from General Management any additional information it deems necessary to carry out its mission. The Board of Directors may, in exceptional cases, call on outside expertise.

v) Operation of the Board of Directors (meetings, participation and representation, reviews, updating of the rules of procedure)

This chapter sets out the main procedures for convening, meeting, participating in, and annually reviewing the Board of Directors. There is provision for at least one annual meeting of the directors without the Chairman and Chief Executive Officer being present.

This part relating to the operation of the Board of Directors is the subject of the annual statuary report provided by law (see section 4.2.2 below).

[1] *As an exception, see Ms. Delphine Gény-Stephann's situation on page 101 above.*

4.2.2 Report on the Board of Directors' activities during the 2025 financial year

4.2.2.1 Number of meetings and attendance rate

The Board of Directors met nine times in 2025. The average attendance rate of directors was 93%. Individual attendance rates are specified in section 4.1.2 a) above.

The statutory auditors are invited to attend meetings to review the interim and annual financial statements. Also, they may be invited to other Board meetings when a report on the work carried out by the Audit and Accounts Committee is presented, and their presence is likely to enrich the discussions.

4.2.2.2 Main topics covered

In addition to the recurring matters falling within the competence of the Board of Directors (annual budget and updated forecasts, closing of the consolidated and corporate annual financial statements and review of the consolidated half-year financial statements, determination of the compensation package for the Chairman and Chief Executive Officer and setting the quantitative and qualitative criteria for their variable compensation, approval of the annual meeting documents including the report on corporate governance (as well as that on risk factors) and a notice to attend the Annual General Meeting, prior authorization, where applicable, of regulated commitments or agreements, the annual assessment of the functioning of the Board and its Committees, various delegations of authority to the Chairman and Chief Executive Officer and reports on their use, annual review of the independence of directors, etc.), the Board dealt with the following matters, on the basis of a Committee's report, where applicable:

- monitoring of the main strategic challenges of the Group's various business areas;
- the space partnership project concluded with the Airbus and Leonardo groups (Bromo project), the preparation of which was monitored throughout the year;
- acquisition opportunities;
- the industrial plan;
- implementation of the annual LTI (Long Term Incentive) plan with performance conditions, applicable to Group employees;
- preparation of the first Sustainability Report;
- carbon and diversity objectives.

4.2.3 Preparatory work for Board of Directors meetings

4.2.3.1 Information for directors

a) Board documents

Each year, a provisional timetable for meetings is drawn in the second half of the year for the following year.

The Board's rules of procedure have set the period for the notice of meeting and provision of documents at five working days, unless this is impossible or there is an emergency, and three days is considered a desirable minimum.

Each notice includes the agenda and the meeting documents (or at least the main points if the documents cannot be completed at the time of dispatch) and the draft minutes of the previous meeting, which is usually sent out initially within one month of each meeting. In some cases, additional material is sent to directors after the notice of meeting, or may even be handed out during the meeting, if the matter is urgent.

The directors are also sent a press review and a selection of financial analyses relating to the Company. National press releases are sent to them directly by e-mail.

The prior sending of documents by e-mail, which can be accessed on dedicated secure tablets, has enabled the time frame for provision to be optimized; the documents are then sent out in paper form to directors who request this.

b) Training

In accordance with the rules of procedure, when they take up their duties, Board members are provided with information on the Company, its organization and its activities, with the participation, where appropriate, of the main executives and members of the General Management team. An onboarding session was held for this purpose over half a day in October 2025. Each director may also request additional training in the activities of Group companies, or in subjects that he or she considers necessary for the performance of his or her duties.

With a view to the approval of the first Sustainability Report, the directors received training on the CSRD throughout 2024 and in the first quarter of 2025.

4.2.3.2 Organization and operation of Board Committees

The Board of Directors has three Committees: an Audit and Accounts Committee, a Governance and Compensation Committee and a Strategic and Corporate Social Responsibility Committee.

a) Audit and Accounts Committee

The powers and duties of this Committee, which are reproduced in the Board's rules of procedure (Article 16), reflect, on the whole, the framework set out in the Ordinance of December 8, 2008 implementing Directive No. 2006/43/EC and are also compliant with EU Regulation No. 537/2014 of April 16, 2014.

They have been supplemented since the 2024 financial year by the duties provided for in Article L. 821-67 of the French Commercial Code regarding the monitoring and control of sustainability-related information.

The Audit and Accounts Committee acts under the responsibility of the Board of Directors and, without prejudice to the latter's powers, is notably responsible for the following tasks:

1. it monitors the financial reporting process, as well as the sustainability reporting process and the process used to determine the information to be published in this regard and, where appropriate, makes recommendations to ensure its integrity;
2. it monitors the effectiveness of internal control and risk management systems, as well as the internal audit where applicable, with regard to procedures relating to the preparation and processing of accounting, financial and sustainability information;
3. it supervises the selection procedure for the statutory auditors and, where applicable, independent third-party bodies, and issues a recommendation to the Board of Directors on the statutory auditors and, where applicable, independent third-party bodies, proposed for appointment by the Annual General Meeting, including the renewal of their term of office;

4. it monitors the performance of statutory auditors and, where applicable, independent third-party bodies, taking into account the findings and conclusions of the French Audit Authority (Haute Autorité de l'Audit) following the audits carried out;
5. it satisfies itself of compliance by the statutory auditors and, where applicable, independent third-party bodies, with the conditions of independence prescribed by current regulations;
6. it approves, within the framework authorized by the Board of Directors, the provision by the statutory auditors and, where applicable, independent third-party bodies, or members of their respective networks, of services other than the certification of financial statements and sustainability information to the Company and the companies that it controls directly and indirectly. It reviews and validates related procedures and ensures their compliance;
7. it reviews the procedure for regularly assessing whether the agreements relating to ordinary transactions entered into under normal terms and conditions actually meet these conditions, in accordance with Article L. 22-10-12 of the French Commercial Code.

It consults the statutory auditors and, where applicable, the independent third-party bodies on:

1. their general program of work as well as the various sample tests they have performed;
2. changes that they believe should be made to the financial statements before they are published or to other accounting documents, as well as to the Sustainability Report, making any relevant comments on the assessment methods used in their preparation;
3. any irregularities and inaccuracies that they may have discovered;
4. conclusions resulting from the comments mentioned above and adjustments to the profits for the period compared to those of the previous period;
5. risks to their independence and the safeguards applied to mitigate these risks;
6. significant internal control weaknesses they may have identified regarding procedures relating to the preparation and processing of accounting and financial information and sustainability information.

It receives from them each year:

1. a statement of independence;
2. an update of the information provided for their appointment, detailing the services provided by members of the network to which the statutory auditors and, where applicable, the independent third-party bodies belong, as well as services other than the certification of financial statements that they have provided;
3. the additional report under Article 11 of EU Regulation No. 537/2014.

Each year, it examines the budget for professional fees for the statutory auditors and, where applicable, the independent third-party bodies. It reviews and analyzes the fees paid to the statutory auditors and, where applicable, to independent third-party bodies in respect of the previous year.

The Committee relies in particular, for performing its duties, on the work of the Finance Department, the CSR Department and the Audit, Risks and Internal Control Department. It approves the annual audit program of the latter and examines the conclusions and recommendations of the activity reports. It is informed of the action plans implemented following the audits.

It takes note of the main characteristics of the risk management and internal control systems and the results of their operation. At least once a year, it reviews the mapping of the Group's main risks.

It annually reviews the draft of the chapter entitled "Risk factors, internal control and risk management" of the Universal Registration Document, before it is presented to the Board.

It reports regularly to the Board of Directors on its work and the results of the audit of the financial statements and sustainability information, on the way in which this audit has contributed to the integrity of the financial information and sustainability information, and on the role it has played in these processes. It informs the Board of Directors immediately of any problems encountered.

It also forwards the draft Sustainability Report and the mission report of the certification body, together with its recommendation, to the Strategic and Corporate Social Responsibility Committee.

The Sustainability Report provides further details on the role of the Audit and Accounts Committee in monitoring sustainability information (see section 5.1.1.2.1).

In addition, Committee members are able to have a discussion with the statutory auditors at the end of each meeting without any meeting secretary or company representatives being present.

On December 31, 2025, the members of the Committee were:

- Anne-Claire Taittinger, Chairwoman and independent director;
- Bernard Fontana;
- Anne-Marie Hunot-Schmit, director representing employees; and
- Loïk Segalen.

The composition of the Audit and Accounts Committee is consistent with the provisions of the French Commercial Code: the Committee members are all directors and at least one director, the Chair, in addition to being qualified as an independent director, has the requisite financial, accounting and statutory audit expertise (see Ms. Anne-Claire Taittinger's biography on page 97).

However, the Committee is not two thirds comprised of independent directors, as recommended by the Afep-Medef code, but only one-third (note that Ms. Anne-Marie Hunot-Schmit, the director representing employees, was not taken into account for this calculation pursuant to the Afep-Medef code). Under the shareholders' agreement, a representative of each of the two shareholders of the agreement sits on each Committee. In the case of the Audit and Accounts Committee, the representatives are Mr. Bernard Fontana, appointed on the proposal of the Public Sector, and Mr. Loïk Segalen, appointed upon proposal of Dassault Aviation (see page 96 for an explanation of this point).

The Committee met five times in 2025, with an attendance rate of 82%.

The statutory auditors, who are invited to all Committee meetings, are involved in all discussions, except when there is a conflict of interest (e.g., when examining the appointment or reappointment of statutory auditors or, where relevant, independent third-party bodies). Twice a year, they submit their report on the audit of the financial statements (annual and half-year) and specify the accounting options used and the highlights of their audit of the financial statements.

The Senior Executive Vice President, Finance and Information Systems, the Company Secretary and the Director of Audit, Risks & Internal Control are invited to all meetings, as well as the Group Financial Control Director and, occasionally, depending on the agenda, other representatives of the Finance Department, the CSR Department and the Group's Legal and Contracts Director.

In 2025, besides the annual financial statements, the Committee also reviewed:

- the interim financial statements;
- the execution of complicated contracts and their accounting implications;
- the follow-up of the main disputes;
- the external audit plan and the fees paid to the statutory auditors for auditing the financial statements and sustainability information;
- the organization of internal control, updates to the risk mapping (Group, Cyber, Corruption, etc.), and assessment of the implementation of the annual audit plan;
- the audit plan for 2026;
- an update on aeronautical connectivity;
- the first Sustainability Report, including the declaration under the Environmental Taxonomy regulation, prepared in coordination with the Strategic and CSR Committee (report reviewed over two sessions, one of which jointly with the latter);
- the Group's insurance policy;
- the follow-up of the implementation of the regular assessment procedure for ongoing agreements in respect of 2024; as well as
- the Board's report for 2024 covering risk factors, internal control and risk management.

During meetings more specifically devoted to audit and internal control, the Committee reviewed the reports of the Audit, Risks & Internal Control Department. It laid out its recommendations for the follow-up on assignments.

The Committee also reviewed the press releases relating to the financial results.

Meetings are always subject to a report written for all directors at the following Board meeting. Pursuant to the AMF recommendation in its report on the Audit Committee of July 22, 2010, this report is systematically attached to the minutes of the next Board meeting after being approved by the Committee. This report sets out the main discussions within the Committee as well as the recommendations made to the Board.

b) Governance and Compensation Committee

In compliance with Article 17 of the Board's rules of procedure, the Governance and Compensation Committee has the task of examining:

- the compensation policy for the Company's senior executives;
- the compensation of the Chairman and Chief Executive Officer and any commitment concerning him, the compensation of the directors and, if applicable, that of other corporate officers;
- the proposed "LTI" (Long-term Incentive) plans which are submitted to the Board;
- the proposed employee share ownership schemes;
- candidates for External directors, regarding whom the two major shareholders hold consultations in accordance with the provisions of the aforementioned shareholders' agreement;
- at least once a year, the independence of the directors; and
- in general, any issues relating to the application of the Afep-Medef code in relation to corporate governance for listed companies.

The Committee is also responsible for preparing the Board's assessment of its own performance (see section 4.2.4) and reporting on it to the Board in order to facilitate discussion.

On December 31, 2025, the members of the Committee were:

- Loïc Rocard, Chairman, independent director;
- Valérie Guillemet;
- Anne-Marie Hunot-Schmit, director representing employees; and
- Alexis Zajdenweber.

The Committee met four times in 2025, with an attendance rate of 100%.

One of its members, the Committee Chairman, qualifies as an independent director. However, the ratio of independent directors recommended by the Afep-Medef code (at least half) has not been met, because it currently stands at one-third (the director representing employees, Ms. Anne-Marie Hunot-Schmit, is not included in this calculation pursuant to the Afep-Medef code). Under the shareholders' agreement, a representative of each of the two shareholders of the agreement sits on each Committee. In the case of the Governance and Compensation Committee, the representatives are Mr. Alexis Zajdenweber, representative of the French State, appointed on the proposal of the Public Sector, and Ms. Valérie Guillemet, appointed on the proposal of Dassault Aviation (see page 93 for an explanation of this point).

The Senior Executive Vice President, Human Resources and the Group Secretary are invited to all Committee meetings.

The items reviewed by the Committee in 2025 included:

- the review of the total compensation of the Chairman and Chief Executive Officer *(ex-post* 2024), the compensation policy applicable to him for 2025, and those of the directors;
- the Long Term Incentive (LTI) policy for Group executives and the preparation of a Free share plan (AGA) with performance conditions and according to the level of responsibility of the beneficiaries;
- the independence of directors, and in particular that of External directors;
- the succession process for members of the Executive Committee;
- an overview of the 2024 employee share ownership operation;
- the procedures for the annual assessment of the functioning of the Board of Directors and the report presented to the Board; as well as
- the Board's report on corporate governance, including by reference the corresponding sections of the Sustainability Report.

For all of these items, the Committee presented its recommendations to the Board: each meeting is recorded in a written report circulated to all directors at the next Board meeting. This report sets out the main discussions within the Committee as well as the recommendations made to the Board.

c) Strategic and Corporate Social Responsibility Committee

In accordance with the Board's rules of procedure, as amended by decision of the Board of March 4, 2024, the main tasks of this Committee are to assess the Group's strategy in its key business segments and with respect to CSR, in particular:

- to examine the Group's strategic approaches in each of its major fields of operation, before these are submitted to the Board of Directors;
- to analyze the framework for submission of the budget and the three-year rolling plan to the Board, and to examine the proposed annual budget in the context of this plan;
- to analyze major acquisitions and asset disposal plans (over €150 million), as well as proposed strategic agreements or partnerships;
- to review the Group's CSR strategy, including significant sustainability objectives, to monitor the related results on an annual basis, and to provide the Governance and Compensation Committee with information enabling these objectives to be reflected in the compensation of the Chairman and Chief Executive Officer;
- to review the Group's draft Sustainability Report, with the assistance of the Audit and Accounts Committee, for recommendation to the Board.

At December 31, 2025, the Strategic and Corporate Social Responsibility Committee comprised:

- Patrice Caine, Chairman;
- Stéphane Jubault, director representing employees
- Philippe Lépinay, director representing employee shareholders;
- Éric Trappier;
- Alexis Zajdenweber.

The Strategic and Corporate Social Responsibility Committee met three times in 2025, with a participation rate of 100%, to review the 2025 budget and acquisition opportunities in particular.

In addition, Ms. Anne Rigail and Marie-Françoise Walbaum participated, as lead CSR directors, in two meetings of the Strategic and Corporate Social Responsibility Committee in 2025, including a joint meeting with the Audit and Accounts Committee for the review of the first Sustainability Report, as well as further meetings of the Audit and Accounts Committee and of the Governance and Compensation Committee. They were also able to deepen their knowledge of the Group's CSR topics during several dedicated information sessions organized by the general management at the beginning and end of 2025. Their role is further described in the Sustainability Report (see section 5.1.1.2.1 a).

The Board's CSR governance evolves as of March 2, 2026 (see section 4.2.4 below on the assessment of the functioning of the Board).

In 2025, the Senior Executive Vice President of Finance & Information Systems, the Group Secretary, the Senior Executive Vice President of Operations & Performance, the Senior Executive Vice President of Strategy and, for the CSR items on the agenda, the Vice President CSR, were invited to meetings by the Chair of the Committee. A written report was produced for each meeting and distributed to all directors where possible at the following Board meeting, with supporting documentation as applicable. This report sets out the main discussions within the Committee as well as the recommendations made to the Board.

4.2.4 Assessment of the functioning of the Board

Each year, in compliance with the guidelines of the Afep-Medef code, the Board assesses its operation either utilizing a formal self-assessment or an external assessment. In either case, the assessment is followed by a discussion with the Governance and Compensation Committee and then the Board.

The Chairman of the Governance and Compensation Committee, an independent director, plays a central role in steering the assessment process in order to guarantee its independence. In this regard:

- in the event of a formal internal assessment, he helps to prepare the questionnaire and draft the summary report for the Committee;
- in the event of an external evaluation, he prepares and participates in the tendering process (where applicable), reviews the draft questionnaires and/or the discussion guide prepared by the consultant with a view to individual discussions with the directors, and takes part in discussions with the consultant on the results of their work; and
- in both cases, he presents the results of the assessment to the Board, in the form of the Committee's report.

After an external assessment in 2021 and three internal assessments between 2022 and 2024, the Board again conducted an external assessment in 2025 based on an online questionnaire followed by individual interviews with a consultant. The consultant's report was presented to the Governance and Compensation Committee and then sent to the Board with the minutes of the Committee presented by its Chairman.

This assessment first confirmed that Thales benefits from stable governance structured around two long-term shareholders bound by an agreement, and that this governance enables it to make decisions aligned with the corporate interest in a professional and respectful working environment, while ensuring adequate protection for minority shareholders through the contributions of independent directors, employee representatives and employee shareholders.

The assessment also highlighted the other key strengths of the Board of Directors, namely a Chairman and Chief Executive Officer who is unanimously recognized for his legitimacy, his expertise on issues, and his balanced leadership, and whose chairing of the Board is appreciated, a relationship of trust with the Executive Committee, the effectiveness of key processes ans the quality of strategic seminars, site visits, and other opportunities for sharing outside the Board.

The assessment also revealed some areas for improvement, in particular regarding the time devoted to CSR issues within the Committees after this first year of implementation of the CSRD. This led the Board to decide a correlative simplification of its CSR governance by involving from now on the Chairs of the Audit and Accounts Committee and the Governance and Compensation Committee in the CSR items on the agenda of the meetings of the Strategic & CSR Committee in order to ensure proper coordination of the work of the three Committees in this field. The Board has decided to terminate the role of CSR lead director as of March 2, 2026, by amending its rules of procedure.

Moreover, the assessment highlighted suggestions concerning the skills that the Board could enlist, in compliance with the shareholders' agreement, on the occasion of future renewals, in particular in the technological fields including Cyber & Digital, in line with previous internal assessments.

Lastly, the actual individual contribution of the directors to the work of the Board was assessed in the course of this assessment, in accordance with Article 11.2 of the Afep-Medef code.

4.2.5 Succession plan

The development of a succession plan for the Chairman and Chief Executive Officer takes into account the Company's specific governance requirements, insofar as the shareholders' agreement between the Public Sector and the Industrial Partner provides that the Chief Executive Officer is selected based on their joint proposal.

In this context, the process provided for in the event of an unannounced succession occurring (resignation, indisposition, death, etc.) or at the end of a term of office, after discussion with the two shareholders concerned, is as follows: the shareholders who are signatories to the shareholders' agreement meet before the planned departure or, in the event of an unexpected event, soon after the occurrence of this event, in order to select a successor (or two successors if the functions are separated). Once they have established their joint position, they will inform the Chairman of the Board of Directors and the Chairman of the Governance and Compensation Committee before the Board of Directors meeting convened to decide on such proposal, and the Board of Directors will then decide on the proposal in accordance with its governance rules. For the reasons mentioned in section 4.2 above (p. 102), no Board committee is involved in this succession process.

4.2.6 Other information

4.2.6.1 Gender balance on management bodies (information referred to in paragraphs 1.7 and 8 of the Afep-Medef code)

At the end of 2025, the Group's Executive Committee within the General Management structure comprised four women and ten men. Women thus account for 28.6% of the Committee's membership.

At its meeting on March 30, 2022 upon the recommendation of its Strategic and Corporate Social Responsibility Committee and in accordance with the recommendations of the Afep-Medef code specified by the High Committee for Corporate Governance (HCGE) the Board of Directors decided to set ambitious new medium-term targets for gender balance within the Group's management bodies for the 2024-2026 period, that is: 75% of Management Committees (GBUs, business lines, Major Countries, DGDI, Group Executive Committee) comprising at least four women by 2026, and 22.5% of women in positions with level of responsibility (LR) 10 to 12 by 2026; this last quantifiable criterion is included in the annual variable compensation of all Group managers eligible for it (over 58,000 employees).

At the end of 2025, the Group was on track to meet these targets by 2026.

Indeed, by the end of 2025, women accounted for 21.78% of employees in positions of the highest levels of responsibility (LR 10 to 12) (vs. 14.7% at end-2016, 20.4% at end-2023 and 21.1% at end-2024), out of a population representing 14,1% of the total workforce (men and women), and 69.2% of Management Committees comprised at least four women (vs. 30.3% at end-2019, 52.6% at end-2023 and 61.5% at end-2024).

At its meeting on April 2, 2025, the Board of Directors decided to step up its ambition by setting the following objectives for 2030: 25% of women in positions of the highest level of responsibility, and 85% of Management Committees with at least four women.

To contribute to the achievement of these objectives in 2025, Thales continued the cultural transformations undertaken and intensified its commitments to gender diversity. As such:

- the partnership strategy with the education system to raise awareness of scientific careers among the younger generations and increase Thales' visibility among students in scientific and technological fields was stepped up. For example, Thales remains a long-standing partner of the "Elles Bougent" association and in France mobilizes more than 600 employees involved in promoting scientific and technical sectors to young girls;
- initiatives to raise employee awareness of the importance of gender diversity and inclusion within the Group have increased significantly. These include the Diversity Fresco workshops on inclusive behaviors, sessions on unconscious bias, development of the network of diversity and inclusion ambassadors, and specific workshops on promoting gender balance;
- support for women's careers has also been stepped up to better identify individuals (Talent Review), integrate them into leadership programs (equally with men from the first levels of management), and increase their visibility, particularly through mentoring programs, with the aim of promoting their access to the Group's governing bodies.

In addition to the measures implemented at the Group level, the entities are mobilized to achieve these objectives and, as such, organize initiatives to address local or business-specific needs (partnerships with associations such as Women in Aerospace or Air Emploi, for example). Where applicable, these actions are adapted to comply with local applicable laws and regulations, particularly in the United States regarding the presidential decrees published on this subject since the beginning of the year 2025.

These commitments and achievements are published in the Group's Sustainability Report, which is approved by the Board of Directors on the joint recommendation of its Strategic and Corporate Social Responsibility Committee and its Audit and Accounts Committee, and feature in section 5.1.3.1.5.b.

4.2.6.2 Prevention of insider trading

To take into account any applicable regulations and the recommendations contained in the AMF, Thales has implemented a system of "blackout periods" or no trading periods: In addition to the periods for the annual and half-yearly financial statements (at least 30 calendar days in each case), two periods have been introduced for quarterly information (first and third quarters) of at least 15 days each. In all cases, the period includes the day following the day of publication of the financial press release.

The financial calendar for the first half of the following year (including the Annual General Meeting date) is posted on the Company's website after the third quarter financial press release. The calendar is updated for the whole year when the previous year's annual results are published.

The Company has informed the directors of their obligations to refrain from trading in Thales securities (and any related financial instruments) during the blackout periods relating to the annual, half-yearly financial statements and quarterly information (as defined by the Company). Also, they have to refrain from trading when they have access to privileged information (within the meaning of the regulations in force).

The directors have also been informed of their reporting obligations *vis-à-vis* the French financial markets authority (AMF) and the Company regarding the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code and their obligation to communicate to the Company the list of persons closely associated with them and to inform said persons of their own obligations.

Directors may if they wish consult the Group Secretary or the Secretary of the Board of Directors before dealing in any securities.

4.2.6.3 Summary of the transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out in 2025

The summary statement (referred to in Article 223-26 of the AMF General Regulation) of the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code carried out in 2025 by persons required to disclose said transactions appears in section 4.6.

4.2.6.4 Notice of Annual General Meetings and conditions for attendance

All shareholders, regardless of the number of shares they own, are entitled to take part in Annual General Meetings. They are convened and deliberate under the conditions laid down by law. Thus, the date, venue, agenda and draft resolutions of the meeting are published in the French official gazette (*Bulletin des annonces légales obligatoires*, BALO) at least 35 days prior to the date of the meeting, with the final notice of meeting being sent no later than 15 days before the meeting. The Board of Directors ensures, in the interests of all shareholders, that the period of notice for meetings is longer than the minimum requirements.

In accordance with law, at least 21 days prior to the Annual General Meeting, all documentation required by current regulations is provided on the Company's website (www.thalesgroup.com). It is available for shareholders at the registered office within the statutory deadline.

The date of the Annual General Meeting is published on the Company's website with at least six months' notice.

Participation in Annual General Meetings, in any form whatsoever, is conditional upon registration of the shares in accordance with the conditions and within the time limits provided for under the current regulations.

Shareholders may vote electronically.

Any shareholder who has already voted remotely or by proxy, or requested an admittance card or share ownership certificate, may sell all or some of their shares at any time.

However, in accordance with the regulations in force, should the intermediary account holder notify the Company of a disposal occurring before midnight (Paris time) on the fifth trading day prior to the Annual General Meeting, the Company will invalidate or modify the vote, proxy, admittance card or share ownership certificate, as the case may be.

No disposal or other operation carried out after midnight (Paris time) on the fifth trading day prior to the meeting, irrespective of the means used, can be notified by the approved intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

The right to vote, and consequently the right to attend Annual General Meetings, belongs to the beneficial owner at Ordinary General Meetings, and to the bare legal owner at Extraordinary General Meetings. Owners of pledged shares retain their voting rights. *Undivided* co-owners of shares are represented at the Annual General Meetings by one of the co-owners or by a joint proxy who, in the event of disagreement, is appointed by the court at the request of the most diligent co-owner.

Each person present at the Annual General Meeting has one vote for each share owned or represented, without limitation, subject to the following provisions on the right to a double vote, and to the exceptions provided by law.

4.2.6.5 Double voting rights

Shareholders who can prove that their shares have been registered in their name in the Company's share register (kept by Société Générale Securities Services, duly authorized for this purpose – see section 6.2.1) for at least two years without interruption, are entitled to double voting rights at Annual General Meetings for each share so held. Registered shares that have been granted to a shareholder as Free shares in respect of shares they already hold with double voting rights attached are also entitled to double voting rights as soon as the shares have been granted.

Double voting rights automatically cease for any share that has been converted to a bearer share or transferred (except as a result of intestate or testamentary succession, the division of community property between spouses, or an *inter vivos* gift to a spouse or relative in the line of succession, as well as in the event of a transfer following a merger or demerger of a shareholder company).

Double voting rights may be canceled by a decision of an Extraordinary General Meeting, following approval by a Special General Meeting of shareholders entitled to double voting rights.

Under the articles of association, there is no limit on voting rights.

4.2.6.6 Key factors likely to have an impact in the event of a takeover bid

The structure of share ownership and the distribution of voting rights mean that Thales is unlikely to be affected by any takeover bid. Furthermore:

1. the two main shareholders (Dassault Aviation and TSA) have declared that they are acting in concert under a shareholders' agreement, the key terms of which are described in section 6.2.3.3, which stipulates in particular that the Chairman and Chief Executive Officer is chosen based on a joint proposal by the parties;
2. in the absence of termination, on expiry of the contract on December 31, 2021, the agreement was tacitly renewed for another period of five years, expiring on December 31, 2026. It may be tacitly renewed for five-year periods;
3. any crossing of the threshold of one-tenth or a multiple of one-tenth of the share capital or voting rights of the Company must first be approved by the Minister of the Economy; and
4. in addition, under the conditions set by Decree No. 93-1296 of December 13, 1993, the Minister for the Economy may oppose decisions on the sale or the allocation as collateral of assets referred to in the Appendix of Decree No. 97-190 of March 4, 1997 (see section 6.2.3.3.5).

4.2.6.7 General Meeting authorizations valid at December 31, 2025 for capital increases

- **(Table drawn up pursuant to Article L. 225-37-4 3 of the French Commercial Code)**

AGM of 05/15/2024	Used by the Board of Directors	Observations
Issue of securities giving access to equity capital • With pre-emptive subscription rights (13th resolution): 52.55 million shares, €3 billion in debt securities • Without pre-emptive subscription rights and with the possibility of a priority period (14th and 17th resolutions [a]): 20 million shares, €2 billion in debt securities • Without preferential subscription rights by way of public offering referred to in Article L. 411-2 1° of the French Monetary and Financial Code (15th and 17th resolutions [a]): 20 million shares, €2 billion in debt securities • Possibility of over-allotment green shoe (16th resolution): Max 15% of issuances carried out and specific to each resolution/type of transaction above Duration 26 months, until July 14, 2026	Not used	Overall ceilings (20th resolution): In shares: • 20 million shares for resolutions 14, 15, 16, 17 and 18; • 60 million shares for resolutions 13, 14, 15, 16, 17, 18 and 19. In debt securities: • €2 billion in debt securities for resolutions 14, 15, 16 and 17; • €3 billion in debt securities for resolutions 13, 14, 15, 16 and 17.
Capital increase through capitalization of additional paid-in capital, reserves, profits or any other sums Limit of 52.55 million shares (19th resolution) Duration 26 months, until July 14, 2026	Not used	
Issuance of new shares in consideration for contributions of securities of third parties Limit of 21 million shares (18th resolution) Duration 26 months, until July 14, 2026	Not used	
Issuance of new shares reserved for PEG (Group savings plan) members Ceiling: 2 million shares (21st resolution) Minimum discount: 30% for 5-year PEE and 40% if the shares are held for 10 years Duration 26 months, until July 14, 2026	Not used	Note: employee shareholder transactions are carried out on the basis of existing shares, previously purchased by the Company as part of a share buyback program.

(a) The 17th resolution allows the Board to set, by way of derogation, a price for the capital increase at least equal to the weighted average share price over the 20 trading sessions preceding its setting, less a discount of 10%.

4.2.6.8 Agreements between an executive or significant shareholder and a subsidiary

During the 2025 financial year, no agreement was entered into, either directly or through an intermediary, between a corporate officer or shareholder holding more than 10% of voting rights in the Company's share capital and another company in which Thales directly or indirectly holds more than half of the share capital, except for routine agreements entered into under normal conditions.

4.2.6.9 Procedure for the regular assessment of agreements relating to routine transactions and concluded under normal conditions

At its meeting of February 25, 2020, the Board of Directors approved, on the recommendation of its Governance and Compensation Committee and its Audit and Accounts Committee, the procedure for the regular assessment of agreements relating to routine transactions entered into under normal conditions.

This is part of an internal charter, the purpose of which is also to set out the methodology and procedure implemented to identify, qualify and process agreements entered into by Thales SA to which the provisions of Article L. 225-38 of the French Commercial Code are applicable (related-party agreements). This charter is not made public.

The procedure provides that, at the end of each calendar year, the main bodies concerned (in particular, the Group Secretary's Office and the Group Finance Department) review the information provided by the relevant departments when such agreements are entered into, modified, renewed or terminated, to analyze the normal nature of their conditions along with the relevance of the criteria used to establish them.

In accordance with the provisions of Article L. 22-10-12 of the French Commercial Code, persons directly or indirectly involved in any of the agreements concerned do not participate in this assessment.

Furthermore, the procedure provides that, when preparing the annual financial statements, the General Management reports on the work mentioned above to the Audit and Accounts Committee, which reports to the Board.

Following this review, the Board of Directors may, on the recommendation of its Audit and Accounts Committee, determine the course of action to be taken with respect to agreements that no longer meet the aforementioned criteria, or revise said criteria or, more generally, the procedure itself, in order to take into account any changes in legislation or regulations and/or changes in market practices.

In addition, should this review lead to the conclusion that the prior authorization of the Board of Directors has been omitted for a given agreement, it will be proposed to the Board of Directors to ratify it before it is presented to the Annual General Meeting for approval after the fact, in accordance with the applicable texts, or to amend or even terminate it.

At its meeting on March 2, 2026, the Board of Directors reviewed the report of the Audit and Accounts Committee on the performance for the 2025 financial year of the procedure for the regular assessment of agreements relating to routine transactions and entered into under normal conditions.

The review identified 87 agreements for the 2025 financial year, primarily related to Defence and Industry projects, R&D partnerships, project financing, transport or logistics, purchases of consumables and professional dues.

This review led to the conclusion that the aforementioned agreements remain routine and concluded under normal conditions, and that the criteria used by Thales SA to determine the agreements qualifying as such do not require any particular modification.

4.3 General Management and Executive Committee

Executive Committee as of December 31, 2025



Patrice Caine
Chairman and CEO



Pascal Bouchiat
Senior Executive Vice President, Finance and Information Systems



Philippe Keryer
Senior Executive Vice President, Strategy, Research and Technology



Philippe Knoche
Senior Executive Vice President, Operations & Performance



Peggy Nahmany
Executive Vice President, Communication Group



Isabelle Simon
Senior Executive Vice President, Group Secretary



Pascale Sourisse
Senior Executive Vice President, International Development



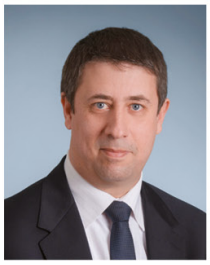
Clément de Villepin
Senior Executive Vice President, Human Ressources



Philippe Duhamel
Executive Vice President, Defence Mission Systems



Hervé Dammann
Executive Vice President, Land & Air Systems



Christophe Salomon
Executive Vice President, Secure Communications and Information Systems



Yannick Assouad
Executive Vice President, Avionics



Hervé Derrey
Executive Vice President, Space



Philippe Vallée
Executive Vice President, Cybersecurity & Digital Identity

4.4 Compensation of corporate officers

4.4.1 Information on the 2025 compensation of corporate officers

This section 4.4.1 presents the compensation paid or granted during the 2025 financial year to all corporate officers and, more generally, the information required by Article L. 22-10-9 I of the French Commercial Code. They are the subject of the 11th resolution presented to the Annual General Meeting of May 12, 2026. If this resolution is rejected, payment of the compensation granted to the directors in respect of the 2025 financial year will be suspended and the Board of Directors will submit to a new Annual General Meeting a draft resolution presenting a revised compensation policy, according to the conditions set out in Article L. 22-10-34 I of the French Commercial Code.

Subsection 4.4.1.1 sets out the fixed, variable and exceptional components of the total compensation and benefits in kind paid to the Chairman and Chief Executive Officer in the 2025 financial year or granted in respect of that year. They are the subject to the 10th resolution presented at this same Annual General Meeting of May 12, 2026. Payment of the Chairman and Chief Executive Officer's 2025 annual variable compensation and the funding of his pension rights in respect of 2025 for his defined contribution plan are subject to the approval of this resolution.

It should be noted that the Ordinary General Meeting of May 16, 2025 approved, with 99.43% of the votes cast, the 11th resolution on the information relating to the compensation of the Chairman and Chief Executive Officer referred to in Article L. 22-10-9 I of the French Commercial Code, for financial year 2024. The Board of Directors took note of this broad support from shareholders, which confirms their adherence to the remuneration policy and its terms of application.

4.4.1.1 2025 compensation of the Chairman and Chief Executive Officer

A. Annual fixed and variable compensation

Mr. Patrice Caine's annual fixed and variable compensation for 2025 was set in accordance with the compensation policy for the Chairman and Chief Executive Officer of Thales approved by the Annual General Meeting of May 16, 2025 (12th resolution) with an approval rate of 96.63%.

It is composed of:

- a fixed compensation of €1,000,000 (gross amount);
- an annual variable compensation target of €1,000,000 if the objectives are met, capped at a maximum of €1,500,000 (150% of the target) if these objectives are exceeded.

The criteria for determining annual variable compensation are 75% financial and 25% non-financial. If Mr. Caine outperforms in achieving the financial criteria, the payment for these criteria may exceed the target up to 166.66%, which is not the case for the non-financial part, capped at 100%. Therefore, the annual variable compensation is capped at 150% of the target.

The possibility of requesting the return of the variable portion of the compensation is not provided for in the 2025 compensation policy for the Chairman and Chief Executive Officer.

(i) Financial criteria of the 2025 annual variable compensation

The financial criteria were Adjusted EBIT (35%), order intake (20%), and free operating cash flow (20%). The table below shows the scales of achievement for these three financial criteria.

- **FINANCIAL CRITERIA OF THE 2025 ANNUAL VARIABLE COMPENSATION**

Criteria	Weight	Thresholds	Payment in % of target
Adjusted EBIT	35%	If results ≤ 90% of the budgeted objective	—%
		If results = 100% of the budgeted objective	35%
		If results ≥ 110% of the budgeted objective	58.33 %
Order intake	20%	If results ≤ 90% of the budgeted objective	—%
		If results = 100% of the budgeted objective	20%
		If results ≥ 110% of the budgeted objective	33.33 %
Free operating cash flow	20%	If results ≤ budgeted objective -2% of budgeted sales	—%
		If results = 100% of the budgeted objective	20%
		If results ≥ budgeted objective +2% of budgeted sales	33.33 %
TOTAL FINANCIAL CRITERIA	**75%**		

The ability to outperform on the last two criteria (order intake and free operating cash flow) is subject to the achievement of the budgeted Adjusted EBIT objective used for the financial criterion related to this aggregate. These criteria are defined in section 2.3.

At its meeting on March 2, 2026, the Board of Directors reviewed the results obtained for the financial criteria. Adjusted EBIT 2025 came in at €2,740 million, above budget, thanks in particular to stronger-than-expected sales growth in the Aerospace and Defence sectors and good cost control. This performance triggers a payment of 136.2% on this criterion.

The Board also welcomed the Group's excellent sales momentum, with continued strong demand in almost all of the Group's activities, particularly in Defence. In 2025, the Group signed 28 major contracts (unit value in excess of €100 million), compared with 35 in 2024 and 25 in 2023. Order intake in the Defence sector, driven by the coming into effect of 18 major contracts, reached a new all-time high. At €25,264 million, Group's order intake was more than 10% above budget, triggering a payment at the ceiling (166.7%) for this criterion.

Lastly, the Board noted the excellent level of free cash flow from continuing operations of €2,577 million, driven by strong order intake and the exemplary mobilization of teams to improve cash flow generation in connection with the action plans in place. This level is clearly above the budget objective and triggers a ceiling payment (166.7%) on this criterion.

In total, considering the weighting of the three financial criteria, the Board noted that the financial portion of the annual variable compensation amounted to €1,143,225, or 152% of the target. This level reflects the Group's excellent financial performance in 2025.

The summary table below summarizes, for each of the financial criteria, the results achieved in 2025 and the associated level of target achieved.

Criteria	Weight	Achievement *(in € millions)*	Level of achievement
Adjusted EBIT	35%	2,740	136.2%
Order intake	20%	25,264	166.7%
Free operating cash flow from continuing operations	20%	2,577	166.7%
FINANCIAL PORTION OF ANNUAL VARIABLE COMPENSATION *(in % of target)*	**75%**		**152%**

(ii) Non-financial criteria for 2025 annual variable compensation

In accordance with the compensation policy mentioned above for the Chairman and Chief Executive Officer of Thales, his performance in 2025 has been evaluated based on the following four non-financial criteria:

Criterion	Weight	Achievement	Elements of assessment
Strategy and R&D: • continuing the integration and realization of synergies linked to the acquisition of Imperva; • sharing the main opportunities for external growth with the Board of Directors; • deploying the AI roadmap through the three divisions of cortAIx.	3%	92%	The Board noted the continued integration of Imperva, with the achievement in 2025 of key milestones such as the pooling of technologies and products between Thales and Imperva, including the launch of new joint solutions, as well as the finalization of the integration of Imperva's sales teams. It also noted that the Cyber business was impacted in 2025 by this period of integration. The Board welcomed the signature of a memorandum of understanding with a view to the merger of the space activities of Thales, Airbus and Leonardo (Bromo project). It also noted the continuation of actions to optimize the portfolio through transactions such as the acquisition of 50% of the TRS AMDC2 joint venture. Several strategic partnerships were also concluded during the year, such as the creation of a joint venture with Kongsberg in Norway and the strategic agreement between Dassault Aviation and CortAIx. Lastly, the Board welcomed the Group's acceleration in the field of artificial intelligence, which has given Thales critical mass for the inclusion of AI in its products. 2025, therefore, saw the continued development of the cortAIx accelerator in France and abroad, with the opening of cortAIx Factory in the United Kingdom and Singapore, the ramp-up of cortAIx Labs and the development of cortAIx Sensors within the Group.
Cross-functional operational actions: • implementing the adaptation plan for the Space Telecom activity; • continuing to ramp up production, in particular in Defence; • continuing to increase delivery performance in line with the expected improvement in supplier performance.	3%	100%	The Board welcomed the successful implementation of the plan to adapt the Space Telecom activity to the new market situation. It also highlighted the efforts made to continue ramping up production, particularly in defence, through better use of existing industrial resources and the deployment of new resources. Finally, the Board noted the significant improvement in the Group's delivery performance.
Talent and human resources: • coordinating the management and monitoring of resources as planned for 2025; • pursuing the achievements of the "learning company" project; • promoting employee commitment and experience.	4%	100%	The Board noted that the human resources targets set for 2025 had been met (external recruitment, ramp-up of engineering skills centers, management of subcontracting). In addition, the implementation in 2025 of the "Group Skills Management System" enabled more than 50,000 employees to take an assessment and position themselves in relation to the skills required for their position, with validation by management. The Board welcomed the establishment of 36 academies by the end of 2025 and the acceleration of the internal "Transmitting for Learning" approach. The engagement survey conducted in June 2025 among all Group employees had a participation rate of 76% with a sustainability engagement score of 78%. It gave rise to action plans.

Criterion	Weight	Achievement	Elements of assessment
CSR criteria accounting for 15%: • This is broken down according to the three pillars of the Group's medium-term CSR strategy through three quantifiable progress criteria, each accounting for 5% of the total:			
Planet: • Continuing to roll out the low-carbon policy to reduce CO_2 emissions by securing access to low-carbon energy sources. The objective for 2025 was: – a 52% reduction in absolute CO_2 emissions for scopes 1 and 2 compared with 2018.	5%	100%	The Board highlighted the reduction in scope 1 and 2 emissions of more than 65.7% at the end of 2025 compared to 2018 at constant scope (i.e. before restatement of the Australian sites in scope 3), i.e. exceeding the target. This performance is the result of the energy efficiency policy implemented and now integrated into current site management practices and the acceleration of the supply of renewable energy. The share of renewable energy represented 82.8% of total energy consumption at the end of 2025, up 2 points since 2024. The supply of renewable electricity is guaranteed for at least four years in France, thanks to the long-term contracts in place. In 2025, biogas accounted for 37% of gas consumption. Lastly, the Board welcomed the recognition Thales received in several areas in 2025: an "A" climate rating from the CDP (Carbon Disclosure Project) for the third consecutive year and, for the first year, an "A-" rating for water management.
Society: • Increasing awareness of climate change and digital security: – in 2025, training in the "Thales Climate Passport" on a voluntary basis by 85% of executives (LR 8-12) representing a target of around 45,900 employees; – continuing to implement specific actions on business-managed networks (BMN).	5%	100%	The Board noted that the objective of raising awareness of climate change among the Group's employees had been exceeded. This was made possible by the continued broad rollout of training as part of the "Thales Climate Passport" scheme, which was attended by nearly 50,120 employees, well above the target of 85% of executives (LR 8-12). The rollout took place under the guidance of the Executive Committee, which oversaw the implementation of dedicated communication initiatives and the automatic assignment of training to new employees. The Board noted that the objectives set for specific actions on business-managed networks (BMNs) were achieved thanks in particular to the increased use of the Group's new cybersecurity services and the monitoring of BMNs exposed to the internet by the operational centers (SOCs).
Employees: • Continuing to increase the proportion of women in the Group's management bodies, reaching 67.5% of Executive Committees comprising at least four women (target 75% by 2026) [(a)].	5%	100%	The Board was pleased to note the objectives were achieved, with 69.2% of Management Committees comprising at least 4 women at the end of 2025 compared to 64.1% at the end of 2024. The Board noted stronger deployment of the Group's Diversity Action Plan with an increase in the female talent pools (recruitment in particular) and support for women's professional development, made possible thanks to numerous initiatives contributing to the retention of women as part of an inclusive culture: dissemination of a "Zero tolerance for all forms of discrimination" video during managerial events, deployment of the Diversity Fresco workshop within the Group, a second inter-company survey on the fight against everyday sexism in the workplace in France, deployment to 14,000 employees of internal training on inclusive behavior, unconscious bias and the fight against sexism and discrimination, and lastly, an increase in the share of women in leadership programs. Where applicable, these actions are adapted to comply with local applicable laws and regulations, particularly in the United States regarding the presidential decrees published on this subject since the beginning of the year 2025.

(a) As well as the Group Executive Committee, this includes the Management Committees of the GBUs, the business lines, the major countries in which the Group operates, and the DGDI (covering the other countries in which the Group operates), i.e. 39 committees.

At its meeting on March 2, 2026, the Board of Directors reviewed the above criteria, taking into account the weighting of these four non-financial criteria, and decided, on the recommendation of its Governance and Compensation Committee, to set the achievement level of these criteria at 99%, i.e., €247,500.

This review led the Board to decide, upon recommendation of the Governance and Compensations Committee, that the annual variable compensation to be paid in 2026 to Mr. Patrice Caine for financial year 2025 should amount to €1,390,725, representing 139.1% of the target annual variable compensation.

B. Long-term incentive plan

2021 and 2022 LTI Plans

Following the approval by the Annual General Meeting of May 16, 2025 of its 12th and 15th resolutions, the performance units of the 2021 and 2022 long-term compensation of the Chairman and Chief Executive Officer became redundant, as a consequence of which the Board of Directors, at its meeting of June 26, 2025, was able to allocate the following in substitution, free of charge, to the Chairman and Chief Executive Officer:

- 10,318 shares, corresponding to the number of units under the 2021 long-term incentive plan for which the performance and attendance conditions had already been met; and
- 13,617 shares, corresponding to the number of units under the 2022 long-term incentive plan for which the performance conditions had also been met and for which the condition of presence as at March 1, 2026 remained applicable.

These shares are subject to a two-year vesting period.

With regard to the 2022 long-term incentive plan, the condition of presence as at March 1, 2026 has been met.

Consequently, all 23,935 shares in respect of the 2021 and 2022 long-term incentive plans of the Chairman and Chief Executive Officer will be delivered to him on June 25, 2027.

LTI Plan 2023

On March 2, 2026, the Board of Directors also noted the achievement level of the performance conditions relating to the long-term incentive plan granted on July 20, 2023 (2023 LTI Plan).

Criterion	Weight	Realized	Level of achievement
Cumulative free operating cash flow 2023/2025	35%	€6.7 billion	100%
Organic sales growth 2023/2025 (compound annual growth rate, CAGR)	35%	+8.4%	100%
Reduction of operational greenhouse gas emissions (CO_2e) [a] Absolute value 2025 compared to 2018 (at constant scope)	10%	-49.8%	100%
Total shareholder return compared with the CAC 40 index Measurement based on performance at 12/31/2025 compared to 12/31/2022	10%	+104.4%	100%
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defence index Measurement of performance at 12/31/2025 compared to 12/31/2022	10%	+104.4%	—%
TOTAL LEVEL ACHIEVED (in % of the maximum number of units)			**90%**

(a) Scope 1, scope 2 and scope 3 "Business travel".

With respect to free operating cash flow, the Board noted that 2025 rounded off an exceptional period with results significantly above target. As an excellent level of free operating cash flow had been recorded in 2023, the achievement over the period exceeded the ceiling and therefore triggered a payment of 100% on this criterion.

In terms of order intake, the Board again noted an excellent performance throughout the period concerned. This outperformance over three years triggered a payment of 100% on this criterion.

With regard to the criterion for reducing operational greenhouse gas emissions (CO_2e [1]) (scope 1 + scope 2 + scope 3 "business travel"), the Board noted that these emissions decreased, thanks to the Group's various carbon action plans, by -49.8% in absolute value in 2025 compared to 2018 and at constant scope (before restatement of the Australian sites in scope 3), i.e. well above the ceiling set at -40.78%. This outperformance triggers a payment of 100% also on this criterion.

Lastly, the Board noted that the stock market performance of the Thales share with dividend reinvested was +104.4% over the 2023-2025 period. This reflects the continued increase in the Thales share price during 2023 and 2024, and the significant re-rating in 2025. This level is higher than the median of the CAC 40 index (+59% over the period). The entry point of the highest quintile of the CAC 40 index is +104.4%. This criterion positions the performance of the Thales share price at the entry point of the highest quintile of the CAC 40 index, thus triggering a payment at 100% of the maximum level. As the performance of the Thales share price over the period is lower than the median of the Stoxx Europe Aerospace & Defence index (i.e. +111.8% over the period), this criterion does not trigger any payment.

The 2023 LTIP will thus give rise to the definitive allocation of 9,900 performance shares to Mr. Patrice Caine, subject to compliance with the condition of presence provided for in the regulations, and at the end of the four-year vesting period, i.e., July 21, 2027.

2025 LTI Plan

In accordance with the 12th resolution approved by the Annual General Meeting of May 16, 2025, the Board of Directors, at its meeting of June 26, 2025, granted the Chairman and Chief Executive Officer a maximum number of 8,270 bonus performance shares related to 2025 (2025 LTIP), representing 0.004% of the share capital, corresponding to approximately 38% of the authorized ceiling over a 38-month period, taking into account previous awards.

The number of shares definitively vested will depend on the degree of achievement, calculated over three financial years, of performance conditions related to free operating cash flow, organic sales growth, reduction of scopes 1 and 2 greenhouse gas emissions (CO_2e), gender balance and Thales' stock market performance, as detailed in section 4.4.1.4, Table No. 6.

Vesting is also subject to a condition of presence for four years (i.e., until June 26, 2029 inclusive), except in the event of death, disability, or retirement.

Subject to these reservations, the number of shares definitively vested will be determined at the 2028 Board of Directors' meeting called to approve the 2027 financial statements, and definitive allocation will take place on July 27, 2029.

The Board also decided that the performance in relation to the Carbon criterion of the 2024 and 2025 LTI plans of the Chairman and Chief Executive Officer will continue to be assessed according to the method presented in the relevant compensation policy, i.e., on the basis of scopes 1 and 2, before restatement for scope 3 of the Australian sites.

C. Other commitments

Supplementary pension plan of Mr. Patrice Caine, Executive Corporate Officer

Progressive and conditional deferred compensation until December 31, 2019

Prior to January 1, 2020, the Chairman and Chief Executive Officer benefited from annual deferred compensation comprising two separate plans entitling him to progressive deferred compensation, the amount of which was determined using a points-based calculation method.

Mr. Patrice Caine acquired rights under the scheme for employees from 2011 to 2014, then from the scheme for corporate officers from 2015 to 2019. As of January 1, 2020, in accordance with the approval of the Annual General Meeting of May 6, 2020, this deferred compensation was terminated and the entitlements were fixed as at December 31, 2019. As such, the Chairman and Chief Executive Officer no longer acquires any new rights under these plans. From January 1, 2020, they were replaced by a defined contribution pension plan subject to Article 82 of the French General Tax Code.

The rules governing the progressive and conditional deferred compensation provided for a doubling of the annuity if the beneficiary remained a member of the Executive Committee for 10 years. As Patrice Caine had been a member of this Committee for seven years before the fixing of his rights (from 2013 to 2019), the Board of directors applied a *prorata temporis* i.e. a multiplier of 1.7 to the annuity, in accordance with the rules in force and the crystallization regulation of November 1, 2020, and deemed the condition of presence on the Executive Committee to have been met.

This plan (including the annuities and corresponding tax and social security charges) has been provisioned and funded by the Company.

(1) CO_2e (CO_2 equivalent) is a unit created by the Intergovernmental Panel on Climate Change (IPCC). Its goal is to standardize the measurement of the climate impact of various greenhouse gases. It is calculated according to the global warming potential (GWP) of the gas in question over a specified time period.

Employee scheme

The potential annual rights vested by the Chairman and Chief Executive Officer under the employee scheme amount to €10,260. Under the terms of the plan, this amount will be revalued in line with changes in the Agirc point, bringing the annual entitlement to €11,726.

This Scheme complies with the provisions of Article L. 137-11 of the French Social Security Code and entitlement to benefits is subject to compliance with a condition of completion of career in the company:

- to receive an annuity, the beneficiary must (i) prove he has received compensation from Thales exceeding eight times the social security ceiling in respect of at least one calendar year between October 1, 2007 and December 31, 2019, and (ii) complete his career with Thales. The plan was closed to new members on July 4, 2019;
- the vesting of rights was progressive and based on the gross compensation received by the beneficiary each year in respect of his paid employment. The plan was based on the Agirc supplementary pension scheme and its points-based calculation method. The vesting concerned the portion of the salary not covered by mandatory pension schemes, i.e. amounts in excess of eight times the annual social security ceiling (PASS);
- the calculation was made each year based on the compensation reported to the French social security collection fund (URSSAF) using the official annual amounts of the social security ceiling and the Agirc reference salary. The vesting base was equal to 20% of the portion of the salary between eight times the PASS and a maximum of 32 times the PASS, which had the effect of limiting the annual amount vested to around €14,213;
- this base was then divided by the Agirc reference salary for the year (cost of acquiring one point) to obtain the number of points acquired for that year, then multiplied by the conversion factor arising from the merger of the Agirc and Arrco schemes (applicable only to the number of points awarded each year until December 31, 2018). The potential compensation payable was equal to the total number of points vested multiplied by the value of an Agirc point at December 31, 2019.

Corporate officers' scheme

The potential annual rights vested by the Chairman and Chief Executive Officer under the corporate officers' scheme amount to €101,528. Under the terms of the plan, this amount will be revalued in line with changes in the Agirc point, bringing the annual entitlement to €116,037.

Subject to the points below, the terms for vesting rights under the corporate officers' scheme are the same as those applicable to the employees' scheme as described above.

This scheme was inspired by defined benefit plans but did not fall under Article L. 137-11 of the French Social Security Code insofar as the benefit is not subject to a condition of completion of career in the company.

However, this deferred compensation is only vested provided the beneficiary has completed a full term in office and has claimed his or her social security pension. In addition, entitlement on the retirement date remains conditional on the achievement of a performance condition: the average rate of achievement of the annual Adjusted EBIT targets set by the Board for the corporate officer must be greater than or equal to 80% over the last three financial years ended before the date of termination of his or her term of office.

Defined contribution pension plan subject to Article 82 of the French General Tax Code from January 1, 2020

The Chairman and Chief Executive Officer benefits from a supplementary defined contribution pension scheme, subject to Article 82 of the French General Tax Code, the main features of which are described below:

1) title of the commitment: defined contribution pension plan;
2) reference to the provisions identifying the corresponding plan category: Article 82 of the French General Tax Code;
3) conditions for joining the scheme and other conditions applicable to benefit from it: beneficiaries who are Executive Corporate Officers of Thales SA;
4) methods for determining the reference compensation set by the scheme concerned and used to calculate beneficiaries' rights: the contribution base is comprised solely of the fixed compensation of the beneficiary in respect of his or her position as a corporate officer of Thales SA payable for the period from December 1 of the previous year to November 30 of the current year, subject to social security contributions as provided for in Article L. 242-1 of the French Social Security Code paid during the calendar year. The amounts taken into consideration are gross amounts, i.e., before deducting the various charges corresponding to employee contributions to social security and protection schemes of all types;
5) rate of vesting of rights: the scheme is funded annually;
6) existence of a limit, amount and method of calculation of this limit: not applicable, as the scheme is calculated as a percentage of compensation;
7) method of funding rights: contributions to the supplementary pension plan and flat rate amounts intended to offset the negative impact of tax and social security contributions on the net compensation are fully funded by the company. The beneficiary may, however, make personal voluntary contributions subject to the terms of the contract. If the beneficiary's term in office expires before November 30 of the current year, the contribution and flat rate sum will not be paid. The scheme provides for:
   - the payment by the company of an annual contribution to an external insurance company, equal to 32% of the gross fixed compensation actually received between December 1 of the previous year and November 30 of the year in question (i.e., fixed compensation subject to social security contributions pursuant to the terms set out in Article L. 242-1 of the French Social Security Code). The performance condition is determined as follows:
     - if annual variable compensation is < 50% of target: no contribution is paid;
     - if annual variable compensation is between 50 and 80% of target = between 0 and 100% of contribution (linear);
     - if annual variable compensation is ≥ 80% of target = 100% of contribution;
   - the payment by the Company to the person concerned of an amount equivalent to the annual contribution to compensate for the negative impact of this change on the latter's net compensation after contributions and income tax;

8) amount of the contribution and the supplementary payment at the end of the period:
   - if the annual variable compensation is ≥ 80% of the target, the contribution amounts to €320,000;
   - as such, the gross amount of the supplementary payment totals €320,000;
9) corresponding tax and social security contributions payable by the Company: the contributions or bonuses paid by the company in respect of Article 82 schemes are deductible from taxable income and are fully subject to social security contributions and charges.

At its meeting on March 2, 2026, the Board of Directors noted that the performance condition for payment of annual variable compensation in 2025 had been met, at 134.1% of target.

Subject to the approval of the 10th resolution at the Annual General Meeting on May 12, 2026, the Company will finance in 2026 the pension entitlements under the defined contribution plan described above.

Benefits and rights at the end of the term of office of Mr. Patrice Caine, Executive Corporate Officer

Severance pay

In accordance with the Afep-Medef code to which the Company has declared its adherence, an indemnity may be paid to Mr. Patrice Caine in the event that his term of office is terminated, except in the case of resignation, serious misconduct or gross negligence.

The amount of this severance pay is set at 12 months of his reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan). The Chairman and Chief Executive Officer resigned at the time of his appointment and no longer has an employment contract with the Company.

The payment of this severance pay is subject to the achievement of a performance criterion over the last three financial years: the average rate of achievement of the annual Adjusted EBIT objectives set by the Board for the corporate officer must be greater than or equal to 80%.

Private unemployment insurance

In addition, it was decided to take out private unemployment insurance with the same performance criteria as the severance pay. This provides for compensation for a period of one year and for an amount limited to the sum of the amounts corresponding to 70% of the portion of net taxable income below four times the annual social security ceiling (PASS) and 55% of the portion above, up to a limit of eight times the PASS. As of December 31, 2025, this private unemployment insurance would have represented an annual compensation equal to approximately €235,500, or 23.55% of the fixed compensation of the Chairman and Chief Executive Officer. The amount of the premium paid in respect of this benefit in kind amounted to €14,837 for 2025.

Other benefits in kind

In addition to this private unemployment insurance, Mr. Patrice Caine receives other benefits in kind which are detailed in the table below summarizing the items of his 2025 compensation.

D. Other information required under Article L. 22-10-9 I of the French Commercial Code

1) Equity ratios

Pay equity ratios measure changes in compensation disparities between the Executive Corporate Officer and employees. To increase their relevance, they have been calculated on the scope of the Group's French companies and not on that of the listed parent company alone. The latter was not selected because its workforce was not considered representative [1]. Consequently, these ratios were calculated as follows:

- the numerator is the compensation (fixed, annual variable, benefits in kind) paid to the Executive Corporate Officer or granted to him (LTI Plan) [2];
- the denominator is the compensation (fixed, annual variable, benefits in kind) paid or granted (LTIP) [3], based on a full-time equivalent, to active employees continuously present from January 1 to December 31, 2025, in the workforce of Group companies having their registered office in France (Thales SA and companies under its exclusive control within the meaning of Article L. 233-16 II of the French Commercial Code. The staff of French and foreign branches of these companies is included in the calculation if they have more than 50 employees. Expatriates are excluded from the calculation base.

- **TABLE OF RATIOS UNDER ARTICLE L. 22-10-9 I. 6° AND 7° OF THE FRENCH COMMERCIAL CODE**

	2021	2022	2023	2024	2025
Compensation paid to the corporate officer *(in €)* [a] [b]	1,701,718	2,832,658	2,837,494	3,338,532	3,560,106
Change in the compensation of the corporate officer *(in %)*	-15%	+66%	—%	+18%	+7%
Mean compensation paid to employees *(in €)*	66,728	70,339	73,396	77,218	78,620
Change in mean employee compensation *(in %)*	-1%	+5%	+4%	+5%	+2%
Ratio compared to mean employee compensation	26	40	39	43	45
Change in the ratio compared to the previous year *(in %)*	-15%	+58%	-4%	+12%	+5%
Ratio compared to median employee compensation	28	45	43	48	50
Change in the ratio compared to the previous year *(in %)*	-15%	+58%	-4%	+10%	+4%
Company performance: Adjusted EBIT *(in €m)*	1,649	1,935	2,132	2,419	2,740
Change compared to the previous year *(in %)*	+22%	+17%	+10%	+13%	+13%

(a) The long-term incentive plan of the Executive Corporate Officer was determined at the target in accordance with IFRS.
(b) The shares awarded in 2025 under specific plans, to replace the 2021 and 2022 LTI Plans, are not taken into account in the calculation of this total. The details of these awards are set out in section 4.4.1.1 B) of this document.

(1) By way of illustration, the 2025 ratio for the parent company amounts to 17 if it is calculated in relation to the mean of employees and to 29 if it is calculated in relation to the median. These ratios are lower than those of the France scope given the nature of the parent company's workforce (mainly executives).
(2) The long-term incentive plan of the Executive Corporate Officer was determined at the target at fair value pursuant to IFRS.
(3) The long-term incentive plan for employees was measured at fair value under IFRS 2 under the same accounting standards.

The decrease in ratios observed in 2021 is mainly due to the variable compensation paid in 2021 for 2020 (amount impacted by the Covid-19 crisis), which represents a greater weight for the Chairman and Chief Executive Officer than for eligible employees. In addition, unlike the Company's performance indicator (Adjusted EBIT), the impact of the Covid-19 crisis is visible in the compensation "paid" in 2021 as set out in the table above.

Similarly, the increase in the ratio observed in 2022 reflects the level of variable compensation paid in 2022 for 2021, which is no longer affected by the Covid-19 crisis as was the variable compensation paid in 2021 for 2020. It also reflects the strengthening of the long-term component of compensation approved by the Annual General Meeting, of which the IFRS valuation now reaches 100% of fixed compensation.

The decrease in the ratio observed in 2023 is mainly due to the stability of the compensation paid to the Chairman and Chief Executive Officer between 2022 and 2023, while the average compensation paid to employees increased by a mean of 4.35% and a median of 4%.

The increase in the ratio observed in 2024 reflects the revaluation applied to the compensation of the Chairman and Chief Executive Officer in respect of 2024, motivated by the wish to make it more competitive and in line with market practices, particularly in view of the Group's growth and changes in the scope of its activities.

The increase in the ratio observed in 2025 reflects the increase in the short-term variable compensation paid to the Chairman and Chief Executive Officer in 2025, in respect of the 2024 performance.

2) Contribution of the Chairman and Chief Executive Officer's 2025 compensation to long-term performance

In reviewing the 2025 variable compensation, the Board noted that its design offered balanced and straightforward incentives for both the achievement of the most critical dimensions of the annual budget (profitability, growth, cash generation) through the portion of annual variable compensation based on financial criteria and the achievement of value creation objectives over a longer time horizon (growth, cash generation, stock market performance), through the long-term incentive plan.

In addition, on an annual basis, variable annual compensation includes non-financial criteria to promote the successful achievement of annual or multi-annual strategic objectives and to take into account the social and environmental issues that are central to the Group's long-term performance. In particular, it includes both short- and long-term quantifiable CSR criteria, reflecting the Group's growing maturity and performance in this area.

Since 2022, the increase in the weight of the long-term incentive (LTI) plan in total compensation has helped strengthen the Chairman and Chief Executive Officer's incentives to maximize long-term value creation. In addition, the introduction in 2022 and then in 2024 of quantifiable Climate and Diversity criteria in the long-term incentive plan supplemented the incentives already implemented in this area through annual variable compensation.

The fixed, variable and exceptional components of the total compensation and benefits of any kind paid in 2025 or granted for the same financial year to the Chairman and Chief Executive Officer subject to a vote at the Annual General Meeting of May 12, 2026 pursuant to Article L. 22-10-34 II of the French Commercial Code (10th resolution), are set out above and are supplemented by the tables shown hereafter, drawn up in accordance with the Afep-Medef code. They are summarized in the table below.

• TABLE SUMMARIZING THE 2025 COMPENSATION ITEMS FOR MR. PATRICE CAINE, CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Compensation items	Policy approved by the Annual General Meeting on May 16, 2025	Paid for in respect for FY 2025	Allocated in respect of FY 2025 *(as an amount or accounting value)*
Annual fixed compensation	The policy provides for an annual fixed compensation of €1,000,000.	€1,000,000	
Annual variable compensation	The policy provides for a target annual variable compensation equal to €1,000,000. The criteria for this are as follows: • financial: 75%. The objectives were set by the Board as part of the budget process but not made public for reasons of confidentiality; • non-financial: 25%. If the Chairman and Chief Executive Officer outperforms in achieving the financial objectives, the variable compensation may reach a maximum of €1,500,000, i.e., 150% of the annual fixed compensation. LEVEL OF ACHIEVEMENT OF OBJECTIVES Level of achievement of financial objectives: At its meeting on March 2, 2026, the Board of Directors reviewed the results obtained for the financial criteria.		€1,390,725 [(a)]

Criterion	Weight	Realized *(in € millions)*	Level of achievement
Adjusted EBIT	35%	2,740	136.2%
Order intake	20%	25,264	166.7%
Free operating cash flow, continuing operations	20%	2,577	166.7%
Financial portion of annual variable compensation *(as % of target)*	**75%**		**152%**

Level of achievement of non-financial objectives:

At its meeting on March 2, 2026, the Board of Directors reviewed the non-financial criteria.

Criterion	Weight	Level of achievement
Strategy and R&D	3%	92%
Cross-functional operational actions	3%	100%
Talent and human resources	4%	100%
CSR criteria	15%	100%
3 pillars		
Planet/climate	5%	100%
Climate change awareness and digital security	5%	100%
Gender diversity	5%	100%
Non-financial share of the annual variable compensation *(as % of target)*	**25%**	**99%**

Taking into account both financial and non-financial criteria, the Board noted that the variable compensation amounted to €1,390,725, or 139.1% of target.

Details of the content and rate of achievement of these objectives are given in section 4.4.1.1.A (i) and (ii) of the 2025 Universal Registration Document.

Total annual compensation (Annual fixed and variable compensation)			**€2,390,725 of which 58.2% is annual variable compensation and 41.8% is annual fixed compensation**

(a) The payment of Mr. Caine's 2025 annual variable compensation is subject to the approval of the 10th resolution of the Annual General Meeting of May 12, 2026.

Compensation items	Policy approved by the Annual General Meeting on May 16, 2025	Paid for in respect for FY 2025	Allocated in respect of FY 2025 *(as an amount or accounting value)*
Multi-annual variable compensation	None	—	—
Long-term compensation	**2025 Performance Share Plan (2025 LTIP)** – In accordance with the 12th resolution approved by the Annual General Meeting of May 16, 2025, the Board of Directors, at its meeting of June 26, 2025, granted the Chairman and Chief Executive Officer a maximum number of 8,270 bonus performance shares (2025 LTIP). The number of shares definitively acquired will depend on the level of achievement, calculated over three financial years (2025-2027), of the performance conditions relating to free operating cash flow (up to 30%), organic sales growth (up to 30%), Thales' stock market performance (up to 20%), the reduction of scope 1 and 2 greenhouse gas emissions (CO_2e) and diversity (together up to 20%). Vesting is also subject to a condition of presence for four years (i.e., until June 26, 2029 inclusive), except in the event of death, disability, or retirement.	—	€1,199,931 [b]

2025 specific share plan – Following approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the Board of Directors, on June 26, 2025, granted the Chairman and Chief Executive Officer:

- 10,318 shares (corresponding to the number of performance units awarded under the 2021 long-term incentive plan), in accordance with the provisions of the French Commercial Code and subject to a two-year vesting period with delivery scheduled for June 2027; and
- 13,617 shares (corresponding to the number of performance units awarded under the 2022 long-term incentive plan), in accordance with the provisions of the French Commercial Code and subject to a condition of presence as at March 1, 2026 and a vesting period of two years with delivery scheduled for June 2027.

This grant of a total of 23,935 shares is subject to a two-year vesting period with delivery scheduled for June 2027.

2023 share plan (2023 LTIP) – At its meeting on March 2, 2026, the Board of Directors noted the levels of achievement of the performance conditions of this plan:

Criterion	Weight	Realized	Level of achievement
Cumulative free operating cash flow 2023-2025	35%	€6.7bn	100%
Organic sales growth 2023-2025 (compound annual growth rate, CAGR)	35%	+8.4%	100%
Reduction of operational GHG emissions (CO_2e) [c] Absolute value 2025 compared to 2018 (at constant scope)	10%	-49.8%	100%
Total Shareholder Return compared to the CAC 40 index Measurement based on performance at 12/31/2025 compared to 12/31/2022	10%	104.4%	100%
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defence index Measurement based on performance at 12/31/2025 compared to 12/31/2022	10%	104.4%	—%
TOTAL LEVEL ACHIEVED *(in % of maximum number of shares)*			**90%**

(b) IFRS value at grant date of the performance shares under the 2025 LTI plan of the Chairman and Chief Executive Officer

(c) Scope 1 and scope 2 and scope 3 "business travel" including the GHG emissions from the australian sites of Mulwala and Benalla.

Compensation items	Policy approved by the Annual General Meeting on May 16, 2025	Paid for in respect for FY 2025	Allocated in respect of FY 2025 *(as an amount or accounting value)*
	The 2023 LTIP will give rise to the payment of 9,900 performance shares to Mr. Patrice Caine. The performance shares under the 2023 Plan will be delivered at the end of the vesting period (i.e., July 21, 2027), subject to the effective fulfilment of the condition of presence on the scheduled date and under the conditions defined by the plan rules.		
Exceptional compensation	None	—	—
Non-compete clause	None	—	—
Compensation linked to taking office	None	—	—
Defined benefit pension plan	The Executive Corporate Officer of Thales benefits from a defined contribution pension, which represents 32% of the basic fixed salary actually paid for the months of December 2024 to November 2025. The 2025 contribution is conditional on the fulfilment of the performance conditions applicable to the annual variable compensation of the previous year and is subject to the fulfilment of the following performance conditions: (i) if annual variable compensation < 50% of target: no contribution is paid; (ii) if annual variable compensation between 50% and 80% of the target = between 0 and 100% of the contribution (linear); (iii) if annual variable remuneration ≥ 80% of the target = 100% of the contribution. See section 4.4.1.1.C. for more details. At its meeting on March 2, 2026, the Board of Directors noted that the performance condition for payment of annual variable compensation in 2025 had been met, at 134.1% of the target.		2025 contribution to the plan, paid by Thales to the insurer, on behalf of the Executive Corporate Officer: €320,000 Offsetting the impact of tax and expenses relating to the 2025 contribution to the scheme: €320,000 [b]
Progressive and conditional deferred compensation until December 31, 2019	Prior to January 1, 2020, the Executive Corporate Officer benefited from a progressive deferred compensation scheme. As of January 1, 2020, in accordance with the approval of the Annual General Meeting of May 6, 2020, this deferred compensation was terminated and the entitlements were fixed as at December 31, 2019. The potential annual rights amount to €111,788 (€127,763 after revaluation). Entitlement to the annuity on the retirement date remains conditional on the achievement of a performance condition: the average rate of achievement of the annual Adjusted EBIT objectives set by the Board for the corporate officer must be greater than or equal to 80% over the last three financial years ended before the date of termination of his or her term of office. See section 4.4.1.1.C. for more details.		
Severance pay	Subject to meeting the same performance conditions as for progressive and conditional deferred compensation, an allowance may be paid to Mr. Patrice Caine on the basis of the termination of his term of office, except in the case of resignation, serious misconduct or gross negligence. The amount of the allowance is set at 12 months of his reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding compensation under the long-term incentive plan). See section 4.4.1.1.C. for more details.	—	—
Exceptional for serving as a director	By decision of the Board of Directors on April 2, 2025, Mr. Patrice Caine does not receive any compensation for his service as a director, which the Company retains.	—	—
Benefits of any kind	Mr. Patrice Caine is entitled to: • the services of a chauffeur-driven car for his business travel; €3,987 • external legal and tax assistance; €23,850 • a private unemployment insurance, the benefit of which is subject to the achievement of the same performance conditions as those stipulated for the severance pay. €14,837 See section 4.4.1.1.C. for more details. Additionally, he is covered by the French employee benefit plan, an annual medical check-up as provided to Thales senior executives, and a directors' and officers' liability insurance [a].		

(a) The company's pension and health insurance benefits expenses for the 2025 financial year amount to €6,532. Liability insurance is a collective insurance, and the cost cannot be individualized.

(b) Payment of these items is subject to approval by the Annual General Meeting of May 12, 2026 of its 10th resolution.

4.4.1.2 2025 compensation of other corporate officers

A. General principles of directors' compensation

The total amount of compensation distributed among the directors (and any non-voting directors) for services rendered to the Board, including compensation owed to directors for their membership of Committees, was revalued at €1,200,000 per year as of 2024.

Directors receive:

- for services to the Board, fixed compensation of €20,000 per year (*prorata temporis* in the event of an appointment or resignation during the year) adjusted down if necessary to respect the total budget including variable compensation, and a variable compensation linked to attendance at meetings of €5,000 per meeting;
- for services to the Committees, compensation (entirely variable) based on attendance of €2,500 per meeting, with the Chairman of each Committee receiving an additional €2,500 per meeting chaired;
- the directors appointed by the Board as lead directors in CSR matters also receive €2,500 per meeting of one of the three specialized committees in which they participate for the CSR topic(s) on the agenda;
- the above variable amounts per meeting are subject to a 25% reduction if the director participates remotely.

If, on account of a high number of meetings (variable compensation being paid first), the total amount of €1,200,000 per financial year (gross amount before any deductions) is likely to be exceeded, the fixed component of directors' compensation is reduced in order to remain within the annual budget approved by shareholders.

The Chairman and Chief Executive Officer does not receive any compensation in respect of his position as the Chairman the Board of Directors and as a director.

B. Directors' compensation for the 2025 financial year

For 2025, the fixed portion of this compensation amounts to €20,000 for each director. The total directors' compensation amounts to (gross amount before any deductions and withholdings) €1,122,150 (compared with €1,080,680 in respect of 2024). This amount includes compensation not collected by the Chairman and Chief Executive Officer in his capacity as a director and as the Chairman of the Strategic and CSR Committee, which the Company retains. This compensation was fully paid in February 2026. As recommended by the Afep-Medef code, of the total of €1,042,950 actually paid, the variable portion is the majority and amounts to €744,375 (approximately 71% of the total).

For information purposes, the gross amount (before any withholding or deduction) paid during financial year 2025 (after possible retention by the Company) and constituting the compensation due for financial year 2024 was €995,680.

Table No. 3 relating to directors' compensation, established in accordance with the Afep-Medef code, gives the compensation details for each director (see section 4.4.1.4 below).

4.4.1.3 Compliance with the recommendations of the Afep-Medef code

Recommendations of the Afep-Medef code	Provisions made by Thales for Mr. Patrice Caine, Executive Corporate
Severance pay	
Only in case of forced departure	Yes
Performance conditions over two years	Performance conditions over the last three financial years
Maximum amount: two years of compensation (fixed + variable)	12 months of reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan)
Defined contribution pension plan	
Performance conditions	(i) if annual variable compensation is <50% of target: no contribution is paid; (ii) if annual variable compensation is between 50 and 80% of target = between 0 and 100% of contribution (linear); (iii) if annual variable compensation is ≥ 80% of target = 100% of contribution.

4.4.1.4 Summary tables established in accordance with the Afep-Medef code

- **TABLE 1: SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO THE EXECUTIVE CORPORATE OFFICER**

(in thousands of euros)	2025	2024
Patrice Caine, Chairman and Chief Executive Officer		
Compensation granted for the financial year (detailed in Table 2)	2,433.4	2,386.7
Valuation of options granted during the financial year	—	—
Valuation of performance shares granted during the financial year	1,199.9 [a]	1,199.3 [b]
TOTAL	**3,633.3** [c]	**3,586.0**

(a) IFRS value of bonus performance shares at grant date at the target under the Chairman and Chief Executive Officer's 2025 LTI Plan.
(b) IFRS value of bonus performance shares at grant date at the target under the Chairman and Chief Executive Officer's 2024 LTI Plan.
(c) The shares awarded in 2025 to replace the 2021 LTI Plan and the 2022 LTI Plan are not taken into account for the calculation of this total. The details of these awards are set out in section 4.4.1.1 B) of this document.

TABLE 2: SUMMARY OF THE COMPENSATION OF THE EXECUTIVE CORPORATE OFFICER

(in thousands of euros)	2025		2024	
	Due in respect of the financial year	Paid during the financial year	Due in respect of the financial year	Paid during the financial year
Patrice Caine, Chairman and Chief Executive Officer				
Fixed compensation	1,000.0	1,000.0	1,000.0	1,000.0
Variable compensation [a]	1,390.7	1,341.4	1,341.4	1,120.6
Exceptional compensation	—	—	—	—
Compensation for serving as a director [b]	—	—	—	—
Benefits in kind [c]	42.7	42.7	45.3	45.3
TOTAL PATRICE CAINE	**2,433.4**	**2,384.0**	**2,386.7**	**2,165.9**

(a) See section 4.4.1.1 on the assessment of the 2025 variable compensation.
(b) Does not receive any compensation for his position as a director or for his participation in the Strategic & CSR Committee. This compensation is retained by the Company (decision of the Board of Directors on April 2, 2025). The compensation calculated and not paid to Mr. Patrice Caine for 2025 following these decisions amounts to €80,000.
(c) The Executive Corporate Officer benefits from the services of a chauffeur-driven car, external legal and tax assistance, and private unemployment insurance.

TABLE 3: COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS (GROSS AMOUNTS BEFORE ANY WITHHOLDING TAX AND/OR ANY DEDUCTION)

Beneficiary *(gross amounts in euros)*	Granted in respect of financial year 2025 and paid in 2026 [a]	Variable component / total *(%)*	Granted in respect of financial year 2024 and paid in 2025 [a]	Paid during financial year 2024 [a]	Notes
Ch. Eldelstenne (until 01/09/25)	438	—%	66,875	38,450	[c]
B. Fontana	47,812	64%	50,468	32,682	
D. Gény-Stephann	54,187	69%	46,750	28,432	
V. Guillemet (since 02/04/25)	71,887	73%	—	—	[c]
Ph. Knoche (until 07/06/23)	—	—%	—	26,273	[c]
Ph. Lépinay	72,500	72%	68,750	38,450	[b]
A. de Madre (until 05/10/23)	—	—%	—	11,370	[c]
R. McGregor-Smith (from 05/16/24)	51,250	61%	31,353	—	[c]
M. Nitsch (from 05/10/23)	52,500	62%	55,000	17,080	[c]
A. Rigail	60,031	72%	56,312	28,432	
L. Rocard (from 09/28/23)	82,500	76%	81,250	6,856	[c]
L. Segalen	76,250	74%	66,875	40,950	
A.-C. Taittinger	86,250	77%	80,000	42,950	
A. Taylor (until 05/15/24)	—	—%	17,397	28,450	[c]
E. Trappier	58,750	66%	57,500	39,700	
M.-F. Walbaum	73,750	73%	65,625	35,950	
Inter CFE-CGC (A.-M. Hunot-Schmit)	80,000	75%	75,000	45,950	
FGMM-CFDT (S. Jubault) from 12/09/2024	66,875	70%	3,135	—	[c]
FGMM-CFDT (N. Relier-David) from 05/11/2022 up to 12/08/2024	—	—%	66,240	38,450	[c]
Treasury Accountant – Ordinance No. 2014-948 (D. Gény-Stephann + B. Fontana + E. Moulin + A. Rigail + A. Zajdenweber)	107,970	—%	107,150	58,004	
TOTAL GROSS COMPENSATION PAID	**1,042,950**	**71%**	**995,680**	**558,879**	[d]

(a) Directors' remuneration is paid to them annually and in full (fixed and variable components) at the beginning of the year following the financial year for which it is due.
(b) Mr. Philippe Lépinay has informed the Company that he paid €3,950 back to the Association du Personnel Actionnaire de Thales (APAT) in 2025.
(c) Amounts determined prorata temporis.
(d) These amounts do not include compensation not received by the Executive Corporate Officer (and retained by the Company) in respect of his position as a director. By including this last amount, the gross amount of directors' fees granted for the 2024 and 2025 financial years is €1,080,680 and €1,122,950 respectively, which remains below the annual budget (€1,200,000 in 2024 and 2025) authorized by the Annual General Meeting.

- **TABLE 4: SHARE SUBSCRIPTION/PURCHASE OPTIONS GRANTED DURING THE FINANCIAL YEAR TO THE EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR BY ANY GROUP COMPANY**

None. Since 2012, the Company has no longer granted share/purchase subscription options.

- **TABLE 5: SHARE SUBSCRIPTION/PURCHASE OPTIONS EXERCISED BY THE EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR**

None.

- **TABLE 6: PERFORMANCE SHARES GRANTED DURING THE FINANCIAL YEAR TO THE EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR BY ANY GROUP COMPANY**

Under the 2025 compensation policy approved by the Annual General Meeting of May 16, 2025 in its 12th resolution and the authorization to grant Free shares to the concerned party approved by the Annual General Meeting of May 10, 2023 in its 10th resolution, Mr. Patrice Caine was granted performance shares under his long-term incentive plan in the 2025 financial year, for a maximum of 8,270 shares. The valuation of these shares based on the method used for the consolidated financial statements (IFRS) is €1,799,974. These shares will be available from June 27, 2029 subject to the condition of presence provided for in the regulations. The other main conditions are listed below [a].

Senior executive's name	Plan's date	Maximum number of performance shares	Acquisition conditions
Patrice Caine	06/26/2025	8,270	Shares acquired after a four-year vesting period starting from 06/26/25 and subject to performance conditions

(a) The shares awarded in 2025 to replace the 2021 LTI Plan and the 2022 LTI Plan are not mentioned in this table. Details of these awards are provided in section 4.4.1.1 B) of this document.

• CRITERIA AND WEIGHT OF LONG-TERM INCENTIVE PLAN (2025 LTI PLAN)

2025 LTI criteria	Weight	Objectives	Thresholds	Payment in % of the target's total
Cumulative free operating cash flow over the period 2025/2027	30%	Floor: 90% x (budget 25 + budget 26 + budget 27)	If results < floor	—%
			If results = floor	15% (827 shares)
		Target: budget 25 + budget 26 + budget 27	If results = target	30% (1,654 shares)
		Ceiling: 120% x (budget 25 + budget 26 + budget 27)	If results ≥ ceiling for the period	45% (2,481 shares)
			Linear variation between the floor and target, the target and ceiling	
Organic sales growth 2025/2027 (compound annual growth rate, CAGR)	30%	Floor: 90% x CAGR (budget 25 + budget 26 + budget 27)	If results < floor	—%
			If results = floor	15% (827 shares)
		Target: CAGR (budget 25 + budget 26 + budget 27)	If results = target	30% (1,654 shares)
		Ceiling: 120% x CAGR (budget 25 + budget 26 + budget 27)	If results ≥ ceiling for the period	45% (2,481shares)
			Linear variation between the floor and target, the target and ceiling	
Reduction in scopes 1 and 2 greenhouse gas emissions (CO_2e) Absolute value 2027 compared to 2018 (at constant scope)	10%	Floor: -48% Target: -50% Ceiling: -52%	If results < floor	—%
			If results = floor	5% (276 shares)
			If results = target	10% (552 shares)
			If results ≥ ceiling for the period	15% (827 shares)
			Linear variation between the floor and target, the target and ceiling	
Proportion of women in senior management (level of responsibility (LR) 10 to 12 Percentage 2027	10%	Floor: 22.5% Target: 23.125% Ceiling: 23.75%	If results < floor	—%
			If results = floor	5% (275 shares)
			If results = target	10% (551 shares)
			If results ≥ ceiling for the period	15% (827 shares)
			Linear variation between the floor and target, the target and ceiling	
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defence index – Measurement based on performance at 12/31/2027 compared to 12/31/2024	10%	Floor: median of the Stoxx Europe Total Market Aerospace & Defence index Ceiling: highest quintile of the index	If TSR < index median	—%
			If TSR = median's index	10% (551 shares)
			If TSR is in the highest quintile of the index	15% (827 shares)
			Linear variation between the median and the entry point of the highest quintile	
Total Shareholder Return compared to CAC 40 index – Measurement based on performance at 12/31/2027 compared to 12/31/2024	10%	Floor: median of CAC 40 Ceiling: highest quintile of the panel	If TSR < panel's median	—%
			If TSR = panel's median	10% (551 shares)
			If TSR is in the highest quintile of the panel	15% (827shares)
			Linear variation between the median and the entry point of the highest quintile	

- **TABLE 7: PERFORMANCE SHARES OR UNITS THAT BECAME AVAILABLE TO THE EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR**

No performance shares or units became available during the 2025 financial year.

- **TABLE 8: PAST AWARDS OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS TO THE EXECUTIVE CORPORATE OFFICER**

None. Mr. Patrice Caine has not received any share subscription and/or purchase options during his term of office.

- **TABLE 9: PAST AWARDS OF PERFORMANCE UNITS OR SHARES TO THE CORPORATE EXECUTIVE OFFICER**

1. Performance units

Senior executive's name	Year of award	Number of units allocated	Acquisition conditions
Patrice Caine	2017	3,840	Units vested after a vesting period of four years and subject to performance conditions over the period 2017-2019. The achievement of the performance level is presented in the 2019 Universal Registration Document, page 93. The units granted were transferred in accordance with the conditions set out in the 2020 Universal Registration Document, page 94.
Patrice Caine	2018	2,277	Units vested after a vesting period of four years and subject to performance conditions over the period 2018-2020. The achievement of the performance level is presented in the 2020 Universal Registration Document, page 95. The units granted were transferred in accordance with the conditions set out in the 2021 Universal Registration Document, page 98.
Patrice Caine	2019	5,760	Units vested after a vesting period of four years and subject to performance conditions over the period 2019/2021. The details of the other conditions are shown in the 2018 Universal Registration Document, page 97. The number of units and specific parameters of the 2019 LTI Plan have been adjusted following the approval by the Annual General Meeting of May 6, 2021 of its 6th resolution (see section 4.4.2 of the 2020 Universal Registration Document, page 104). The achievement of the performance level is presented in the 2021 Universal Registration Document, page 98. The units granted were transferred in accordance with the conditions set out in the 2022 Universal Registration Document, page 102.
Patrice Caine	2020	7,081	Units vested after a vesting period of four years and subject to performance conditions over the period 2020-2022. The number of units and specific parameters of the 2020 LTI Plan have been adjusted following the approval by the Annual General Meeting of May 6, 2021 of its 7th resolution (see section 4.4.2 of the 2020 Universal Registration Document, page 104). Details of the other conditions can be found in the 2020 Universal Registration Document, pages 105 and 106. Finally, the floors and ceilings were further adjusted by the Board on March 2, 2022, following the classification of the Transport operating segment as a discontinued business (see section 4.4.1.1.B of the 2021 Universal Registration Document, page 99).
Patrice Caine	2021	10,318	Units vested after a vesting period of four years and subject to performance conditions over the period 2021-2023. A change in the remuneration vehicle to Free shares was approved by the Annual General Meeting of May 16, 2025 and implemented by the Board at its meeting of June 26, 2025: see section 4.4.1.1.B of the 2021 Universal Registration Document. Details of the other conditions can be found in the 2020 Universal Registration Document, page 110.
Patrice Caine	2022	13,617	Units vested after a vesting period of four years and subject to performance conditions over the period 2022-2024. A change in the remuneration vehicle to Free shares was approved by the Annual General Meeting of May 16, 2025 and implemented by the Board at its meeting of June 26, 2025: see section 4.4.1.1.B above. Details of the other conditions can be found in the 2021 Universal Registration Document, page 112. Achievement of the performance level is presented in section 4.4.1.1.B above.

2. Granting Free shares

INFORMATION ON PERFORMANCE SHARES PATRICE CAINE				
	2023 Plan	**2024 Plan**	**2025 Plan**	**2025 specific plan**
Date of General Meeting	May 10, 2023	May 15, 2024	May 16, 2025	May 16, 2025
Date of Board Meeting	July 20, 2023	June 25, 2024	June 26, 2025	June 26, 2025
Total number of shares awarded	11,000 (maximum)	12,855 (maximum)	8,270 (maximum)	23,935 (maximum)
Vesting dates of the shares	July 20, 2027 (inclusive) Shares acquired after a four-year vesting period	June 25, 2028 (inclusive) Shares acquired after a four-year vesting period	June 26, 2029 (inclusive) Shares acquired after a four-year vesting period	June 26, 2027 (inclusive) Shares acquired after a two-year vesting period
Performance conditions	Subject to performance conditions over the 2023/2025 period. Details of the other conditions can be found in the 2022 Universal Registration Document, page 117.	Subject to performance conditions over the 2024/2026 period. Details of the other conditions can be found in the 2023 Universal Registration Document, page 125.	Subject to performance conditions over the period 2025-2027. Details of the other conditions can be found in the 2024 Universal Registration Document, page 135.	None

• TABLE 10: SUMMARY TABLE OF THE EXECUTIVE CORPORATE OFFICER'S MULTI-YEAR VARIABLE COMPENSATION

None.

• TABLE 11

Executive Corporate Officer	**Patrice Caine**
Start date of current term [a]	May 11, 2022
End of current term	2026 AGM
Employment contract	no
Supplementary pension scheme	yes [c]
Indemnities or benefits due or likely to be due as a result of termination or change of duties	yes [b] [c]
Indemnity relating to a non-compete clause	no

(a) Patrice Caine was initially appointed Chairman and Chief Executive Officer on December 23, 2014.
(b) For more details, see section 4.4.1.1.C above "Benefits and rights upon the termination of office".
(c) For more details, see section 4.4.1.1.C above "Supplementary pension plan of Mr. Patrice Caine, Executive Corporate Officer".

4.4.2 Compensation policy for corporate officers for the 2026 financial year

This section 4.4.2 presents the compensation policy applicable to corporate officers in accordance with Article L. 22-10-8 of the French Commercial Code.

Sections 4.4.2.1 and 4.4.2.2 set out the compensation policies applicable to the Chairman and Chief Executive Officer and directors respectively, from the 2026, financial year, which will be submitted for approval to the Annual General Meeting of May 12, 2026 (12th and 13th resolutions). If the 12th resolution is approved:

- the compensation policy in section 4.4.2.1 shall, in accordance with Article L. 22-10-8 of the French Commercial Code, be applicable to the Chairman and Chief Executive Officer from the 2026 financial year, subject to possible revision at a subsequent Annual General Meeting ruling on the same matter;
- the components of the total compensation and benefits of any kind for the Chairman and Chief Executive Officer, paid during or granted for the 2026 financial year, pursuant to the applicable compensation policy, will be submitted to a vote of the shareholders at the Annual General Meeting called to approve the financial statements for the 2026 financial year, pursuant to Articles L. 22-10-9 and L. 22-10-34 I. and II. of the French Commercial Code, which also provide that the payment of variable and exceptional items is subject to the approval of the Annual General Meeting.

If the 13th resolution is approved, the compensation policy presented in section 4.4.2.2 shall, in accordance with Article L. 22-10-8 of the French Commercial Code, apply to directors from the 2026 financial year, subject to its possible revision at a subsequent Annual General Meeting ruling on the same matter.

Process to establish the compensation policy for corporate officers

The process for establishing the compensation policy of corporate officers is steered by the Governance and Compensation Committee in accordance with the rules of procedure of the Board of Directors.

To define the compensation policy for the Chairman and Chief Executive Officer, the Governance and Compensation Committee takes into consideration several parameters: salary policy for Group executives and employees, analyses prepared by an outside consultant, practices of comparable companies, strategic priorities, shareholders' point of view, recommendations of proxy-voting firms, stakeholder comments, changes in the Afep-Medef code, etc. Also, it considers the rate of achievement of financial and non-financial objectives in past years and the budget for the coming year. Through its Chairman, the Governance and Compensation Committee obtains all relevant information from the Human Resources Department, particularly concerning changes in salary practices within the Group, and from the other departments involved in establishing the policy (the Finance Department and the Group Secretary). Lastly, to measure the achievement of CSR objectives and to establish objectives in this area, it relies on the findings and recommendations of the Strategic & CSR Committee.

The Governance and Compensation Committee issues recommendations to the Board of Directors. After examination, the Board submits its decision to the vote of the Annual General Meeting. Changes are only effective after approval by the Annual General Meeting.

An independent director chairs the Governance and Compensation Committee. The Committee can also call on the services of an external consultant. Lastly, the Chairman and Chief Executive Officer never participates in deliberations or votes by the Board of Directors on his own compensation.

When it deems it necessary, and in particular to take into account changes in the Afep-Medef code, the Governance and Compensation Committee studies whether it is appropriate to change the compensation policy for directors.

4.4.2.1 Compensation policy for the Chairman and Chief Executive Officer for the 2026 financial year

The Board of Directors, based on the recommendation of its Governance and Compensation Committee, which met on January 30, February 20 and on March 1, 2026, adopted this compensation policy for the Chairman and Chief Executive Officer for the 2026 financial year.

A. General framework

The Chairman and Chief Executive Officer's compensation includes the following items:

- an annual fixed compensation;
- an annual variable compensation based on a combination of financial and non-financial criteria, with the weight of the financial criteria being predominant;
- a long-term incentive plan linked to the value of the Thales share, in the form of performance shares;

It is specified that the Executive Corporate Officer's variable compensation systematically incorporates one or more criteria related to corporate social responsibility in the annual or long-term component.

- severance pay [1];
- a private unemployment insurance [1];
- a supplementary pension plan with several components [1];
- legal and tax assistance;
- the same health insurance coverage as for senior executives;
- civil liability insurance for corporate officers;
- reimbursement of business expenses in accordance with Thales rules;
- the same annual health check-up as that of Thales senior executives;
- the services of a chauffeur-driven car.

The Company adheres to the principles set out in the Afep-Medef code (section 26.1), according to which, in particular:

- the compensation of the Executive Corporate Officer must be competitive and tailored to the company's strategy and context. Also, it must promote its performance and competitiveness over the medium and long term and make it possible to attract, retain and motivate a high-performance executive;
- the following principles are considered when setting such compensation: comprehensiveness, the balance between the items of compensation, consistency with the company's other executives and employees, the intelligibility of the rules (simple, stable, and transparent), and balance against the company's corporate interest, market practices, the executive's performance, and the views of other stakeholders.

Pursuant to the Afep-Medef code (section 26.1.2), the rules for determining the Chairman and CEO's compensation should be stable and the performance criteria used should be, to the greatest extent possible, long lasting. In principle, fixed compensation should only be reviewed at relatively long intervals (section 26.3.1 of the Afep-Medef code).

[1] *Other compensation subject to performance conditions, bearing in mind that this condition will not apply from 2026 with respect to private unemployment insurance, subject to the approval of this compensation policy.*

The compensation of Executive Committee members and most of the Group's senior managers is composed of a fixed part, an annual variable part, and a long-term incentive (LTI) plan. The respective proportion of each component is established by taking into account the level of responsibility of each position, and the compensation studies carried out in the various national markets where Thales operates.

Thus, for the Chairman and Chief Executive Officer, these components are proportionate and balance out as follows:

- the fixed part is established based on the level of responsibilities and benchmark compensation studies for comparable profiles;
- if this compensation policy is approved, the annual variable compensation target will be increased from 100% to 150% of the fixed compensation; the maximum limit of this annual variable compensation will be increased, under the same condition, from 150% to 225% of the fixed compensation;
- if this compensation policy is approved, the value at grant of the long-term incentive plan will be increased at target from 120% to 133.34% of the fixed compensation; at the maximum, the number of LTIs awarded will be increased, under the same condition, from 180% to 200% of the fixed compensation.

The long-term incentive plan is based on the achievement of demanding performance criteria applicable over a period of three financial years following the grant date. The acquisition is made in a single instalment at the end of a four-year period. Most of the long-term incentive is subject to internal performance criteria linked to strategic objectives laid down by the Board that take into account, if they exist, the objectives communicated to financial markets.

The Chairman and Chief Executive Officer is also obliged to retain the Thales shares received as follows:

- with regard to shares resulting from the unit-linked plans from which he has benefited in his capacity as Chairman and Chief Executive Officer, shares equal to 50% of the net gain after tax from the LTI plan, until he has built up a portfolio of shares equivalent to one year's fixed salary;
- with regard to shares under Free share plans which he has received in his capacity as Chairman and Chief Executive Officer, 30% of the shares vested, until he has built up a portfolio of shares equivalent to one year's fixed salary, then 10% of the shares vested beyond that. In this respect, to calculate compliance with this one-year fixed salary requirement, shares resulting from unit-based plans subject to retention obligations will be added to the shares resulting from Free share plans that are also subject to this obligation.

These retention obligations will apply throughout the duration of his or her duties as corporate officer.

The Chairman and Chief Executive Officer also benefits from a supplementary pension plan described in section 4.4.2.1.B.d, which includes several components.

Lastly, severance payments to the Chairman and Chief Executive Officer may only be made in the event of forced departure, subject to the achievement of performance conditions over three financial years. They are fixed at 12 months of reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding LTI plan). This amount is lower than the ceiling recommended by the Afep-Medef code.

The compensation policy for the Chairman and Chief Executive Officer provides for a plan applicable to exceptional circumstances (see section 4.4.2.1.B.f).

B. Detailed compensation policy for the Chairman and Chief Executive Officer

a) Overall compensation structure

At its meeting of March 2, 2026, the Board of Directors decided, based on the recommendations of the Governance and Compensation Committee, to amend certain elements of the compensation policy applicable to the Chairman and Chief Executive Officer.

In addition to the reasons mentioned above, in its decision, the Board of Directors also took into account the approval rate of 98.64% of the items mentioned in I of Article L. 22-10-9 of the French Commercial Code (10th resolution) and the approval rate of 96.63% of the compensation policy of the Chairman and Chief Executive Officer by the Annual General Meeting of May 16, 2025 (12th resolution).

The main changes envisaged in relation to the compensation policy for the Chairman and Chief Executive Officer adopted by the Annual General Meeting of May 16, 2025 are as follows, the reasons for and terms and conditions of which are detailed in the sections below:

	Summary of changes proposed to the Annual General Meeting of May 12, 2026 (compared to the policy approved by the Annual General Meeting of May 16, 2025)
Annual fixed compensation	• Increase the amount of the annual fixed compensation from 1,000,000 euros to 1,100,000 euros
Annual variable compensation	• Increase the target level from 100% to 150% of fixed compensation and the maximum level from 150% to 225%
Long-term incentive plan	• Increase the LTI target level from 120% to 133.34% of fixed compensation and the maximum level from 180% to 200% of fixed compensation • Align performance measurement periods with those of other Group LTI beneficiaries
CSR criteria	• Adapt the CSR criteria for annual and long-term variable compensation in line with the CSR ambitions of the Group, without changing the overall weightings of these criteria
Private unemployment insurance	• Remove the performance condition, in accordance with market practices and the insurance principle of the scheme
Other components of compensation	• Unchanged

The Board of Directors gave the following reasons for the proposed changes to the compensation policy of the Chairman and Chief Executive Officer:

- To reflect in the Chairman and Chief Executive Officer's compensation the Group's very good performance, driven personally by him and sustained over time, both in terms of the trajectory of growth, profitability, and cash generation, and in terms of value creation for shareholders, in a demanding and unstable industrial and geopolitical environment.

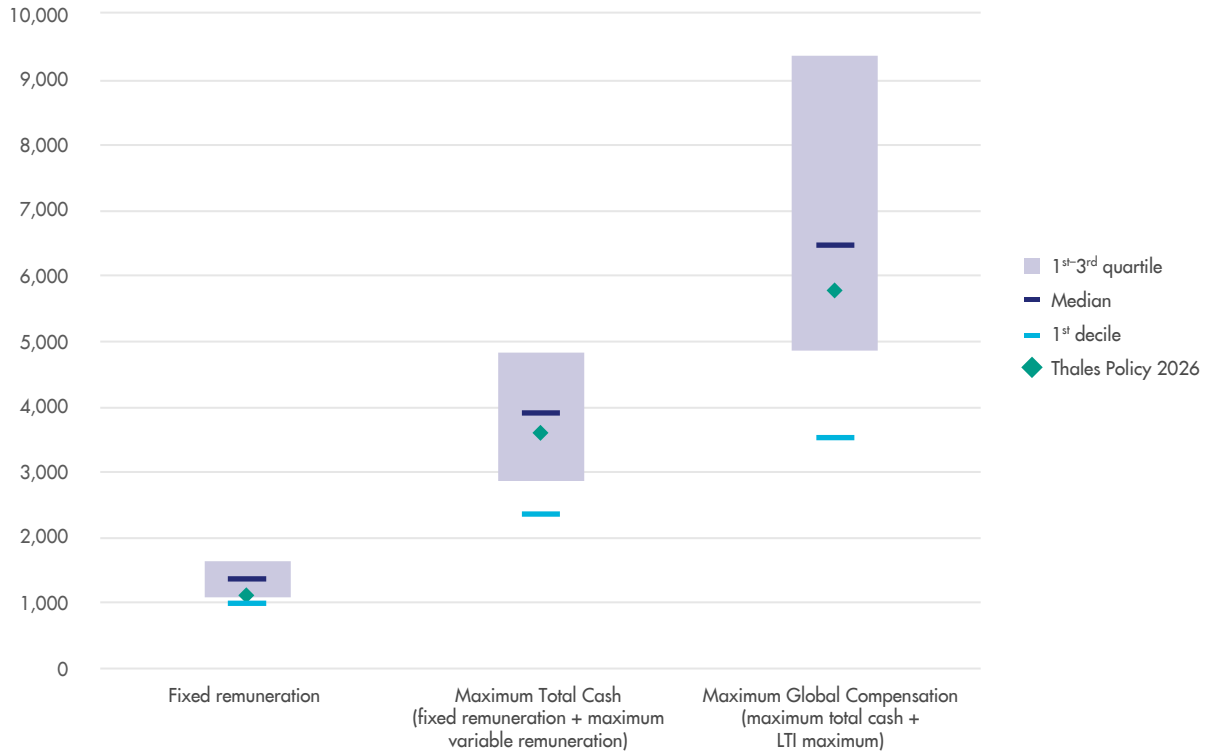
  Indeed, since the appointment of Patrice Caine as Chairman and Chief Executive Officer of Thales in December 2014, the Group has scaled up and strengthened its strategic positioning as well as its financial performance. In this respect, Thales has pursued an active and selective policy of external growth and disposals, aimed at refocusing on its key business lines, namely Defence, Aerospace and Cyber & Digital. Thus, after successfully selling its Transport Business in 2021, Thales has considerably strengthened its profile in the high-potential segments of cybersecurity and digital solutions, in particular through the acquisitions of Gemalto in 2019 and Imperva in 2023. The Group has also accelerated its growth in the promising areas of aerospace and defence, combining strong organic growth with a targeted external growth policy. Moreover, Thales has maintained significant innovation and R&D efforts to support technological sovereignty and strategic autonomy, particularly in the fields of artificial intelligence and quantum technology. Lastly, this profound transformation was accompanied by strict financial discipline, as evidenced by the change in the Group's key figures between 2014 and 2025: sales increased from €13 billion to more than €22 billion, Adjusted Net Income (Group share) multiplied by more than 3.5 from €562 million to more than €2 billion, and operating free cash flow multiplied by more than 5 from €501 million to €2.6 billion.

  This remarkable performance reflected in a significant increase in the Thales share price during his most recent term (+95.24% between May 11, 2022 and December 31, 2025 [1]), positioning Thales' market capitalization well above the median of CAC 40 companies while it had been in the first quartile when it joined the CAC 40 [2] in June 2019.
- Also to recognize the significant external influence of the Chairman and Chief Executive Officer, notably through his involvement in the representative bodies of French and European industry, as well as his recognized role in the technological and industrial ecosystem (see biography in section 4.1.4.1).
- To increase the value of the compensation package for the Chairman and Chief Executive Officer, which discrepancy compared to the market can be attributed to very low past compensation established during his first term in 2015 (reminder: fixed compensation of €440,000 per year, a target bonus of €400,000, and no long-term incentive plan). The requested increase reflects a desire to make up for this gap and to retain the Chairman and Chief Executive Officer in respect of his fourth term of office. Generally speaking, the Board felt that this reassessed package was also part of an effort to boost attractiveness;
- Further shift the weight of his remuneration to variable elements both in the short and long term.

Therefore, subject to the approval of this 2026 compensation policy, in comparison with the CAC 40 [2] panel, as illustrated in the chart below:

- the fixed compensation of the Chairman and Chief Executive Officer is close to the 1st quartile (in the first decile in 2025);
- his maximum compensation in cash (fixed compensation and short-term annual variable pay) is around the median (in the first decile in 2025);
- his total compensation (maximum compensation in cash + maximum compensation under the long-term incentive plan) is between the 1st quartile and the median (between the first decile and the first quartile in 2025).

Remuneration of the Chairman and CEO of Thales in relation to the CAC 40 panel



[1] *Change in share price between May 11, 2022 and December 31, 2025.*
[2] *Source: Willis Towers Watson, Chairman-CEO and CEO compensation benchmark 2025. The Governance and Compensation Committee considered it appropriate to use the CAC 40 market as a comparison given the diversity of the Group's activities and their international scope, with a principal base in France.*

In this context, the Board of Directors decided:

- to increase the amount of the annual fixed compensation of the Chairman and Chief Executive Officer from 1,000,000 euros to 1,100,000 euros in order to take into account the market positioning and responsibilities of the function;
- to increase the target and maximum levels of annual variable compensation from 100% to 150% of the fixed compensation for the former and from 150% to 225% for the latter, in order to strengthen the level of incentive, while leaving the structure of the financial and non-financial criteria unchanged and strictly reserving the possibility of outperformance solely to financial criteria;
- to increase the target and maximum levels of the long-term incentive from 120% to 133.34% of fixed compensation for the former and from 180% to 200% for the latter, in line with the gradual strengthening of this component over previous financial years, in order to consolidate the alignment of the interests of the Chairman and Chief Executive Officer with those of shareholders and with the Group's sustainability performance;
- not to modify the total four-year vesting period of the Chairman and Chief Executive Officer's long-term incentive plan;
- to postpone by one year the start of the three-year performance measurement period, which would no longer be measured between year N and year N+2 but between year N+1 and year N+3, i.e. for the 2026 LTI plan, between 2027 and 2029. The purpose of this proposal is to align the performance measurement period of the Chairman and Chief Executive Officer with that applicable to other beneficiaries of the Group's Free shares; it also meets the objective of good governance since the initial allocation by the Board would no longer take place during the first year of performance measurement;
- to remove the performance condition attached to the private unemployment insurance scheme; this decision is justified by a realignment with market practice and the insurance principle of the scheme. The contribution is paid each year by the company, on the one hand, and, on the other, is taxed socially and fiscally as a benefit in kind for the Chairman and Chief Executive Officer since its implementation;
- to change to the CSR criteria as follows:
  - for the CSR carbon criterion, replacing the scopes 1 and 2 criteria, which has become non-material at Group level (see section 4.4.2.B.b (ii) below), by scope 3.1 "Procurement" criteria in the annual and long-term variable compensation, because this scope will become predominant in the Group's carbon footprint according to the new SBTi methodology;
  - for the CSR diversity criteria, promoting, in the annual variable compensation, a new criterion relating to talent pools of women who can access the most senior positions of responsibility. In addition, the criterion relating to Management Committees having at least four members who are women, which is more of a long-term criterion, is transferred to the long-term incentive component; it will thus be combined with the second long-term criterion relating to the percentage of women in the highest positions of responsibility;
- to leave the other components of the Chairman and Chief Executive Officer's compensation unchanged.

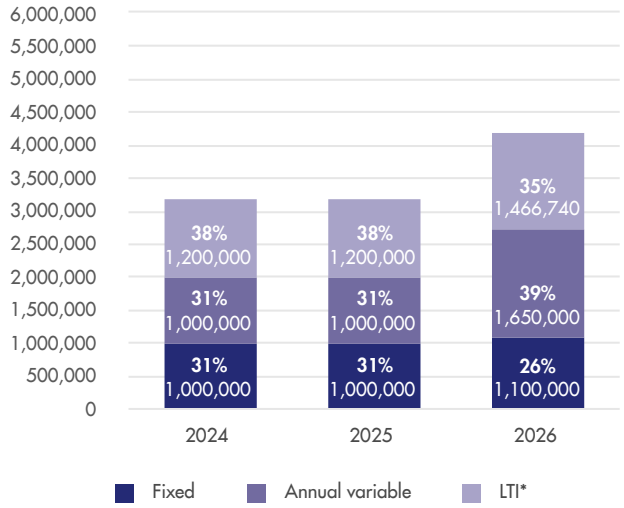
All these changes are described below in the section dealing with the various components of the compensation structure for the Chairman and Chief Executive Officer.

In accordance with its previous practice, the Board does not apply any deferral period to the payment of the Chairman and Chief Executive Officer's compensation, other than that provided for in Article L. 22-10-34 of the French Commercial Code, under which the 2026 annual variable compensation of the Chairman and Chief Executive Officer will be paid after approval by the Annual General Meeting of shareholders to be held in 2027.

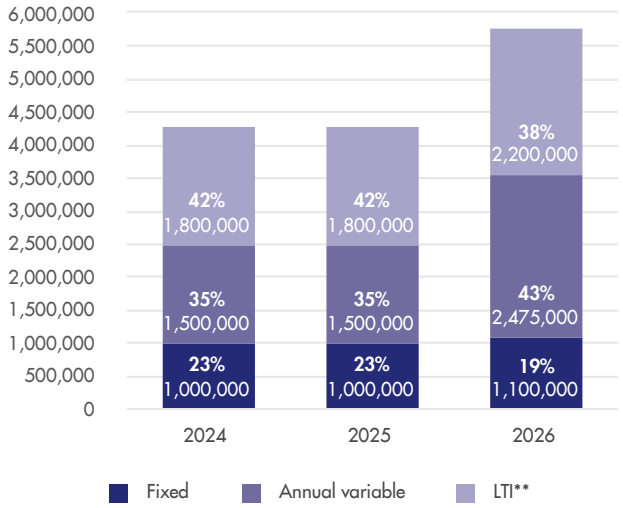
Lastly, the compensation policy does not provide for the possibility of asking the Chairman and Chief Executive Officer to return his annual variable compensation or his long-term incentive component.

In summary, the fixed, annual variable and long-term shares of compensation are allocated as follows:

Change in target total compensation
Data in euros



Change in maximum total compensation
Data in euros



* *Valuation at the target and in euros of the LTI plans based on the fair value under IFRS at the date of granting.*
** *Corresponds to 150% of the valuation at the target, as presented in the chart on the left.*

Rationale for the policy and its criteria

For annual and long-term variable compensation, the Board has set thresholds and performance criteria that contribute to the objectives of the compensation policy. In fact, the financial criteria selected (Adjusted EBIT, order intake, free operating cash flow) are key indicators of the Group's performance and competitiveness. The Climate and Diversity criteria selected for the LTI align with the CSR indicators for which the Group has set long-term objectives and for which it benefits from both the greatest number of levers for action and the most mature assessment methodologies. In addition, these criteria are consistent with those used in the compensation policy for other Group executives and employees. The thresholds have been set so as to reinforce the incentives to exceed budgetary targets and regarding long-term compensation to stimulate the Group's development over the long term and accelerate the CSR roadmap. Lastly, the Board wished to pay close attention to the clarity and overall stability of the calculation rules.

The Board noted that this total compensation policy provides clear and balanced incentives simultaneously to achieve the most critical dimensions of the annual budget (profitability, growth, cash generation), through variable yearly compensation, and to meet value creation targets over a longer horizon (growth, cash generation, stock market performance, environmental and social performance), through a long-term compensation. In addition, the Board considered it essential to complete this financial approach with the inclusion, on an annual basis, of non-financial criteria to promote annual or multi-year strategic objectives and reinforce the consideration of societal and environmental issues that are key to the Group's long-term development.

Also, the Board emphasized that this compensation policy contributes to the Group's business development strategy. In fact, incentives for developing new business (variable compensation linked to order intake or organic sales growth) are balanced by incentives to achieve profitability (Adjusted EBIT and free operating cash flow), both for the current year (annual variable compensation) and in the medium term (LTI calculated over three years).

Finally, the balance between annual and long-term variable components ensures that the compensation policy contributes to the Group's sustainability by minimizing the incentive to achieve annual objectives at the expense of medium-term development.

The Board also noted that the other items of compensation (pension plans, severance pay, private unemployment insurance, benefits in kind) contribute to the competitiveness of the compensation policy, which is designed to attract, retain and motivate a high-performing executive. These three objectives serve both the Group's corporate interest and its long-term development.

b) Criteria for determining the 2026 annual variable compensation

As in 2025, the criteria for determining annual variable compensation are 75% financial and 25% non-financial.

At the target level, annual variable compensation represents 150% of fixed compensation, of which 112,5% relates to financial criteria and 37,5% to non-financial criteria.

The possibility of outperformance is strictly limited to financial criteria: the payment relating to these criteria may exceed the target level, within the limit of an overall ceiling, while the non-financial portion remains capped at its target level.

In any event, the annual variable compensation of the Chairman and Chief Executive Officer is strictly capped at 225% of the fixed compensation.

(i) Financial criteria for 2026

The Board of Directors decided to maintain the same financial criteria and weightings as those used to determine the 2025 variable compensation, namely:

- Adjusted EBIT for 35%;
- order intake for 20%;
- free operating cash flow for 20%.

For each criterion, annual variable compensation will only be paid if a demanding threshold is reached. For the first two criteria (Adjusted EBIT and order intake), no amount is due when the actual figure reported is less than or equal to 90% of the target. For free operating cash flow, no amount is due when the actual figure reported is more than 2% below the budgeted target for sales.

For 2026, as for 2025, the ability to outperform on these financial criteria for annual variable compensation will be conditional on achieving the profitability target (Adjusted EBIT) set by the Board of Directors (see budgeted target below).

The trigger ranges for each of the financial criteria are unchanged from 2025 and are detailed below:

Financial criteria for annual variable compensation	Weighting	Thresholds	Payment as a % of the target
Adjusted EBIT	35%	If results ≤ 90% of the budgeted objective	—%
		If results = 100% of the budgeted objective	35%
		If results ≥ 110% of the budgeted objective	58.33 %
Order intake	20%	If results ≤ 90% of the budgeted objective	—%
		If results = 100% of the budgeted objective	20%
		If results ≥ 110% of the budgeted objective	33.33%*
Free operating cash flow	20%	If results ≤ budgeted objective – 2% of budgeted sales	—%
		If results = 100% of the budgeted objective	20%
		If results ≥ budgeted objective + 2% of budgeted sales	33.33%*
TOTAL FINANCIAL CRITERIA	**75%**		

* *For 2026, as for 2025, the ability to outperform on these two criteria is subject to achievement of the Adjusted EBIT target (set by the Board of Directors) used for the financial criterion linked to this aggregate.*

The definition of these criteria is set out in section 2.3 of the 2025 Universal Registration Document.

As is the case each year, the objectives for each financial criterion correspond to those in the Group's annual budget approved by the Board of Directors. For confidentiality reasons, the exact objectives underlying these financial criteria cannot be disclosed.

The quantified levels of achievement for each financial criterion will be detailed retrospectively in the 2026 Universal Registration Document.

(ii) Non-financial criteria for 2026

For 2026, the Board has decided to maintain the overall weight of non-financial criteria, i.e. 25%, with a criterion linked to Corporate Social Responsibility (CSR) up to 15% of the target variable compensation, in order to reflect the importance of this matter in the Group's strategy.

It has therefore decided to use the following four non-financial criteria with the associated weightings:

- **strategy and R&D (4%)**: ensure the implementation and deployment of the roadmap for the return to growth of the Cyber Products activities; continue active dialogue with the Board on potential acquisitions and strategic partnerships as well as on the Group's R&D policy and the deployment of its roadmap in 2026; ensure the regular monitoring and progress of the space partnership project with Airbus and Leonardo (Bromo project), in particular the social processes, merger control and other necessary regulatory authorizations; the previous weighting of this criterion of 3% has been increased given the importance of the issues associated with it;
- **cross-functional operational actions (3%)**: continue the action plans relating to the ramp-up of production, in particular in the Defence sector, and improve delivery performance in line with the expected improvement in suppliers' delivery performance; continue the other key resilience and competitiveness initiatives;
- **talent and human resources (3%)**: implement the Group's action plans on Talent/HR issues: continue the recruitment plans in France and around the world and the growth of the Engineering Competence Centers (ECC), support the ramp-up of transformation projects, particularly the renewal of the Group's ERP system and the HR transformation project; contribute to promoting Science, Technology, Engineering and Mathematics (STEM) among young people in schools and high schools and strengthen the Group's attractiveness; the weighting of this criterion, which was previously 4%, has been revised downwards given the measures already implemented successfully in these areas and their effective management;
- **CSR criteria (15%)**: this is broken down according to the three pillars of the Group's medium-term CSR strategy into three qualitative and quantifiable progress criteria, each accounting for 5% of the total:
  - the first pillar focuses on the **planet**: the objective, in line with the Group's Low Carbon Policy, is to prioritize the commitment of the Group's suppliers to reduce emissions linked to the supply chain. Thus, the scope 1 and 2 objective, which has become non-material for the Group since these two scopes now represent only 0.6% of the carbon footprint following the reclassification of emissions from certain Australian sites into scope 3 [1], is replaced by a scope 3.1 "Procurement" objective that will represent around 57% of the carbon footprint according to the new SBTi methodology. This objective focuses on the ripple effect of large accounts and the deployment of the Group's new Carbon tool for Procurement: by 2026, it aims to reach 150 suppliers who have a carbon reduction trajectory aligned with SBT and integrated into this tool;
  - the second pillar focuses on **society**. The 2026 objectives for this pillar are as follows:
    (i) raising awareness of artificial intelligence, i.e. training 50% of managers at responsibility level (LR) 8 to 12 in 2026, on a voluntary basis, on the "Thales AI Passport", representing a target of around 27,000 employees; this criterion replaces that of the "Thales Climate Passport" training courses, the objectives of which were achieved in 2025;
    (ii) digital security: pursuing specific actions on business-managed networks (BMN);
  - the third pillar concerns **employees** and entails the continuation of actions aimed at increasing the proportion of women in the most senior positions of responsibility. As mentioned in section 4.4.2.1.B.a above, the new objective focuses on the priority lever of strengthening the talent pool of women who can take on positions with the highest level of responsibility. The target is 22.6% women in positions of responsibility level (LR) 9 [2] by 2026. Where applicable, these actions are adapted to comply with local applicable laws and regulations, particularly in the United States regarding the presidential decrees published on this subject since the beginning of the year 2025;
  - the measures to achieve the above quantifiable CSR objectives will be reviewed, within the applicable legal framework, through the Sustainability Report, by the Statutory Auditor in charge of certifying the sustainability information, who must provide limited assurance, thus guaranteeing the quality of these measures.

c) 2026 long-term incentive (LTI) plan

The LTI plan is designed to reward the Chairman and Chief Executive Officer based on the Group's long-term performance. In accordance with the Afep-Medef code (see section 26.1.2), the conditions of performance and presence applicable to this plan are based on those applicable to the LTI plans of Executive Committee members and other senior Group executives who are beneficiaries (see section 6.2.3.5.1), without said conditions being identical. In this regard, only the Chairman and Chief Executive Officer's LTI plan includes an external financial criterion linked to Thales' stock market performance, which is justified by his corporate office.

For the two internal performance criteria, the Board of Directors decided to maintain a three-year measure based on average (for organic sales growth) or cumulative (for the free operating cash flow) achievement of the annual budget targets.

The 2026 LTI plan will take the form of free performance shares (hereinafter referred to as "LTI").

The Board of Directors has decided, as indicated above, to change the levels of the Chairman and Chief Executive Officer's long-term incentive plan. At the target, the value at the time of granting of the 2026 LTI plan will be equal to 133.34% of the fixed compensation instead of 120%. At the ceiling level, the number of LTIs allocated will correspond to 200% of the fixed compensation instead of 180%.

The LTIs are subject to a four-year vesting period. The Board of Directors wished to maintain this vesting period, which is longer than most periods observed on the market [3] (90% of the CAC 40), usually three years, given the Group's long-term industrial and strategic cycles characterized by multi-year development and execution timeframes.

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(1) *See details on this issue in section 5 (i.e. Sustainability Report).*
(2) *The Group's internal classification has 12 pay grades, with 12 being the highest. At December 31, 2025, the staff population at LR 9 was 21,701, of which 21.77% women.*
(3) *Source: Willis Towers Watson, Chairman-CEO and CEO compensation benchmark 2025.*

The Board of Directors also decided to align the performance measurement period of the Chairman and Chief Executive Officer's LTI plan with that applicable to the Group's other executive beneficiaries. As a result, the performance of the 2026 LTI plan will be assessed over a three-year period entirely after the date of grant of the plan, so that the entire performance period begins after the grant decision by the Board of Directors. The number of LTIs definitively vested in 2030 will therefore depend on the level of achievement of the performance conditions measured over the three financial years 2027 to 2029.

Finally, the CSR criteria have been updated to strengthen their strategic and quantifiable characteristics and their alignment with the Group's long-term commitments.

(i) Performance criteria for the 2026 LTI plan

As part of the development of the long-term compensation policy, the Board of Directors, upon the recommendation of the Governance and Compensation Committee, decided to change certain parameters of the 2026 LTI plan, while maintaining a demanding structure of quantifiable criteria aligned with the Group's main drivers of long-term value creation.

The performance of the 2026 LTI plan will thus be assessed over the three-year period 2027 to 2029, fully subsequent to the grant date.

The 2026 LTI plan is subject to four objectives, all of which are quantifiable:

- 30% based on a business growth target, measured by the compound annual organic growth rate (CAGR) for the period 2027/2029;
- 30% based on a competitiveness objective, measured by cumulative free operating cash flow in the period 2027/2029;
- 20% based on CSR targets, all quantifiable. These are in line with the Group's long-term CSR strategy, and complement the objectives included in the short-term variable compensation, which are the levers for achieving them. As indicated above, a change is envisaged in this respect in 2026:
  - 10% is allocated to a carbon objective which, in line with the reduction trajectory for 2030 approved by the Group and for the same reasons as those mentioned regarding annual variable compensation (see section 4.4.2.1.B.b (ii) above), focuses on the commitment of suppliers to reduce their carbon footprint, represented by the share of CO_2 emissions in scope 3.1 covered by supplier action plans for 2029, with floor and target levels for 2029 set at 67% and 70% respectively, the ambition of this objective being comparable with the level of 50% for 2025;
  - 10% is allocated to two gender diversity targets, in line with the Group's trajectory for 2030, also approved by the Board:
    - **(i)** 5% is allocated to diversity on management bodies represented by the proportion of Management Committees that comprise at least four women [1] (criterion transferred from 2025 annual variable compensation, as set out in section 4.4.2.1.B.a above). The levels of achievement of this objective have been set at 80% and 82.5% respectively by 2029 at the floor and target levels, the ambition of this objective being comparable to the level of 69.2% at December 31, 2025;
    - **(ii)** 5% is allocated to an objective related to the representation of women at the highest levels of responsibility, as measured by the share of women in positions with responsibility levels (LR) 10 to 12 [2] (criterion of the 2025 long-term incentive plan, the weight of which has therefore been reduced from 10% to 5%). The levels of achievement of this objective, determined in line with the Group's long-term strategy in this area, have been set at 23.75% and 24.38% respectively by 2029 at the floor and target levels, the ambition of this objective being comparable to the level of 21.78% at December 31, 2025;

      Where applicable, these actions are adapted to comply with local applicable laws and regulations, particularly in the United States regarding the presidential decrees published on this subject since the beginning of the year 2025.
  - the measures to achieve the above quantifiable objectives will be reviewed within the applicable legal framework, via the Sustainability Report by the Statutory Auditor in charge of certifying the sustainability information, who must provide limited assurance, thus guaranteeing the quality of this measure;
- 20% based on Thales' stock market performance as measured by the Total Shareholder Return (TSR) (including the reinvested dividend). The calculation is based on performance at December 31, 2029 compared with performance at December 31, 2026, assessed as follows: half (10%) by comparison with the performance of companies in the Stoxx Europe Total Market Aerospace & Defence index at December 31, 2029, and the other half (10%) by comparison with the performance of companies in the CAC 40 index at December 31, 2029.

[1] *As well as the Group Executive Committee, this includes the Management Committees of the GBUs, the business lines, the major countries in which the Group operates, and the DGDI (covering the other countries in which the Group operates), i.e. a total of 39 committees. As of December 31, 2025, 69.2% of Management Committees comprised at least four women.*

[2] *At December 31, 2025, the LR 10 to 12 population represents 11,977 employees, of whom 21.78% are women.*

(ii) Thresholds and objectives attached to the performance criteria of the 2026 LTI Plan

The Board sets demanding and incentivizing thresholds and objectives, as follows:

Criteria for the 2026 LTI Plan	Weighting	Objectives	Thresholds	Plan acquisition rate *(as a % of the target value)*
Cumulative free operating cash flow over the period 2027/2029	30%	Floor: 90% x (budget 27 + budget 28 + budget 29)	If results < floor	—%
			If results = floor	15%
		Target: budget 27 + budget 28 + budget 29)	If results = target	30%
		Ceiling: 120% x (budget 27 + budget 28 + budget 29)	If results ≥ period ceiling	45%
			Linear variation between floor and target, and between target and ceiling	
Organic sales growth 2027/2029 (Compound annual growth rate, CAGR)	30%	Floor: 90% x CAGR (budget 27 + budget 28 + budget 29)	If results < floor	—%
			If results = floor	15%
		Target: CAGR (budget 27 + budget 28 + budget 29)	If results = target	30%
		Ceiling: 120% x CAGR (budget 27 + budget 28 + budget 29)	If results ≥ period ceiling	45%
			Linear variation between floor and target, and between target and ceiling	
Share of scope 3.1[a] greenhouse gas emissions (CO_2e) covered by supplier action plans Absolute value 2029 compared to 2018 (at constant scope)	10%	Floor: 67% Target: 70% Ceiling: 73%	If results < floor	—%
			If results = floor	5%
			If results = target	10%
			If results ≥ period ceiling	15%
			Linear variation between floor and target, and between target and ceiling	
Proportion of women in positions with LR 10-12 2029 value	5%	Floor: 23.75% Target: 24.38% Ceiling: 25%	If results < floor	—%
			If results = floor	2.5 %
			If results = target	5%
			If results ≥ period ceiling	7.5 %
			Linear variation between floor and target, and between target and ceiling	
Proportion of Management Committees [b] comprising at least four women 2029 value	5%	Floor: 80% Target: 82.5% Ceiling: 85%	If results < floor	—%
			If results = floor	2.5%
			If results = target	5%
			If results ≥ period ceiling	7.5%
			Linear variation between floor and target, and between target and ceiling	
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defence index – Measured based on performance at 12/31/2029 compared with that 12/31/2026	10%	Floor: median of the Stoxx Europe Total Market Aerospace & Defence index Ceiling: highest quintile of the index	If TSR < median of the index	—%
			If TSR = median of the index	10%
			If TSR is in the highest quintile of the index	15%
			Linear variation between median and the entry point of the highest quintile	
Total Shareholder Return compared to the CAC 40 index – Measured based on performance at 12/31/2029 compared with 12/31/2026	10%	Floor: median of the CAC 40 Ceiling: highest quintile of the index	If TSR < median of the index	—%
			If TSR = median of the index	10%
			If TSR is in the highest quintile of the index	15%
			Linear variation between median and the entry point of the highest quintile	

(a) Scope 3.1 (see Sustainability Report, section 5)

(b) As well as the Group Executive Committee, this includes the Management Committees of the GBUs, the business lines, the major countries in which the Group operates, and the DGDI (covering the other countries in which the Group operates), i.e., a total of 39 committees. As of December 31, 2025, 69.2% of Management Committees comprised at least four women.

The percentages shown in the right-hand column correspond to the acquisition rate of the 2026 LTI plan expressed as a percentage of the plan's target value. At the target, the value of the 2026 LTI plan represents 133.34% of the fixed compensation. In the event of maximum outperformance, the acquisition rate may reach 150% of the target, corresponding to an overall ceiling of 200% of the fixed compensation (excluding rounding effects).

For the criteria of free operating cash flow and organic sales growth, the objectives will correspond to the cumulative amounts (for free operating cash flow) or the compound average annual growth rates (for organic sales growth) set out in the Group's annual budgets approved by the Board of Directors in 2027, 2028 and 2029 for the corresponding financial years.

At the end of the 2029 financial year, the Board of Directors will determine the extent to which these performance conditions have been met, and the number of shares that may be definitively acquired. The shares will vest definitively, subject to compliance with the condition of presence and except in the event of death or disability, four years after the date of grant by the Board of Directors.

(iii) Additional conditions for vesting of the 2026 LTI plan

If he should leave the Group during the vesting period, all performance unit entitlements shall be forfeited. Entitlement shall only be maintained in the event of death, disability or retirement.

The Chairman and Chief Executive Officer must retain the Thales shares received:

- with regard to shares resulting from the unit-linked plans from which he has benefited in his capacity as Chairman and Chief Executive Officer, up to 50% of the net gain after tax from the corresponding LTI plans, until he has built up a portfolio of shares equivalent to one year's fixed salary;
- with regard to shares he has received under Free share plans in his capacity as Chairman and Chief Executive Officer, up to 30% of the shares vested, until he has built up a portfolio of shares equivalent to one year's fixed salary, then up to 10% of the shares vested beyond that; in this respect it is specified that, for compliance with this one-year fixed salary requirement, shares resulting from unit-based plans subject to holding obligations will be added to the shares resulting from Free share plans that are also subject to this obligation.

These retention obligations will apply throughout the duration of his duties as corporate officer.

In accordance with section 26.3.3 of the Afep-Medef code and the Internal Code on Insider Trading, the Chairman and Chief Executive Officer has undertaken not to use any hedging instruments in relation to his risk exposure on any shares or performance units he holds.

d) Supplementary pension scheme

Following the approval by the Annual General Meeting of May 6, 2020, the Chairman and Chief Executive Officer benefits from two supplementary pension schemes: one in the form of progressive and conditional deferred compensation prior to December 31, 2019, and the other in the form of a supplementary defined-contribution pension, subject to Article 82 of the French General Tax Code, set up to provide the beneficiary with a pension annuity that is substantially equivalent to the aforementioned progressive and conditional deferred compensation scheme.

(i) Progressive and conditional deferred compensation until December 31, 2019

Prior to January 1, 2020, the Chairman and Chief Executive Officer benefited from a scheme giving entitlement to progressive deferred compensation, the amount of which was determined according to a points-based allocation method identical to that provided for by the supplementary collective pension scheme in place within Thales for Group executives whose compensation exceeded the Agirc contribution ceiling.

More specifically, Mr. Patrice Caine has acquired potential rights:

- for the period from 2011 to 2014, under the Thales employee plan;
- for the period from 2015 to 2019, under the rules applicable to Thales' corporate officers.

As of January 1, 2020, in accordance with the approval of the Annual General Meeting of May 6, 2020, this deferred compensation was terminated and the entitlements under the two aforementioned schemes were fixed as at December 31, 2019. As such, the Chairman and Chief Executive Officer has no longer acquired any new rights under these plans since that date.

The fixed rights acquired under the Thales employee plan amount to €11,541 (€11,726 after revaluation). This is governed by the provisions of Article L. 137-11 of the French Social Security Code. As a result, the payment of the annuity is subject to a condition of completion of career in the company.

The fixed rights acquired under the scheme applicable to Thales' corporate officers amount to €114,206 (€116,037 after revaluation). (For more information on this point, see 4.4.1.1 C).

The scheme applicable to Thales' corporate officers does not fall under the provisions of Article L. 137-11 of the French Social Security Code. However, the benefit of the annuity fixed on the date of retirement remains conditional on the achievement of a performance condition: the average rate of achievement of the annual Adjusted EBIT targets set by the Board for the Chairman and Chief Executive Officer must be greater than or equal to 80% over the last three financial years ended before the date of termination of his term of office. The fulfilment of this performance condition will be assessed by the Board at the time of the departure of the corporate officer.

The plan regulations provided for a doubling of the annuity for officers who remain a member of the Executive Committee for 10 years. As Mr. Patrice Caine had been a member of this Committee for seven years before the date of fixing of rights (from 2013 to 2019), the Board of Directors applied a prorated time, i.e. a coefficient of 1.7 to this annuity, in accordance with the regulations and with the crystallization regulation of November 1, 2020, and deemed the condition of presence on the Executive Committee to have been met.

(ii) Defined contribution pension plan for the Chairman and Chief Executive Officer

Following the decision of the Annual General Meeting of May 6, 2020, the Chairman and Chief Executive Officer benefits from a defined contribution pension plan provided by an external insurer and financed by the Company, which allows an annuity or lump sum payment (Article 82 of the French General Tax Code).

For a given year, the Company currently pays 16% of the target cash compensation (fixed compensation received between December 1 of the previous year and November 30 of the year in question and variable compensation) of the Executive Corporate Officer, while the majority of companies (70%) benchmarked [1] are positioned within a narrow range of contributions between 20% and 25% of cash compensation. In addition, the Company pays the concerned party an equivalent amount annually to offset the impact of the salary and income tax expenses due as a result of the premium paid by the Company.

Following the approval of the 10th resolution by the Annual General Meeting of May 6, 2021 (section 4.4.3.1.B page 112 of the 2020 Universal Registration Document), this defined contribution plan is not conditional on continued presence in the company at the time of retirement, and its payment is conditional on the achievement of a performance condition recorded in respect of financial year N-1 determined as follows:

- if annual variable compensation is <50% of target: no contribution is paid;
- if annual variable compensation is between 50 and 80% of target = between 0 and 100% of contribution (linear);
- if annual variable compensation is ≥ 80% of target = 100% of contribution.

Accordingly, payments are made after the Annual General Meeting has noted that the performance conditions applicable to variable compensation for financial year N-1 have been met.

[1] *Source: Willis Towers Watson, Chairman-CEO and CEO compensation benchmark 2025.*

e) Other items of compensation of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer benefits from two other compensation components described in section 4.4.1.1, and pointed out below:

(i) Severance pay

In accordance with the Afep-Medef code to which the Company has declared its adherence, an indemnity may be paid to Mr. Patrice Caine in the event that his term of office is terminated, except in the case of resignation, serious misconduct or gross negligence.

The amount of this severance pay is set at 12 months of his reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan). The Chairman and Chief Executive Officer resigned at the time of his appointment and no longer has an employment contract with the Company.

The payment of this severance pay is subject to the achievement of a performance criterion over the last three financial years: the average rate of achievement of the annual Adjusted EBIT objectives set by the Board for the corporate officer must be greater than or equal to 80%.

(ii) Private unemployment insurance

The Chairman and Chief Executive Officer benefits from private unemployment insurance. This provides for compensation for a limited period of one year and for an amount limited to the sum of the amounts corresponding to 70% of the portion of net taxable income below four times the annual social security ceiling (PASS) and 55% of the portion above, up to a limit of eight times the PASS. The Board decided that this benefit would no longer be subject to a performance condition, which was identical to that applicable to the severance payment, in the event of approval of this compensation policy; this decision is justified by a realignment with market practice (Thales being an exception, in this respect, in the CAC 40). In fact, the insurance principle of this scheme implies a contribution paid each year by the company, on the one hand, and, on the other, this contribution has been taxed socially and fiscally as a benefit in kind for the Chairman and Chief Executive Officer since its establishment.

In addition, the Chairman and Chief Executive Officer receives the following other items of compensation, also unchanged from 2025:

- legal and tax advice;
- private healthcare benefits identical to those offered to senior executives;
- civil liability insurance for corporate officers;
- reimbursement of business expenses in accordance with Thales rules;
- the same annual health check-up as that offered to other Thales senior executives;
- the services of a chauffeur-driven car.

The Chairman and Chief Executive Officer does not receive any compensation for his position as a director of Thales. He has no service contract with Thales SA or one of the companies controlled by it, within the meaning of Article L. 233-16 II or III of the French Commercial Code.

For more information, see section 4.4.1.1.

f) Exceptional events

This section describes the measures envisaged in case of an exceptional event.

In the event of (i) a transaction that significantly changes the Group's scope of consolidation, or (ii) the occurrence of circumstances or events outside the Company that have a significant impact on the Group and could not have been foreseen at the time of approval of this compensation policy by the Board of Directors for presentation to the Annual General Meeting. the Board of Directors reserves the right to exercise its discretionary power to adjust upwards or downwards one or more of the parameters attached to the performance criteria (weighting, triggering thresholds, objectives, targets, etc.) of the annual or long-term variable compensation (LTI plan) of the Executive Corporate Officer. This will ensure that the results of the application of the said criteria reflect both the performance of the Executive Corporate Officer and that of the Group. Following the same logic, the Board of Directors may adjust the trigger levels, objectives and targets in the event of changes in accounting standards.

These adjustments will be determined by the Board of Directors upon the recommendation of its Governance and Compensation Committee and disclosed on the Company's website.

It should be noted that this power differs from that provided for in Article L. 22-10-8-III paragraph 2 of the French Commercial Code.

No provision has been made for the Board of Directors to depart from this compensation policy in the event of exceptional events other than those mentioned above.

4.4.2.2 Compensation policy for directors for financial year 2026

At its meeting of March 2, 2026, the Board of Directors, upon the recommendation of the Governance and Compensation Committee, decided to maintain the same compensation policy for directors as that approved by the General Meetings of May 11, 2024 (11th resolution) and May 16, 2025 (13th resolution), subject to adaptation in line with the evolution of the Board's CSR governance.

a) Annual compensation

The maximum total amount of compensation distributed among the directors (and non-voting directors, if any) for services to the Board, including that due to the directors who are members of the Committees in respect of their participation in them, is set at €1,200,000 per year.

Directors receive:

- for services to the Board, fixed compensation of €20,000 per year (*prorata temporis* in the event of an appointment or resignation during the year) adjusted downward if necessary to respect the total budget including variable compensation, and a variable compensation linked to attendance at meetings of €5,000 per meeting;
- for services to the Committees, compensation (entirely variable), based on attendance of €2,500 per meeting, with the Chairman of each Committee receiving an additional €2,500 per meeting chaired;
- any directors appointed by the Board as CSR focal points also receive €2,500 per meeting of one of the three specialized Committees in which they participate for the CSR topic(s) on the agenda; this rule applies from March 2, 2026 to the Chairmen of the Audit and Accounts Committee and the Governance and Compensation Committee invited to participate in meetings of the Strategic & CSR Committee for CSR items on the agenda;
- the above variable amounts per meeting are subject to a 25% reduction if the director participates remotely.

Censors, if any, receive compensation that is entirely variable, based on attendance at meetings and amounting to €2,500 (or less, if the Board so decides) per meeting;

If, on account of a high number of meetings (variable compensation being paid first), the total amount of €1,200,000 per financial year (gross amount before any deductions) is likely to be exceeded, the fixed component of directors' compensation is reduced in order to remain within the annual budget approved by the shareholders.

The Chairman and Chief Executive Officer does not receive any compensation in respect of his office as director.

In accordance with the recommendations of the Afep-Medef code, this structure was set up so that the variable component makes up most of the directors' compensation. Directors are therefore encouraged to observe strict attendance at meetings, which is essential if they are to carry out their duties effectively.

No provision has been made for the possibility of requesting that directors return the variable component of their compensation.

b) Exceptional compensation

Additional compensation may be exceptionally awarded to directors, in accordance with Article L. 225-46 of the French Commercial Code, by decision of the Board, outside the authorized annual budget of €1,200,000, in the following cases:

- pursuant to the Board's rules of procedure, the Chairman may request that specific committees be set up to study a proposed transaction, such as the signature of a major contract or the completion of an investment or divestment, for which the referral to one of the standing committees does not seem the best way for such transaction to be appraised and subsequently voted on by the Board of Directors. In such cases, the Board of Directors may decide to grant its members exceptional compensation in the form of a flat fee pro-rated for the meetings attended;
- the Board may also entrust specific tasks to a director and decide to grant him or her exceptional compensation commensurate with the work performed.

This exceptional compensation, where applicable, will be subject to the provisions of Articles L. 225-38 to L. 225-42 of the French Commercial Code.

4.5 Compensation of other Officers

The total compensation paid in 2025 to Executive Committee members, excluding the Chairman and Chief Executive Officer, represents a total of €14,340 thousand including a variable portion of 33.4% for 2025. As for the Chairman and Chief Executive Officer, the variable portion is indexed to financial and non-financial performance criteria.

- **DETAILS OF THE SALARIES PAID TO THE EXECUTIVE COMMITTEE (EXCLUDING THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER) IN FINANCIAL YEARS 2024 AND 2025**

(in thousands of euros)	2025 Paid during the financial year	2024 Paid during the financial year
Executive Committee (excluding the Chairman and Chief Executive Officer)		
Fixed compensation	6,370	6,214
Variable compensation	4,792	4,633
Defined contribution pension	3,099	3,026
Severance payment	—	—
Benefits in kind	79	53
Total before employer social contributions	**14,340**	**13,927**
Employer social contributions	9,328	4,276
TOTAL EXPENSES	**23,668**	**18,203**

Starting in 2020, members of the Executive Committee have benefited from a defined contribution pension whose contribution paid by Thales to the insurer is considered a benefit in kind.

Additionally, at the end of December 2025, 269 470 performance shares and 25 050 phantom shares were granted to members of the Executive Committee other than the Chairman and Chief Executive Officer. The breakdown by grant date and their detailed characteristics, as well as any options exercised, are provided in section 6.2.3.5 (page 242). The summary statement of transactions carried out by officers, directors, etc. and linked persons is shown in section 4.6. page 139.

4.6 Summary statement of transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code carried out during the 2025 financial year

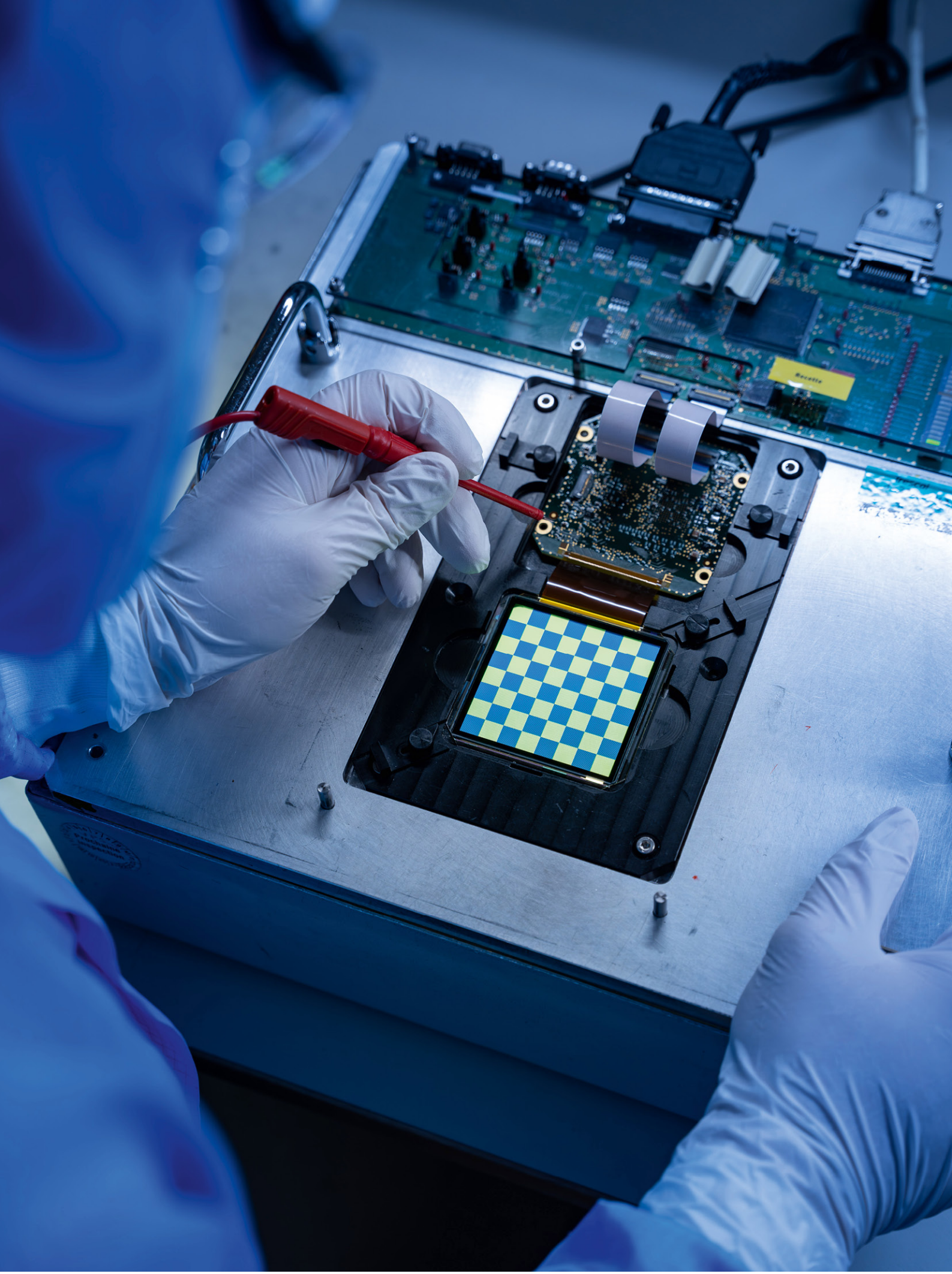
In accordance with Article 223-26 of the AMF General Regulation.

To the Company's knowledge the following declarations have been sent to the AMF by persons required to file a declaration [1] for publication on its website (http://www.amf-france.org):

Senior executive's name	Financial instrument	Type of transaction	Total transaction amount *(in € million)*	Unit price *(in € million)*
Patrice Caine	Share	Payment in kind [a] [b]	480,339.6500	166.1500
Hervé Dammann [1]	Share	Disposal	250,000.0000	250.0000
Valérie Guillemet	Share	Acquisition	119,550.0000	239.1000

(a) Payment of performance units partly in kind through Thales shares to the value of units granted under the unit Plan subject to performance conditions.
(b) Transaction of May 16, 2024 declared on March 6, 2025.

[1] *These are persons required to make a declaration pursuant to Article L. 621-18-2 a), b) and c) of the French Monetary and Financial Code. As of April 2, 2025, the date of the decision by the Thales Internal Stock Market Ethics Committee, only the Chairman and Chief Executive Officer and the other directors of Thales as well as persons closely associated with them are required to make these declarations, to the exclusion of the other members of the Executive Committee who were previously part of it.*



5

Social and environmental responsibility

5.1 Sustainability Report 142

5.1.1 General disclosures 142
- 5.1.1.1 General basis for preparation of the Sustainability Report 142
- 5.1.1.2 Governance 144
- 5.1.1.3 Strategy 149
- 5.1.1.4 Impact, risk and opportunity management 157

5.1.2 Environment: climate change 162
- 5.1.2.1 Identification of material climate-related impacts, risks and opportunities 162
- 5.1.2.2 Material impacts, risks and opportunities and interaction with strategy and business model 163
- 5.1.2.3 Policies related to climate change mitigation 164
- 5.1.2.4 Transition plan for climate change mitigation 164
- 5.1.2.5 Indicators related to climate change mitigation 171
- 5.1.2.6 European environmental taxonomy 178

5.1.3 Social 185
- 5.1.3.1 Own workforce 185
- 5.1.3.2 Workers in the value chain 194
- 5.1.3.3 Affected communities 198
- 5.1.3.4 Consumers and end-users 201

5.1.4 Governance 204
- 5.1.4.1 Business Ethics 204
- 5.1.4.2 Data protection and cybersecurity 210
- 5.1.4.3 Security of digital and physical institutions and infrastructures 211

5.1.5 Notes to the Sustainability Report 213
- 5.1.5.1 List of disclosure requirements with which Thales has complied in its Sustainability Report 213
- 5.1.5.2 Indicators applicable to investments in investee companies 215

5.2 Sustainability auditors' Report 217

5.3 Non-financial disclosures required under legal provisions other than those applicable to the Sustainability Report 221

5.3.1 Vigilance Plan 221
- 5.3.1.1 Governance 221
- 5.3.1.2 Risk map 222
- 5.3.1.3 Regular assessment procedure for subsidiaries and Suppliers 224
- 5.3.1.4 Measures to prevent and mitigate the risks arising from own operations 225
- 5.3.1.5 Measures to prevent and mitigate the main risks arising from supplier activities 227
- 5.3.1.6 Mechanism for controlling the effectiveness and efficiency of measures 227
- 5.3.1.7 Whistle-blowing system 227
- 5.3.1.8 Progress report on the Vigilance Plan in 2025 227
- 5.3.1.9 Objectives 2026 228
- 5.3.1.10 Summary of the key monitoring indicators in the Vigilance Plan 228
- 5.3.1.11 Additional information 229

5.3.2 Policy related to the fight against tax evasion 230

5.3.3 Civilian and military reserves 230

5.3.4 Civic engagement 230

5.1 Sustainability Report

This section constitutes the Thales Group's sustainability statement (hereinafter the "**Sustainability Report**"), prepared in accordance with Directive (EU) 2022/2464 as regards corporate sustainability reporting (hereinafter the "**CSRD**") transposed into French law in Article L. 232-6-3 of the French Commercial Code. This Sustainability Report was approved by Thales' Board of Directors at its meeting of April 1, 2026.

5.1.1 General disclosures

5.1.1.1 General basis for preparation of the Sustainability Report

The Sustainability Report was prepared based on the scope covered by the Group's consolidated financial statements presented in chapter 7 of the 2025 Universal Registration Document.

The Group's value chain, as described in section 5.1.1.3.1.c, was examined as part of the double materiality assessment which identified impacts, risks and opportunities directly related to some or all activities of the Group's value chain (please refer to section 5.1.1.4.2 – "Specific description of the elements used to identify and assess material impacts, risks and opportunities (IRO) and their interaction with strategy and business model" for more details).

The Sustainability Report also contains disclosures pertaining to the value chain, particularly those related to scope 3 greenhouse gas (GHG) emissions, value chain workers, affected communities, consumers and end-users, and relationships with suppliers.

This sustainability information has been established for the second year as part of the implementation of the legal and regulatory obligations resulting from the transposition of the European Corporate Sustainability Reporting Directive ("CSRD"). This second reporting year has been marked by uncertainties linked to the simplification of ESRS within the framework of the "Omnibus" package and by recurring challenges in certain aspects of data collection.

Accordingly, the Group has endeavored to comply with the requirements of the ESRS, as applicable at the date of preparation of the Sustainability Report, based on the data available within the timeframe allowed to prepare said Report.

In some cases, difficulties in accessing reliable data have made it necessary to use estimates (see below – "Sources of estimation and outcome uncertainty"), which are expected to be refined as and when the quality of the available data improves.

Lastly, as part of a continuous improvement approach, the Group may, where applicable, modify certain reporting and communication practices as well as its internal control procedures for the preparation of sustainability disclosures (see section 5.1.1.2.4).

5.1.1.1.1 Disclosures in relation to specific circumstances

a) Time horizon

The short-, medium- and long-term horizons used for the purposes of the Sustainability Report are those stipulated in the ESRS: the short-term horizon is considered to be the current year, the medium-term horizon is between 2 and 5 years, and the long-term horizon is more than 5 years.

b) Sources of estimation and outcome and value chain estimation uncertainty

The sustainability information disclosed may contain uncertainties inherent to the state of scientific and economic knowledge as well as the quality of the internal and external data used, notably those originating from the value chain. In some cases, estimates and judgments have been applied, based on experience, internationally recognized sustainability benchmarks, and the best available data.

This concerns forward-looking data, missing environmental information, or cases where quantification is based on calculation models, such as for certain industrial facilities where direct measurements are not feasible.

The accuracy of these estimates depends on the methodologies selected and assumptions made. Their nature and scope, and any scope limitations, are specified in the methodological paragraphs of each relevant section of the Report.

In particular, Thales has used estimates to determine scope 3 carbon emissions covering various categories, such as purchased goods and services, business travel, downstream transport, and the use of sold products. Each category presents uncertainties, stemming mainly from the often heterogeneous quality or lack of data provided by third parties. The emission factors used to convert activity data into CO_2 emissions are also subject to variations depending on the source and circumstances in which they apply. The methodologies adopted, such as the use of monetary emission factors, involve margins of error due to the lack of consensus on certain accounting practices and the ever-changing regulatory framework.

Accordingly, the Group strives to align with best practices and market methodologies, notably in terms of transparency about the underlying assumptions of the published data.

Clarifications and updates for 2025

The 2025 Sustainability Report incorporates several clarifications or updates to the aggregates used to estimate the Group's scope 3 GHG emissions compared with 2024, namely:

- the implementation of a new tool for calculating emissions in scopes 3.1 and 3.9, which led to an update of the emission factors used and greater precision regarding the procurement categories considered;
- the use of more precise data sources to determine the quantities of products sold in the avionics activity, impacting the calculation of scope 3.11 emissions.

In accordance with ESRS 1, the integration of these clarifications and updates in the 2025 estimates led to the revaluation and updating of scope 3 GHG emissions for the 2024 comparative year ensuring alignment of all methodological principles and data sources used and to ensure the comparability of the information presented. Due to the unavailability of 2018 procurement data at the level of granularity required to recalculate the 2018 reference year, it was reviewed solely to include the update of the data source for scope 3.11.

These changes are specified in paragraph 5.1.2.5.2 and for each data table concerned.

c) Specific disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

To meet the legal non-financial disclosure obligations set out in the French Commercial Code, additional details are provided beyond the Sustainability Report. Section 3 of chapter 5 of the Universal Registration Document details the information relating to the vigilance plan, the fight against tax evasion, and initiatives aimed at strengthening the link between the Nation and the armed forces. It also details actions taken to encourage engagement in the civilian and military reserves and to promote civic engagement in local democracy.

d) Scope

Certain specific events and circumstances having occurred in the 2025 financial year impacted the reporting scope of the Sustainability Report compared with 2024:

- changes in the Group's scope (acquisitions, disposals) in 2025, as presented in Note 3.1 to the consolidated financial statements, are included this year, as well as for the reference base in question. These changes in scope do not introduce any significant change in 2025 compared with 2024;
- new facts and circumstances observed during the year in the way in which certain non-consolidated assets are operated by the Group in Australia led to a review of the analyses of the operational control of these assets. The conclusions of this new review showed that Thales did not have operational control over these sites. As a result, GHG emissions previously recognized in scopes 1 and 2 were reclassified in scope 3 for an equivalent amount, with no significant impact on the Group's overall carbon footprint. See also the detailed explanations in section 5.1.2.5.2. At the end of 2025, scope 1 and 2 emissions accounted for less than 0.7% of the Group's carbon footprint and thus became non-material.

In addition, in this second year of application, Thales worked to expand the scope for certain quantitative information that could only be partially collected in 2024. Nevertheless, the scope remains limited for a small volume of quantitative information, such as:

- emissions related to procurement commitments: available data now cover the entire Group compared to around 95% of commitments in 2024;
- supplier payment terms which were calculated for the Group's main European legal entities, or approximately 65% of supplier payments. For reference, the 2024 calculation was based on the main French legal entities covering around 41% of supplier payments.

The Group is implementing the necessary actions to improve its supplier payment coverage rate in order to achieve expanded coverage of the Group scope from 2026.

5.1.1.1.2 Incorporation of information by reference

To meet the CSRD's disclosure requirements while avoiding repetition in the 2025 Universal Registration Document, the following datapoints are deemed to be included by reference in the Sustainability Report:

Standards	Disclosure requirements and datapoints	Sections of the 2025 Universal Registration Document
ESRS 2 GOV-1	• Section 21a) Number of executive and non-executive members (A) • Section 21b) Representation of employees and other workers (B) • Section 21c) Experience acquired by board members (C) • Section 21d) Diversity within the board (D) • Section 21e) Percentage of independent board members (E) • Section 22 a) Identity of the administrative, management and supervisory bodies (F) • Section 23 a) Sustainability-related expertise of the administrative, management and supervisory bodies (G) • Section 23 b) Relation between this expertise and material IRO (H)	Chapter 4 "Governance and compensation" • 4.1.2.a (A) • 4.1.1 and 4.1.2.a (B) • 4.1.3.b, 4.1.3.c and 4.1.4 (C) • 4.1.3.a (D) • 4.1.2.b (E) • 4.1.2.a and 4.1.4 (F) • 4.1.3.c (G) • 4.1.3.c (H)
ESRS 2 SBM-1	Information relating to product descriptions	"Activities" section of chapter 1 "The Group's business model"
ESRS 2 SBM-1	Information on the resources and value creation of the business model	"Strategic priorities" section of chapter 1 "The Group's business model"

5.1.1.1.3 Transitional provisions applied

For the preparation of this second Sustainability Report, in accordance with delegated act "Quick Fix" no. 2025/1416 adopted by the European Commission on July 11, 2025, the Group applied the transitional measures planned for the 2025 financial year. As such, the following information is not presented in this report:

- breakdown of sales by significant sector in the absence of an ESRS sector-specific standard;
- anticipated financial effects of material risks and opportunities;
- anticipated financial effects of climate change.

5.1.1.2 Governance

5.1.1.2.1 Role of the administrative, management and supervisory bodies in the governance of sustainability matters, oversight of impacts, risks and opportunities, monitoring of material sustainability matters and preparation of the Sustainability Report

a) Governance at the level of the Board of Directors and its specialized committees

The Group's governance of sustainability matters promotes strategic and operational alignment at all levels of the company, from the Board of Directors and its specialized committees to the operational level of activities and sites. The diagram below sets out the role of the Board of Directors and its specialized committees, the composition of which is detailed in chapter 4.1 – Composition of the Board of Directors.

BOARD OF DIRECTORS

Board of Directors

Sustainability missions:

→ **CSR strategy:** Approves the Group's multi-year CSR strategy, follows it up annually and reports on it to the Annual General Meeting through the Sustainability Report.

→ **Sustainability matters:** Ensures that social and environmental issues are taken into account in its decisions.

Frequency:

3 meetings held in 2025 on sustainability topics such as the CSR context, CSRD reporting, and carbon and diversity targets, on March 3, April 2, and November 27, the Sustainability Report having been approved by the Board at its meeting of April 2, 2025.

Three committees support the Board in its sustainability missions

Strategic and CSR Committee

Missions:

→ **Definition and monitoring of the CSR strategy**
Sets the Group's strategic sustainability goals and ensures they are monitored each year (action plans, KPIs, etc.) As part of this process, it also identifies and updates the list of sustainability matters that are material for the Group;

→ **Examination of the Sustainability Report**
Proofreads and makes observations on the draft Sustainability Report reviewed by the Audit and Accounts Committee, including the observations of the sustainability auditor(s), before presentation to the Board.

Frequency: 2 meetings held on these topics in 2025, on March 3 and 19, the latter meeting having enabled this Committee to review the Sustainability Report.

Audit and Accounts Committee

Missions:

→ **Integrity of sustainability information**
Monitors the sustainability reporting process and the process used to determine the disclosures to be published in this regard. Makes recommendations to ensure its integrity where appropriate;

→ **Examination of the Sustainability Report**
Examines the draft Sustainability Report each year, including the environmental taxonomy statement and material impacts, risks and opportunities under the double materiality concept;

→ **Control and audit of sustainability information**
Takes note of the main systems for managing impacts, risks and opportunities and for performing internal controls and audits of sustainability disclosures.
Keeps informed of the outcome of these procedures and monitors their effectiveness;

→ **Supervision of sustainability auditors**
Supervises the procedure for selecting sustainability auditors and recommends their appointment or reappointment to the Board, after which it oversees their audit assignment[1].

Frequency: 3 meetings held on these topics in 2025, on February 25, March 19, and June 10, the first two meetings having enabled this Committee to review two successive versions of the Sustainability Report.

Governance and Compensation Committee

Missions:

→ **CSR criteria in the compensation of the Chairman and CEO**
Proposes sustainability targets to be included in the Chairman & CEO's annual and long-term variable compensation package and examines the level of achievement of these targets, with the help of the Strategy and CSR Committee;

→ **Skills of directors**
Regularly reviews the directors' skills matrix, including its sustainability dimension;

→ **Functioning of the Board**
Examines all questions regarding the proper working of the Board, in particular via the Board's annual assessment.

Frequency: 3 meetings held on these topics in 2025, on March 10, June 11, and September 17, the first of these meetings having reviewed the corporate governance report, some sections of which (relating to directors) are included by reference in the Sustainability Report.

Two lead directors in CSR matters under the supervision of the Chair of the Strategic and CSR Committee (System amended by decision of the Board of Directors on March 2, 2026*):

→ **Coordinate with the Chairs of the three Committees on sustainability issues:**
To that end, they take part with the Chairs of the Audit and Accounts Committee and the Governance and Compensation Committee in the meetings of the Strategic and CSR Committee for related agenda items with their committee.

→ **In-depth analysis of sustainability topics:** On the Board's request, and interacting with General Management.

Frequency: in addition to two preparatory meetings with management at the beginning and end of 2025, and numerous contacts throughout the year, the two Lead Directors took part in 4 Committee meetings and were consulted ahead of 2 other Committee meetings.

* *Having noted, at the end of this first year of application of the CSRD, the CSR maturity acquired by the Board and the need for enhanced coordination of the work of the various Committees in this area, the Board wished to retain oversight of CSR issues within its Strategic and CSR Committee while adapting its internal governance. Henceforth, the Chairmen of the Audit and Accounts Committee and the Governance and Compensation Committee will be invited to participate in the CSR items on the agenda of the meetings of the Strategic & CSR Committee with a view to clarifying the work of the Committees they chair on CSR-related matters falling within their remit and ensuring proper coordination of the CSR work of the three Committees. At the same time, the Board terminated the role of lead director for CSR matters and thanked the two directors concerned for their contribution since 2022 to the Board's upskilling in this area. This new system was formalized in the Board's Rules of Procedure and is applicable from March 2, 2026.*

[1] *The statutory auditors (or independent third parties, as the case may be) responsible for auditing sustainability information inform the Audit and Accounts Committee of their overall work program, any modifications they feel should be made to the Sustainability Report, any irregularities or inaccuracies they may have discovered, and any significant internal control weaknesses they may have identified regarding the procedures for preparing and processing sustainability information, including oversight of impacts, risks and opportunities.*

b) Governance at the level of the Executive Committee and Group

CSR Strategic Committee: an executive-level steering body

At the executive level, the CSR Strategic Committee, chaired by the Chairman and Chief Executive Officer, approves the strategy and objectives of Thales' sustainable development policy. It draws in particular on the matters identified by the Group's double materiality assessment to define the associated metrics and targets. It meets at least once a quarter to approve the priorities and action plans to be put in place to achieve the sustainability objectives, while ensuring the adequacy of the resources, investments and resources committed to support the Group's sustainability ambition and objectives.

CSR Department and cross-functional Group sustainability policy steering and coordination bodies

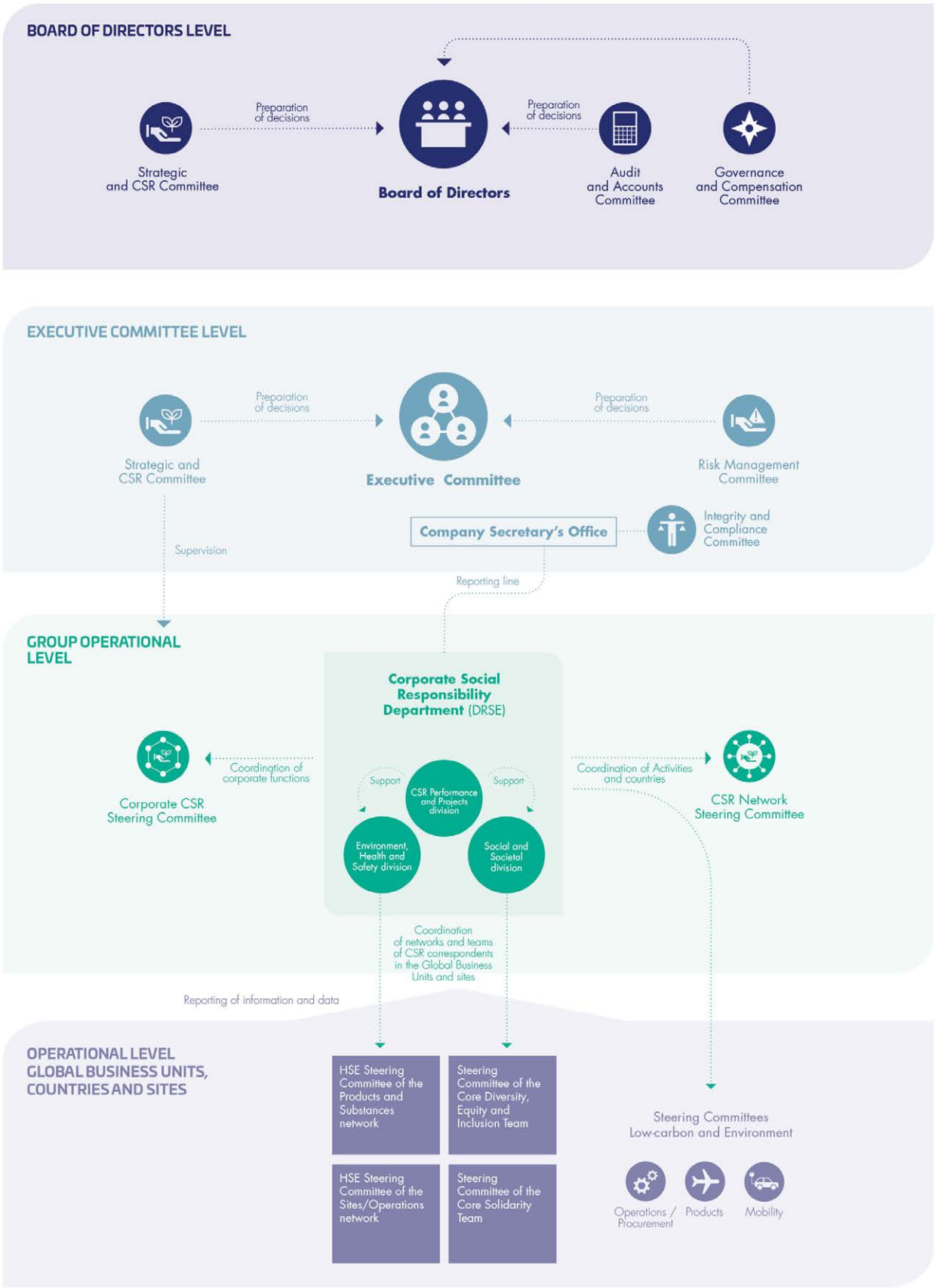
Reporting to the Group Secretary's office, the CSR Department develops the Group's strategic vision, expertise and operational performance in terms of sustainability, drawing on a network of correspondents deployed in the Global Business Units, Major Countries, Group International Development Departments (DGDIs), and Functions.

The CSR Department has two expertise divisions: the "Environment, Health and Safety" division and the "Social and Societal Responsibility" division. They draw up and manage CSR policy road maps and coordinate networks deployed within Global Business Units, the Major Countries organizations, and central functions. The third division, "CSR Performance and Projects", provides the tools, methods and monitoring and anticipation systems to ensure compliance with applicable sustainability regulations and the efficiency of Thales' CSR policy.

Two cross-functional CSR steering and coordination bodies complete the Group's overall set-up:

- the Corporate CSR Steering Committee, chaired by the Group Secretary, brings together the CSR correspondents of the central functions and the heads of the CSR Department. Its mission is to develop and share key sustainability issues, priorities and initiatives and periodically evaluate the deployment of road maps in relation to the targets set;
- the CSR Network Steering Committee, co-chaired by the Group Secretary and the SEVP Strategy, Research and Technology, brings together the "Strategy and Marketing" Vice Presidents of the Global Business Units and their equivalents for the Major Countries and DGDI organizations. These CSR correspondents are responsible for drawing up CSR roadmaps within the activities and regions and for supervising their deployment.

This system is reinforced by operational bodies, covering both at the business level (Global Business Units and product lines) and regional level (countries, regions and sites) dimensions, as presented below.



Thales has also set up a governance structure dedicated to compliance and structured around an Integrity and Compliance Committee. This Committee is responsible for overseeing the preparation, deployment, implementation, evaluation and updating of the Group's Integrity and Compliance Program [1].

[1] *The Integrity and Compliance Program comprises five pillars: Anti-corruption, Trade Compliance, Antitrust, Personal Data Protection and Duty of Vigilance.*

c) Monitoring of material IRO, action plans and associated objectives

The Risk Management Committee (Group) updates and provides consolidated oversight of material IRO. In the first year of the application of the CSRD, it was fully involved in the assessment work and, in an extended configuration including alongside its permanent members (Chairman & Chief Executive Officer, Finance Director, Operations Director, Group Secretary), the Senior Executive Vice Presidents (SEVPs) of the Human Resources and Strategy, Research & Technology functions, validated the results of Thales' first double materiality assessment led jointly by the CSR Department [1] and the Audit, Risks & Internal Control Department (DARCI).

The double materiality assessment is updated every five years by the DARCI and validated by the Risk Management Committee. The latter can also decide to make additional updates, whether in part or in full, whether on the initiative of the DARCI, the CSR Department or the Board of Directors, particularly in the event of significant changes to the Group's scope or organization (acquisitions, disposals, restructuring), its geopolitical, economic, technological or regulatory environment, or in response to changes observed in industry practices.

In addition, as part of the preparation of the new Sustainability Report, **the Board of Directors' Strategic & CSR Committee** is kept informed each year of the material IRO, the implementation of due diligence, and the outcomes and effectiveness of the associated policies, actions, metrics and targets. It refers to the observations of the **Audit and Accounts Committee**, with both Committees able to make any useful observations to the Board, in accordance with the governance structure described in section 5.1.1.2.1.a above.

The list of material IRO at December 31, 2025, examined by the Audit and Accounts Committee, the Strategic & CSR Committee and then the Board for the purposes of reviewing this report, is shown in section 5.1.1.4.2.

d) Action plans, targets and oversight of material impact, risk and opportunity metrics

The Corporate CSR Steering Committee and CSR Network Steering Committee, under the supervision of the Executive Committee's Strategic CSR Committee, ensure the coordination of all action plans, set targets and oversee progress on metrics at Group level (see section 5.1.1.2.1.b).

The Board of Directors' Strategic and CSR Committee monitors the targets and action plans relating to material sustainability matters (derived from the double materiality assessment). It relies on the work of the Audit and Accounts Committee and reports to the Board, which may decide on any adjustments: modification of an objective, substitution, addition of a new indicator or updating of action plans.

5.1.1.2.2 Integration of sustainability-related performance into incentive schemes for the administrative, management and supervisory bodies

The Board of Directors has incorporated several sustainability-related incentives into the short-term and long-term variable compensation of the Chairman and Chief Executive Officer, on the recommendation of the Governance and Compensation Committee, supported by the two lead directors in terms of CSR (see section 5.1.1.2.1.a and 4.4.1.1 A and B, Non-financial criteria for the compensation of the Chairman and Chief Executive Officer).

The weight of sustainability criteria in the variable compensation of the Chairman and Chief Executive Officer is:

- 15% for short-term variable compensation;
- 20% for long-term variable compensation.

In the policy on annual variable compensation in respect of 2025, these are based on three quantifiable criteria, broken down according to the three pillars of the Group's medium-term CSR strategy, each accounting for 5%:

- the first pillar focuses on **the planet**, and includes among its objectives consolidating the deployment of the low-carbon policy to reduce CO_2 emissions. For this pillar, the 2025 target was:
  - a 52% reduction in CO_2 emissions in market-based scopes 1 and 2 by 2025, in absolute value compared with 2018, on an equivalent scope;

  The Group relies in particular on two levers:
  - the formalization of roadmaps by entity, identifying the levers needed to reduce emissions, consistent with the Group's 2030 commitments;
  - securing overall access to low-carbon energy sources and strengthening the energy efficiency and moderation of energy consumption plan;
- The second pillar focuses on **society**. The two 2025 targets for this pillar concerned:
  - raising awareness of climate change: voluntary training under the "Thales Climate Passport" in 2025 for 85% of managers (Levels of Responsibility 8-12), a target of around 45,000 employees;
  - digital security: pursuing specific actions on business-managed networks (Business Managed Networks – BMN);
- the third pillar concerns **people**, promoting continuous growth in the proportion of women in the Group's management bodies. The 2025 objective was for 67.5% of Management Committees to include at least four women [2].

The sustainability criteria integrated into the long-term incentive plan of the Chairman and Chief Executive Officer, representing 20% of the total, have been determined consistent with the Group's long-term CSR strategy. They supplement the sustainability objectives of annual variable compensation, which are the operational levers to achieve them.

[1] *As described in section 5.1.1.4.1.*

[2] *As well as the Group Executive Committee, this includes the Management Committees of the Global Business Units, the business lines, the major countries where the Group operates, and the International Development Department (covering the other countries where the Group operates), a total of 39 committees. At December 31, 2025, 69.2% of Management Committees included at least four women.*

In 2025, the sustainability criteria in the long-term incentive plan were evenly divided between two major objectives:

- half (10%) on the reduction in CO_2 emissions of market-based scopes 1 and 2 by 2027 in absolute value compared with 2018 and at constant scope. This criterion directly reflects the Group's ability to reduce its CO_2 emissions in its operations. The achievement levels set for 2027, in line with Thales' long-term CSR strategy, are set at -48% (floor) and -50% (target). These objectives are in line with the trajectory "validated" by the SBTi for these scopes on the basis of the 1.5 °C scenario;
- half (10%) on the gender balance of management bodies determined by the proportion of women in positions of responsibility (Levels of Responsibility) 10 to 12 [1]. The achievement levels set for 2027, in line with the Group's long-term strategy, are 22.50% and 23.125%, respectively, at the floor and target of the objective. These are to be compared with the observed rate of 21.09% at December 31, 2024.

5.1.1.2.3 Statement on due diligence

The Group Secretary's office oversees the Group due diligence system with the support of the departments that report to it, and in particular the Risk, Audit and Internal Control Department (DARCI), for the identification and assessment of negative impacts, and the CSR Department, for the determination and monitoring of due diligence measures related to sustainability issues.

CORE ELEMENTS OF DUE DILIGENCE WITHIN THE MEANING OF THE CSRD AND CORRESPONDENCE WITH THE SUSTAINABILITY REPORT	
a) Embedding due diligence in governance, strategy and business model	See governance procedures described above
b) Engaging with affected stakeholders in all key steps of due diligence	Please refer to the section on dialog with stakeholders among the topical standards
c) Identifying and assessing adverse impacts	Please refer to the sections on stakeholder dialogue and on the identification of material IRO and their interaction with the business model within thematic standards
d) Taking actions to address those adverse impacts	Please refer to the sections on actions among the topical standards
e) Tracking the effectiveness of these efforts and communicating	Please refer to the sections on metrics and on processes to remediate negative impacts among the topical standards

5.1.1.2.4 Risk management and internal controls over sustainability reporting

The quality of the sustainability information produced by the Group relies on the risk management and internal control system implemented by Thales.

a) Internal control system

In 2024, the Audit, Risks and Internal Control Department developed an internal control manual dedicated to sustainability information, drawing on financial auditing methodology. This manual defines five types of controls applied to sustainability reporting:

- **existence** control: verification of the authenticity of the information provided;
- **consistency** control: data compatibility and consistency with the prior period or with forecasts;
- **completeness** control: inclusion of all necessary data;
- **accuracy** control: precision, timeliness and accuracy of the data;
- **authorization** control: validation of data by authorized persons.

For each sustainability control, the manual specifies:

- the type and description of the control;
- the reporting requirement(s) concerned by the control;
- the scope covered and any limitations;
- the person responsible for the control;
- the source document;
- the associated tool in the event of an automatic control;
- the control frequency;
- the expected evidence;
- the evidence archiving procedure.

Representatives of the Group's functions responsible for ESG matters are responsible for performing these controls directly or via the teams concerned. Cross-functional controls of qualitative data were defined in order to guarantee the application of policies in accordance especially with the Group's Chorus frame of reference.

The deployment of this internal control system continued in 2025. The conclusions of this internal control system are reported once a year to the Audit Committee.

b) Methodology for assessing risks related to sustainability information

The data collected by Thales when preparing Sustainability Reports were more granular than for its Non-Financial Performance Statements of previous years. However, in the absence of reliable information, some data have been estimated.

As part of a specific DARCI mission in 2024, the main reporting risks were identified and prioritized:

- the most significant of these risks appears to concern the completeness of the reporting scope, particularly as regards the inclusion of entities recently acquired by the Group;
- the consistency of the data reported, which may also be compromised by the variety of tools, definitions or local regulations;
- reliability and accuracy may vary depending on methods, assumptions, and the data sources used to estimate quantitative data;
- the existence and validation of reporting elements, given that the information to be disclosed is new.

These reporting risks led to the formalization of the five categories of controls mentioned above. The completeness of the scope remains the most significant risk, followed by the consistency of data and the reliability of estimates in the value chain.

The Group provided feedback in early 2025 to take into account the lessons learned from the first sustainability reporting exercise according to the CSRD, including those relating to the implementation of internal sustainability control.

In addition, the Audit, Risks and Internal Control Department conducted a further mission in September 2025 to assess and strengthen the system. At the end of this mission, new controls were determined and an action plan was put in place to improve the organization and formalization of controls.

[1] *The Group's internal classification has 12 Levels of Responsibility, with 12 being the highest. At December 31, 2025, 11,959 staff were employed at Levels of Responsibility 10 to 12.*

5.1.1.3 Strategy

5.1.1.3.1 Strategy, business model and value chain

The Group's principal markets and main product lines and/or services offered are described in the "Core missions" section of chapter 1 "The Group's business model" of the 2025 Universal Registration Document.

At December 31, 2025, Thales had 84,958 employees, the majority of whom located in France (50%), Europe excluding France (27%), the Americas (10%) and Asia-Pacific (12%).

a) Sustainability-related strategy

Sustainable development is a strategic priority for Thales. As a leading player in the defence, aeronautics and high-technologies sectors, the Group acknowledges its responsibility and its key role in the design of solutions helping to meet today's major global challenges. It supports sovereign states in the protection of their airspace, space, sea and cyber spaces, while offering its customers and partners ever more efficient and frugal means to carry out their critical missions. Thanks to its research and innovation capabilities, Thales is contributing to the development of more ethical and inclusive technologies and to a better understanding of the planet. This synergy between operational performance and societal commitment is central to its corporate strategy.

In 2024, Thales stepped up its ambitions for 2030, with a CSR strategy underpinned by nine commitments structured around three pillars – SOCIETY, PLANET, and PEOPLE – with a view to positioning Thales as a leader in sustainable development on its markets.

- **Society**
  - *Business*: by 2030, Thales aims to double the number of large companies and governments it protects against cyberattacks. Cybersecurity is now essential to global stability. Thales' solutions make it possible to secure critical assets such as border control systems, identity documents, banking data, defence and air navigation systems. They also support economic activities and enable substantial progress in the daily lives of citizens. By developing this business, Thales is strengthening its positive impact on society.
  - *Ethics*: Thales is committed to ensuring that all of its artificial intelligence products and solutions are assessed based on the responsible AI criteria set out in its Digital Ethics Charter by 2030. AI plays a key role in addressing major societal challenges, but it also raises fundamental ethical issues, particularly in sensitive sectors such as defence and security. It thus becomes even more important for Thales to adopt a responsible approach as AI will be embedded into the Group's solutions on an ever larger scale going forward.
  - *Communities*: Thales intends to strengthen confidence in science and technology by raising the awareness, by 2030, of one million young people about their importance and the challenges involved. Through its actions in schools and its grant and mentoring programs, such as STEM for All run by Thales Solidarity, the Group wishes to encourage these young people to become engineers and encourage their study and career paths in the scientific and technological fields. Thales is thus actively contributing to extending the influence of the scientific world and to the sharing of knowledge with future generations.
- **Planet**
  - *Climate*: since 2019, Thales has been deploying its strategy for a low-carbon future, which has already led to a significant reduction in its CO_2 emissions. The Group is continuing its efforts to reduce by 2030 its market-based scope 1 and 2 emissions by 50% in absolute terms compared with 2018, and to reduce its scope 3 emissions (categories 1, 6, 9 and 11) by 15% in absolute terms compared with 2018. This emissions reduction trajectory, aligned with the Paris Agreement, was validated by the SBTi in 2023.
  - *Resources*: Thales has stepped up its ambitions relative to the circular economy with the goal of recovering 95% of non-hazardous waste by 2030. The Group also leads an eco-design approach and integrates environmental issues throughout the life cycle of its products.
  - *Nature*: in keeping with its initiatives to protect the biodiversity surrounding its sites, Thales aims to reduce its water withdrawal intensity by 30% between 2018 and 2030, thereby contributing to the preservation of water resources.
- **People**
  - *Learning organization*: employee reskilling and upskilling are major challenges in today's ever-changing technological world. Thales, with its 34,000 top-level engineers, aims to maintain its cutting-edge expertise and attract the best talent. Upskilling is one of the Group's priorities. To drive this initiative, the Group has designed an internal index to assess the maturity of skills. Thales aims to obtain a score of over 70 out of 100 on this index Group-wide by 2030, an indication of the suitability of its employees' skills relative to the maximum possible level. The aim of this approach is to ensure the agility, employability and technological excellence of its teams.
  - *Diversity, equity and inclusion*: Thales is committed to building an inclusive culture in which everyone can express their uniqueness, be recognized for their differences, and fully find their place at work. The Group pays particularly close attention to the diversity of its employees, convinced that this is a source of wealth and performance. Following on from the initiatives undertaken since 2016 to promote gender diversity, Thales aims to increase the proportion of women in its most senior positions to 25% by 2030.
  - *Health and well-being*: The well-being and health of its employees are central to the commitments of Thales, regardless of their profession or working environment. The Group is stepping up its preventive actions to ensure safe working conditions and prevent workplace accidents over the long term. It aims to reduce the Lost Time Injury Frequency Rate to 1 or below by 2030, reflecting its determination to strengthen everyday safety.

Among these commitments, the Group has identified four priority actions for 2025 with an impact on society, the planet and employees. These actions are accompanied by quantified targets incorporated into the sustainability criteria for the 2025 variable compensation of the Chairman and Chief Executive Officer (see section 5.1.1.2.2) and that of 60,566 employees eligible for variable compensation.

The sustainable development criteria applicable to employees in 2025 are summarized below.

- **Society**
  - Climate awareness: train 85% of managers (Levels of Responsibility 8-12), representing a target of around 45,000 employees, on climate change issues via the online training course "Thales Climate Passport";
    - This target was exceeded, with 50,120 employees having completed this training.
  - Cybersecurity: reinforce the digital security policy, with specific actions on the Group's IT networks dedicated to the Group's Business Managed Networks (BMN) projects;
    - This target was achieved, with actions having been taken to secure the IT networks dedicated to the projects.
- **Planet**
  - Reduction in CO_2 emissions: reduce in absolute terms market-based scope 1 and 2 emissions by 52% compared with 2018, in accordance with Thales' emissions reduction trajectory validated by the SBTi in March 2023;
    - These targets were exceeded. Market-based scopes 1 and 2 were reduced by 65,7% at constant scope (excluding the restatement of emissions from Australian sites in scope 3) and by 75.2% with restatement.
- **People**
  - Diversity in positions of responsibility: increase the proportion of women in Levels of Responsibility 10 to 12 [1] with an objective of 21.75% by 2025 in line with the 2026 target set by the Board of Directors;
    - This target was met, with the Group reaching 21.78% at December 31, 2025.

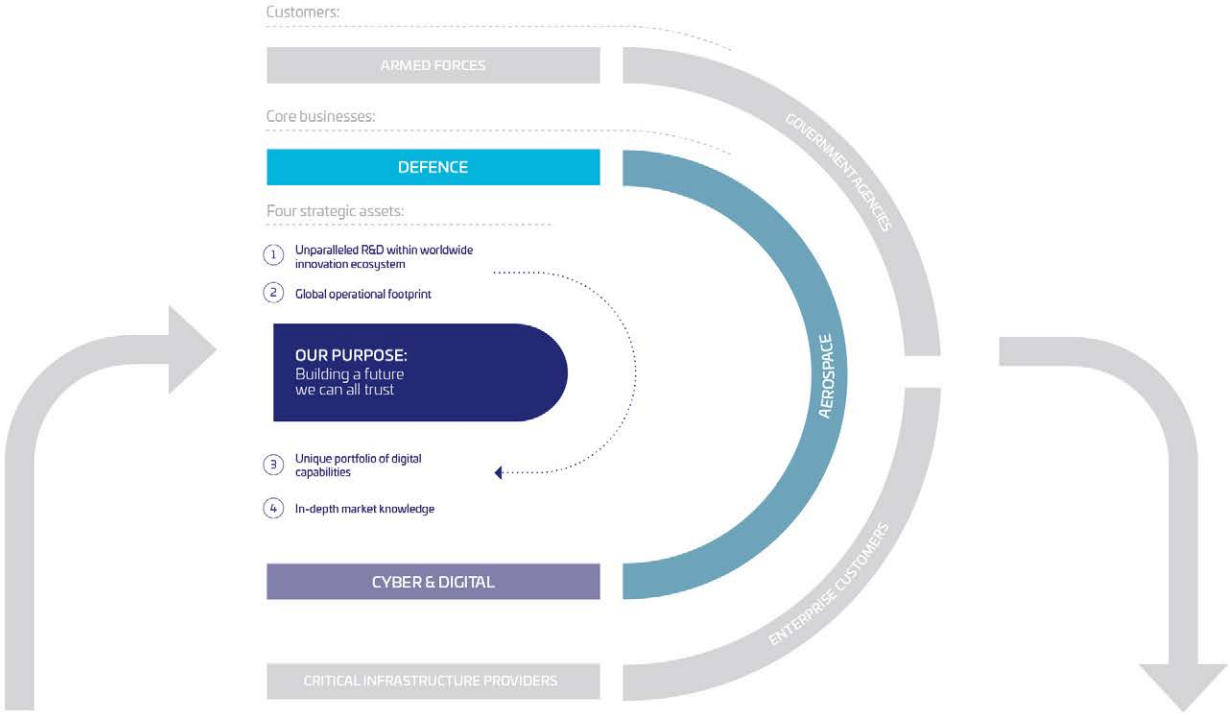
Moreover, Thales continued working towards its sustainability ambitions in 2025 thanks to its portfolio of products and solutions:

- **Building a safer world**, through high-tech equipment that gives sovereign states the means to protect their territories and their populations. For example:
  - Thales is the No. 1 supplier in Europe of surface radars equipping more than 80 countries worldwide;
  - Imperva, a Group brand, deploys a range of digital protection services to protect data, applications and the internet against malware;
- **Building a more environmentally friendly world**, thanks to a range of solutions that help its customers to reduce their ecological footprints or observe environmental phenomena more effectively. For example:
  - Thales offers products and services that can reduce the civil aviation industry's environmental impact by up to 10% by optimizing flight trajectories;
  - as part of Europe's Copernicus program, the satellites developed by Thales Alenia Space considerably improve knowledge of the state of the earth's surface and sea surface so that more effective action can be taken against environmental degradation and the consequences of climate change;
  - as the world leader in high-power lasers, Thales inaugurated GenF in Barp (Bordeaux), which aims to take a first step towards the creation of a new safe, abundant, inexpensive and non-polluting energy through inertial confinement fusion;
- **Building a more inclusive world**: with the Group providing responsible products and services that strengthen the trust of users and service providers alike;
  - Thales contributes to the smooth functioning of democracies and public services by making its secure and biometric technologies available for identity documents. To date, more than 70 national programs benefit from these solutions, increasing the confidence of citizens and service providers in the reliability of identification systems.

[1] *Levels of Responsibility 10 to 12 correspond to the levels of responsibility for senior managers and executives.*

b) Thales' business model

The strategic priorities set for 2025 to develop and secure the resources and value creation of the Group's business model are described in detail in the "Strategic priorities" section of chapter 1 "The Group's business model".



RESOURCES

TRAINED AND LOYAL EMPLOYEES

- **85,000 employees** (of whom 27.6% women)
- **93.3%** full-time contracts; **97.5%** permanent contracts
- **34,000 engineers**
- **17.5 hours of learning** per employee on average in 2025
- **36 internal training academies** available for employees

DIVERSIFIED MARKETS AND A SOLID INDUSTRIAL BASE

- **3 business sectors**:
  Defence, Aerospace, Cybersecurity and Digital
  Sales repartition: 55% Defence / 45% Civil
- Operations in **65 countries**
- **21 sites** with more than 1,000 employees
- R&D on technologies with high environmental potential: nano-neurons, lasers for fusion energy, quantum antennas
- Growth and maintenance Capex

INNOVATION AT THE HEART OF OUR IDENTITY

- **€4.5bn** in R&D, including **€1.3bn** self-funded
- **More than 40%** of the Group's employees involved in research, engineering and technological development
- More than **800 experts** in artificial intelligence

A CARBON-FOCUSED ENVIRONMENTAL FOOTPRINT

- **864,006 MWh** of energy consumed
- Scope 1 and 2 GHG emissions of 55 kt CO_2e
- Scope 3 GHG emissions of 8,778 kt CO_2e

A DEMANDING ETHICAL FRAMEWORK

- Policy of non-engagement in the design, manufacture or sale of controversial weapons
- **ISO 37001 certification** (anti-bribery management systems)
- **8,086 employees** trained in corruption prevention **(100% of target population)**
- **100%** of new suppliers bound to the principles of Thales' Integrity & Corporate Responsibility Charter
- One of the only companies in the sector to have adopted a **Digital Ethics Charter**

A ROBUST FINANCIAL STRUCTURE

- Solid shareholder structure (French State and Dassault Aviation)
- Limited net debt: **€1.62bn** at December 31, 2025
- High and sustainable free operating cash flow generation (€2.577bn)
- Extremely solid credit ratings (A- S&P, A2 Moody's)

VALUE CREATION

FOR OUR EMPLOYEES

- **€9.48bn** in payroll
- **21.78% women** in senior management in 2025
- **69.23%** of management committees with at least 4 women in 2025
- Lost time injury frequency rate of **1.50**
- Employee Engagement Index of **76%**

FOR OUR SUPPLIERS AND PARTNERS

- **17,000 suppliers**
- **€10.6bn** procurement commitments taken in 2025, of which **€3.1bn** purchases in France from more than **3,800 SMEs and mid-caps**
- **+3,000 start-ups** listed since 2016
- **Responsible Supplier Relations and Procurement** certification in France

FOR THE SCIENTIFIC AND TECHNICAL COMMUNITY

- A portfolio of more than **22,000 patents** and **400 new patent applications** in 2025
- Ranked among the world's 100 most innovative companies by Clarivate for the 12th time
- Europe's leading publisher of research papers in the field of physics according to international scientific journal Nature

FOR THE PLANET

- **75.2%** decrease in CO_2 emissions in Scopes 1 and 2 and **15.4%** decrease in Scope 3 in absolute terms compared with 2018 (2030 targets validated by the SBTi)
- Flight path optimization solutions to achieve 10% reduction in civil aircraft CO_2 emissions by 2030
- Central role of **Thales Alenia Space** satellites on major oceanography and environmental monitoring
- Decarbonization of suppliers

FOR SOCIETY

- **70+ countries** rely on Thales equipment to protect their populations and territorial integrity
- **Two out of three aircraft** in the world take off and land using Thales equipment
- **30,000+ organizations** use Thales identity management and data protection technologies
- **€150,000bn** in interbank fund transfers protected every year
- **300 government ID verification programs** around the world are backed by Thales solutions
- Over **257,000 young people** learned about STEM careers through the Vocation Makers initiatives

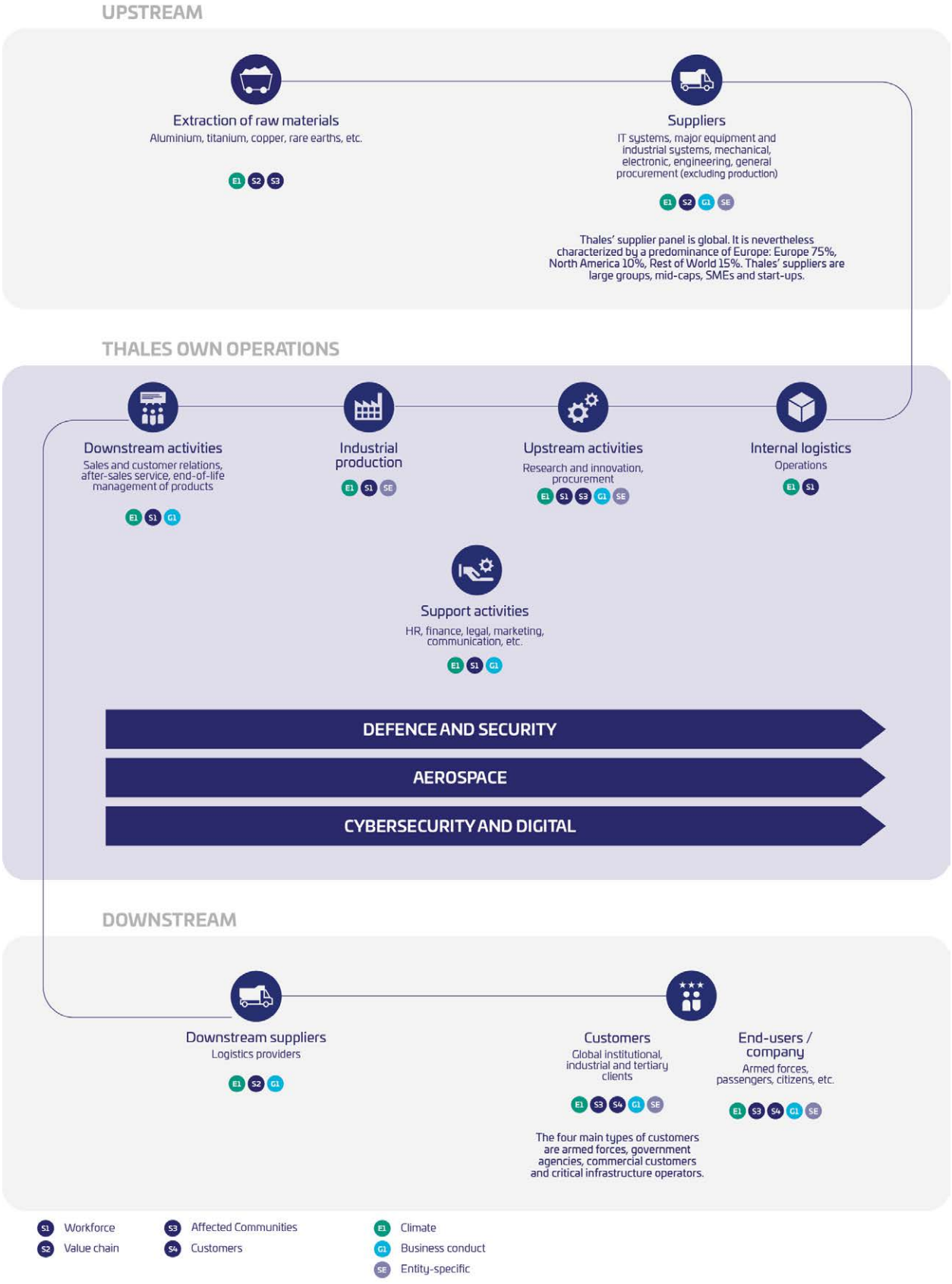
FOR OUR INVESTORS

- **Strong increase in global sales**
- 28 large orders with a unit value of more than **€100m**
- 40% of Adjusted net income distributed in the form of dividends
- 13.3% increase in Adjusted EBIT
- Inclusion in CAC 40 ESG in September 2024

c) Value chain

Thales' value chain is supported by the Group's 84,958 employees as they design and develop high-tech products and solutions that meet the need for security, sustainability, connectivity and decision support in three activities: Defence, Aerospace, Cyber & Digital.

Thales' value chain can be summarized as follows:



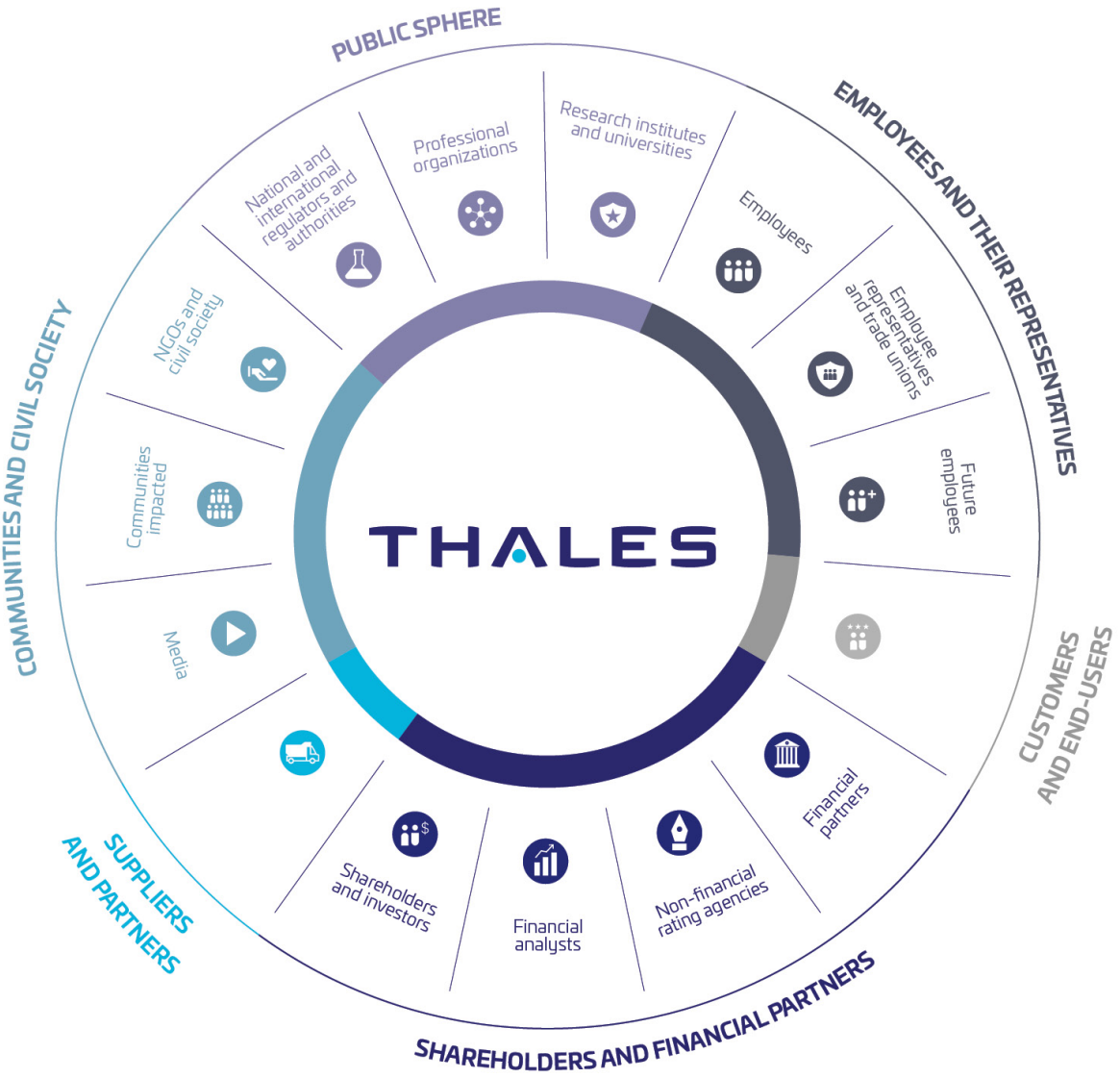
5.1.1.3.2 Interests and views of stakeholders

Thales is actively engaged in dialogue with its stakeholders, ensuring that their expectations are incorporated into the definition and implementation of its sustainability strategy, while respecting the confidentiality inherent in its activities.

Thales deploys a policy of structured and adapted dialogue for each category of stakeholder depending on their expectations and issues. This approach fully embodies its corporate purpose: "Building a future we can all trust."

In 2025, Thales launched a targeted consultation with a representative sample of external and internal stakeholders. Based on qualitative interviews, the aim of this approach is to strengthen the robustness of the double materiality assessment conducted in 2023, by integrating the expectations and reactions of stakeholders on the sustainability topics identified. The lessons learned from this consultation will feed into the continuous evolution of Thales' sustainability priorities consistent with the regulatory requirements of the CSRD and improve dialogue with its stakeholders. As the consultation will continue in 2026, the integration of the findings will be effective for the 2026 Sustainability Report.

In addition, the biennial engagement survey was administered to Thales employees in 2025 to learn about their expectations and views on key themes such as diversity and inclusion, the environment, and business ethics (see section 5.1.3.1.3).



Stakeholders Departments in charge of dialogue	Method of dialogue	Purpose of dialogue	Understanding stakeholder expectations	Consideration of viewpoints in strategy
Employees and Employee Representatives HR DEPARTMENT	• Interaction with 85,000 employees worldwide, 40% of whom are dedicated to R&T	• Ensure well-being at work	• Operate in working conditions that ensure health and safety, diversity and inclusion	• 2030 target for matching employees' skills with the needs of their position
	• Engagement survey every two years	• Listen to employees' concerns	• Maintain high-level skills adapted to the market	• Implementation of actions to promote upskilling
	• Collaborative workshops on sustainable development strategy	• Improve employee satisfaction and overall commitment	• Progress in career paths and personal development	• Implementation of action plans following engagement surveys to improve areas identified as perfectible
	• Semi-annual meetings with the European Works Council		• Demonstrate sustainability commitments and progress	• Preliminary workshops for the 2026 double materiality analysis, ongoing
	• Collective bargaining meetings with social partners			
Customers and end-users Quality and Marketing Departments	• Deployment of a demanding safety and security policy	• Maintain a long-term relationship of trust	• Produce quality, compliant, reliable and secure products	• Implementation of actions to ensure compliance with commercial and environmental standards, including those related to substances
	• Working groups set up by the Entreprises pour les Droits de l'Homme association		• Comply with export regulations	• Implementation of quantitative monitoring
			• Be transparent on the environmental and social impacts of products	• Implementation of certifications and standards
			• Integrate product end-of-life topics	
National and international regulators and authorities Institutional Relations Department	• Dialogue necessary for the performance of current contracts	• Strictly comply with applicable regulations	• Comply with the laws and regulations in force	• Participation in the work of professional associations
	• Dialogue via the professional organizations of which Thales is a member (IAEG, GIFAS, ASD)		• Contribute positively to the sovereignty of states	• Development of regulatory expertise across all Group markets
Suppliers and partners Procurement Department	• Purchases made from Thales' suppliers correspond to around half of the Group's annual sales	• Maintain a responsible and efficient supply chain	• Build balanced, lasting and sustainable relationships with Thales	• Maintaining relationships of trust with suppliers
	• Discussions and work on better integrating human rights into company policies and practices via the Entreprises pour les Droits de l'Homme association, of which Thales is a member		• Benefit from reasonable payment terms	• Monitoring of suppliers' non-financial performance in order to establish, where appropriate, improvement action plans
	• Permanent communication channels (whistle-blowing system) or one-off communication channels (on-site CSR audits)		• Benefit from support to make progress on sustainability matters (decarbonization, etc.)	• Implementation of a vigilance plan

Stakeholders Departments in charge of dialogue	Method of dialogue	Purpose of dialogue	Understanding stakeholder expectations	Consideration of viewpoints in strategy
Shareholders, investors and analysts Investor Relations Department	• Organisation of roadshows	• Provide the financial markets with accurate, precise and truthful financial information	• Ensure long-term economic and financial performance	• Alignment of the CSR strategy with the Group's general strategy
	• Participation in numerous investor meetings, notably on sustainability matters		• Have a clear vision of Thales' sustainability strategy	• Setting of 9 quantified CSR targets by 2030 and deployment of the CSR roadmap
	• Publication of the URD and the Integrated Report in electronic formats		• Understand ESG impacts, risks and opportunities, their possible financial impact, and the degree to which Thales controls them	• Annual update of the double materiality matrix and drafting of the Sustainability Report
	• Capital Markets Day (November 14, 2024)			
	• ESG Investor Day (October 2021)			
Non-financial rating agencies CSR Department	• Discussion meetings with analysts at iconic business events in the aeronautics and defence sectors (Paris Air Show, Eurosatory)	• Meet their expectations	• Obtain transparent and reliable non-financial information	• Implementation of tools for monitoring and analyzing the non-financial ratings of Thales and its peers
		• Enhance relations with their analysts	• Be able to judge progress and results compared with peers	• Continuous improvement of the Group's qualitative and quantitative ESG data
		• Discuss Thales' sustainability matters in greater depth and on a more regular basis		
Professional organizations Thales Global Business Units Department and CSR Department	• Participation in the work of the IAEG (International Aerospace Environmental Group), GIFAS (French Aerospace Industries Association) and the ASD (European Aerospace, Security and Defense Industries Association)	• Build common and sector-specific approaches to major sustainability challenges	• Harmonize industry practices	• Coordination of Thales' participation in the work of associations
	• Within AFEP and MEDEF, participation in consultations organized by the European Union on sustainability topics		• Pool the development and cost of certain technologies	• Participation of Thales experts in associations
			• Develop and maintain common positions vis-à-vis public authorities (e.g. regulations)	• Thales cooperation with peers on common issues related to the sector
Future employees HR Department	• Second in the Universum ranking, among the preferred companies of engineering students in France (2024)	• Meet the growing challenges of recruitment	• Ensure that their future employer acts responsibly and is in step with their environmental and social values	• Thales ambition to be a leader in sustainability
				• Local adaptation of CSR actions
Research institutes and universities R&T Department	• Partnerships in innovation ecosystems with companies and industrials	• Innovate together on uses, business models and technologies	• Ensure the future employability of students	• Relations with institutes and universities as a major driver of HR attractiveness and a major focus of the Group's Academies
	• Academic partnerships	• Strengthen local footprint	• Obtain additional sources of revenue	• Co-construction of programs useful to the professional and academic worlds

Stakeholders Departments in charge of dialogue	Method of dialogue	Purpose of dialogue	Understanding stakeholder expectations	Consideration of viewpoints in strategy
NGOs and civil society CSR Department	• Roll-out of the *Thales Solidarity* program	• Promote science and technology	• Guarantee the safety of products sold by reducing misuse	• Implementation of actions to ensure commercial compliance
		• Demystify science and technology among the broadest public possible, particularly the younger generations		• 2030 target to raise awareness of science, technology, engineering and mathematics (STEM) among 1 million young people
		• Create interest in these fields and assist those wishing to make a career in them		
Media Communication Department	• Organization of 3 monthly visits to Thales industrial sites with the local, national and international press, elected representatives and schools	• Develop trusting and transparent relations with the media in the countries and territories where Thales is established	• Have a clear vision of Thales' strategic and sustainability challenges	• Close association between the CSR and Communication teams
	• Around 80,000 articles citing Thales were published in media around the world in 2024		• Have relevant and differentiating editorial contributions	• Increasing number of interventions on CSR
				• Variety of media involved and topics covered
				• Implementation of Thales speakers
Impacted communities CSR Department	• Working groups set up by the Entreprises pour les Droits de l'Homme association	• Ensure that industrial activities take into consideration the sustainability issues of their ecosystem	• Guarantee a safe living environment (health, safety) and without pollution near industrial sites	• Supervision of the environmental impact of the Group's locations and activities
			• Prevent and reduce negative impacts related to the misuse of products	• Implementation of actions to ensure commercial compliance
			• Benefit from technological advances for a more secure world and simpler civic approaches	• Analyze Thales' technologies from the standpoint of their social and societal impact

The departments responsible for maintaining dialogue with one or more of our stakeholders actively contributed to the work carried out in 2023 on the Group's double materiality assessment (see section 5.1.1.4.1).

In the introduction to each section of this Report covering the CSRD's social standards, Thales specifies the way in which the interests, views and rights of value chain workers, affected communities and end users are taken into consideration.

5.1.1.4 Impact, risk and opportunity management

5.1.1.4.1 Description of the processes to identify and assess material IRO

a) ESRS Disclosure Requirements

As part of the CSRD, Thales relies on its integrated risk assessment and management system to meet the requirements relating to the management of impacts, risks and opportunities. This system is based on risk scenarios and factors, the governance of which is divided according to the Group's three levels of responsibility: Corporate, Global Business Units/business lines, local entities.

The impacts and risks to which the Group is exposed are subject to structured monitoring: the Risk Assessment Committee (chaired by the VP Audit, Risk and Internal Control) issues recommendations to the Risk Management Committee (chaired by the Chairman and Chief Executive Officer). The latter oversees the completeness and effectiveness of the risk assessment and control system.

As part of this process, the results of the Group's double materiality assessment were approved in November 2023 by a Risk Management Committee extended to include the Senior Executive Vice Presidents (SEVP) of the Human Resources and Strategy, Research and Technology functions.

In accordance with ESRS requirements, the double materiality assessment was performed on Thales' own operations and upstream and downstream value chain.

Prior to this assessment, Thales identified and classified 80 sustainability topics, grouped into 13 themes according to their importance for the Group and its stakeholders. This identification was based on interviews with its internal stakeholders and on the results of the single materiality assessment conducted in 2021 with external stakeholders (customers, suppliers, NGOs, etc.).

The CSR Department then analyzed any discrepancies between these sustainable development matters and the themes of the 10 topical ESRSs (Environment, Social and Governance) to ensure they were aligned [1].

The topics have been redefined or clarified to integrate both the regulatory requirements and the specificities of Thales' business model.

Lastly, each matter and corresponding definition was validated by Thales function representatives from the following functions: CSR, Human Resources, Operations (including the Procurement Department), the Group Secretary's office (including the Audit, Risks and Internal Control, Legal, Contracts and Compliance, and Ethics and Integrity Departments), Finance and Sales.

b) Sustainability matters selected

On completion of this work, 20 sustainability matters were identified: 18 covering all or part of the ESRS standards in Environment, Social and Governance (ESG) and two Group-specific matters (non-ESRS) relating to sovereignty issues.

c) Identification of impacts, risks and opportunities

On this basis, Thales conducted a workshop bringing together experts from the CSR, HR, Operations, the Group Secretary's office, Finance and Sales functions to identify the associated impacts, risks and opportunities (IRO). This approach took into account the Group's activities, its business relations throughout the value chain, as well as the products and services it markets.

To assess the materiality of these IRO, each matter was deemed to be of an equal nature and of equal importance for all the Group's activities and for all the regions in which Thales operates.

The methodology used to assess short-, medium- and long-term IRO included the requisite variables, which are the following:

- for impact materiality: severity as determined by scale, scope, irremediable character, and likelihood;
- for financial materiality: magnitude of the financial effect and its likelihood of occurrence.

The criteria assessed to determine gross IRO scores were each defined on a scale of one to four so as to be consistent with the Group's current risk assessment approach.

Thales set distinct materiality thresholds for impact materiality and for financial materiality when drawing up its list of relevant material matters:

- impact materiality: the threshold was set at level **3 out of 4**;
- financial materiality: the threshold was set at level **3.5 out of 4**.

The results of the double materiality assessment were consolidated in the form of a matrix and presented to the extended Risk Management Committee so that it could approve the relative positioning of each IRO in relation to the Group's sustainable development strategy.

The Committee also requested that two matters deemed non-material but for which Thales has made a public commitment in its drive to reduce its carbon footprint (with reference to the Paris Agreement and as validated by the SBTi) be presented voluntarily in this Report in accordance with ESRS E1. These data included:

- GHG emissions from operations, accounting for less than 2% of the Group's GHG emissions; and
- supply chain emissions, which form part of the Group's commitment to reduce its scope 3 GHG emissions.

To ensure that the assessment always accurately reflects the reality of the Group, the internal process for updating the double materiality assessment provides for a review every five years, an occasional review in the event of significant changes in the Group's situation (such as a disposal or acquisition), and a formal annual review before each publication of the Sustainability Report.

In 2025, an analysis was carried out during workshops bringing together DARCI, DRSE and the Group's CSR experts, based on the latest risk maps, Strategic Business Plans (SBPs) and a benchmark of peer Sustainability Reports. This analysis was validated by the Risk Management Committee on October 20, 2025 and presented to the Audit Committee on February 12, 2026. It confirmed the absence of any change in material IRO relative to the previous financial year. Only their wording has been specified in the 2025 Sustainability Report, for greater clarity.

d) Description of the processes to identify and assess material impacts, risks and opportunities

The specific description of the impacts, risks and opportunities related to the thematic standards on climate and business conduct is detailed in the relevant sections (see section 5.1.2.3 and section 5.1.4.1).

The matters of pollution, water and marine resources, biodiversity and circular economy were not deemed material. This conclusion is based on an in-depth analysis of the nature and location of the activities of the Group's subsidiaries and suppliers with which Thales has an established business relationship. This assessment was carried out without specific consultation with the surrounding local communities.

In terms of biodiversity, Thales has found that very few of its sites are located in or near ecologically sensitive areas, which limits the Group's potential negative impact on biodiversity.

[1] *According to ESRS 1 AR16.*

5.1.1.4.2 Specific description of the elements used to identify and assess material impacts, risks and opportunities (IRO) and their interaction with strategy and business model

On completion of the double materiality assessment, 11 matters were deemed material for the Group along with 25 corresponding material IRO, as described below:

Légende :

Nature of IRO:

- (I+) Positive impact
- (I-) Negative impact
- (O) Opportunity
- (R) Risk

Link in the value chain:

- Upstream value chain
- Thales' own operations
- Downstream value chain

ESRS	Material IROs	Nature of IRO	Description	Actual / potential effect	Time horizon	Link in the value chain
	ENVIRONMENT					
	ENVIRONMENTAL IMPACT OF PRODUCTS (E1)					
E1	Environmental impact of greenhouse gas (GHG) emissions related to the energy consumption of Thales products and solutions when used by customers.	I-	Use of Thales products and solutions consuming energy in the operational phase and generating GHG emissions, which contribute significantly to the overall carbon footprint (particularly in the defence, aeronautics and space sectors).	Actual effect	Short, medium and long term	
	SOCIAL					
	DIVERSITY AND INCLUSION (S1)					
S1	Difficulty in instilling a culture of inclusion within the Group, in which no employee would be denigrated or treated unequally because of their distinct characteristics (age, gender, religion, sexual orientation, cultural origin, etc.).	I-	An insufficiently inclusive culture, which could affect well-being at work, employee engagement, and harm the Group's attractiveness.	Potential effect	Long term	
S1	Employee disengagement due to a compensation policy perceived as being unfair.	I-	Perception of inequity in the remuneration policy that may generate a feeling of injustice among employees, affect their commitment, and limit their involvement in the Group's projects.	Potential effect	Short and medium term	
S1	Exposure of employees to discrimination, harassment or unconscious biases, limiting their inclusion within the Group.	I-	Deterioration of the Group's image in the event of proven situations or suspected situations of discrimination or harassment.	Potential effect	Short and medium term	
	WORKING CONDITIONS (S1)					
S1	Strengthening of employee employability thanks to the development of their skills in the Group's areas of expertise.	I+	Continuous investment to ensure the upskilling of the teams and the targeted development of critical know-how, contributing to the sustainability of the Group's activities and technological competitiveness.	Actual effect	Short and medium term	
	HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS (S2)					
S2	Direct or indirect contribution, via established business relationships, to violations of the Human Rights or fundamental freedoms of workers in the upstream or downstream value chain.	I-	Induced or involuntary exposure of Thales to cases of non-respect of Human Rights or fundamental freedoms in its value chain.	Potential effect	Medium and long term	
S2	Violation of the Human Rights and fundamental freedoms of local populations as a result of conflict minerals mining.	I-	Violation of Human Rights in mineral extraction activities (gold, tungsten, tantalum, tin, etc.) in areas of armed or high-risk conflict, upstream of the value chain, affecting local communities and compromising Thales' commitments in terms of social responsibility.	Potential effect	Medium and long term	

ESRS	Material IROs	Nature of IRO	Description	Actual / potential effect	Time horizon	Link in the value chain
	SOCIAL AND SOCIETAL IMPACT ARISING FROM THE USE OF PRODUCTS AND SERVICES (S3)					
S3	Access to knowledge, communications and employment for individuals and communities enhanced by the solutions developed by Thales (e.g. telecommunications, internet access).	I+	Socioeconomic development prospects for populations benefiting from Thales solutions and activities located in their territories.	Actual effect	Short and medium term	
S3	Access to mobility (passports, navigation systems, driving licenses) and voting (identity cards, electronic voting solutions) for populations enhanced by the digital solutions developed by Thales.	I+	Contribution to more inclusive and secure societies by developing civic participation and improving access to mobility.	Actual effect	Short and medium term	
S3	Business opportunities arising from the development of innovative solutions.	O	Continuous innovation momentum opening up new business prospects and serving to maintain Thales' technological excellence.	Potential effect	Short, medium and long term	
S3	Misuse of Thales equipment or services.	I-	Potential exposure to the misuse of Thales technologies and services, likely to alter their intended use and harm local communities.	Potential effect	Short, medium and long term	
	PRODUCT QUALITY AND SAFETY (S4)					
S4	Guarantees of the safety of users and reliability of certified products.	I+	Essential focus on the quality, the reliability of certified products and safety in use, boosting customer confidence in sensitive markets.	Actual effect	Short, medium and long term	
S4	Risk arising from the sale of defective products.	R Legal	Negative perception related to safety issues, with a potential impact on the Group's reputation with its customers and partners.	Potential effect	Short, medium and long term	
S4	Risk of a defective product being recalled and/or withdrawn from the market.	R Financial	Recall and/or withdrawal from sale of defective products, affecting Thales' operational and financial performance.	Potential effect	Short, medium and long term	
S4	Reputational risk potentially resulting in contract losses in the event of proven product quality problems.	R Reputational	Deterioration of Thales' satisfaction, reputation and image among its prospects, customers and partners due to problems in the quality of products and solutions.	Potential effect	Short, medium and long term	
	CUSTOMER RELATIONSHIPS – SECURITY AND SOVEREIGNTY OF GOVERNMENT CUSTOMERS (S4)					
S4	Potential harm to the security and sovereignty of government customers and their populations in the event of uncontrolled disclosure of sensitive information, in breach of regulations.	I-	Disclosure of sensitive information compromising the security of government customers, their sovereignty and regulatory compliance, resulting in a loss of trust, damage to Thales' reputation, and exposure to sanctions.	Potential effect	Short, medium and long term	

ESRS	Material IROs	Nature of IRO	Description	Actual / potential effect	Time horizon	Link in the value chain
GOVERNANCE						
ETHICS AND COMPLIANCE (G1)						
G1	Risk arising from non-compliance with competition law.	R Legal	Breach of competition rules that may, after investigation, trigger significant sanctions and damage the Group's reputation, and compromise its relationship of trust with customers, suppliers and partners.	Potential effect	Short, medium and long term	
G1	Risk arising from non-compliance with applicable corruption and influence peddling legislation.	R Legal	Violation of anti-corruption and anti-influence peddling laws exposing Thales to criminal sanctions and exclusions from public contracts damaging its reputation.	Potential effect	Short, medium and long term	
G1	Risk arising from non-compliance with applicable export control legislation or international economic sanctions.	R Legal	Non-compliance with export control regulations and international sanctions, exposing Thales to administrative sanctions, trade restrictions, and the loss of access to strategic international markets.	Potential effect	Short, medium and long term	
CORPORATE GOVERNANCE (G1)						
G1	Contribution to stakeholder protection through the promotion of values and a culture of compliance.	I+	Compliance culture and ethical values as the foundation of the relationship of trust with stakeholders, contributing to sustainability and the creation of responsible value.	Actual effect	Short term	
CHALLENGES SPECIFIC TO THALES						
SECURITY FOR DIGITAL AND PHYSICAL INSTITUTIONS AND INFRASTRUCTURES						
Specific	Contribution to maintaining the peace and stability necessary to achieve prosperity and protect sovereignty.	I+	Active contribution of Thales solutions to peacekeeping, strengthening the trust of institutional partners and promoting the sustainability of business and diplomatic relations.	Actual effect	Short, medium and long term	
Specific	Contribution to protecting the critical infrastructures and systems that are essential for human organizations to function.	I+	Protection of vital infrastructure, considered strategic for societal resilience and the stability of critical systems.	Actual effect	Short, medium and long term	
DATA PROTECTION AND CYBERSECURITY						
Specific	Protection of customers' IT infrastructure.	I+	Enhanced protection of customers' IT infrastructures thanks to Thales solutions, guaranteeing business continuity, resilience to cyberthreats, and user confidence.	Actual effect	Short and medium term	
Specific	Cyberattack of a component of the Group's IT system.	R Operational	Compromise of a component of the Thales IT system, resulting in operational disruptions, data losses, and reputational risks.	Potential effect	Short and medium term	
Specific	Risk of a data leak or cyberattack at a supplier.	R Reputational	Exposure to cyber risks at suppliers that may have consequences on Thales' reputation, compliance, and operational resilience.	Potential effect	Short and medium term	

To date, the Group has not identified any impact of these material IRO on its financial position, financial performance or cash flows. Furthermore, Thales believes that there are no material risks or opportunities (IRO) that might result in a significant adjustment to the carrying amounts of assets and liabilities reported in the financial statements.

The Group's sustainable development program is one of the pillars of its 2030 strategic plan. It is deployed in the Group's Global Business Units, functions and major countries. Thales is thus able to cope with material sustainability impacts and risks and to seize the opportunities associated with them.

5.1.1.4.3 Disclosure Requirements in ESRS covered by Thales' Sustainability Report

Thales has drawn up the list of disclosure requirements with which the Group has fully complied, as set out in the table of contents in section 5.1.5.1 of this Report.

The information disclosed (*datapoints*) was selected on the basis of its relevance with regard to the issues, impacts, risks and opportunities considered material. As specified in section 5.1.1.4. above, the topics of pollution, water and marine resources, biodiversity and the circular economy are considered non-material.

The only matter not addressed in this Report **with regard to non-material topics** concerns the workforce (temporary workers and self-employed workers), as specified in section 5.1.3.1.7.

To summarize, based on the matters identified as material, the mandatory reporting scope includes:

- six topical ESRS standards in addition to the two cross-cutting ESRS 1 and ESRS 2 standards. These are ESRS E1, G1 and S1, S2, S3 and S4, of which 15 sub-topics are material of the 37 set out in the standards;
- entity-specific information on two matters specific to Thales.

Furthermore, although operations-related and scope 3 emissions (purchased goods and services) were deemed non-material, Thales chose to disclose them voluntarily, in line with its climate commitments validated by the SBTi and aligned with the Paris Agreement, via ESRS E1 *datapoints*.

In addition, in accordance with the ESRS 1-35 standard, section 5.1.5.2 of the Sustainability Report provides details about the significant or important *datapoints* required by other European regulations listed in Appendix B of ESRS 2, in particular those referred to in the regulation on sustainability-related disclosure in the financial services sector (SFDR).

5.1.2 Environment: climate change

ENVIRONMENTAL IMPACT OF PRODUCTS		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Environmental impact of products	• **Negative impact**: environmental impact of greenhouse gas (GHG) emissions related to the use of Thales products and solutions by customers.	• **Planet:** change operating procedures to remain within planetary boundaries.
Main policies	• Climate transition plan; • Strategy for a low-carbon future.	
Levers for action	**For category 11 of scope 3 – Use of products and services sold by Thales:** • consider the environment throughout the product's life cycle; • develop features to improve customers' environmental performance; • develop products that strengthen control and understanding of environmental issues.	
Main targets	The target for reducing emissions related to the use of products sold by Thales is part of its commitment to reduce scope 3 emissions by 15% (purchased goods and services, downstream transportation, business travel, use of sold products) by 2030, relative to 2018 and in absolute value.	

Although no impact, risk or opportunity connected to emissions other than those related to the use of sold products was deemed material under the double materiality assessment, some information has been voluntarily included in this chapter for greater clarity regarding Thales' overall commitment pertaining to its carbon footprint. Beyond the environmental impact of its products in terms of scope 3 GHG emissions (category 11 – Use of sold products), Thales is committing more broadly in the medium term to reducing its carbon footprint, whose objectives, validated by the SBTi, aim to be compatible with limiting global warming to 1.5 °C in accordance with the Paris Agreement. This commitment covers the reduction of:

- GHG emissions linked to its operational processes (scope 1) and consumption of purchased energy (scope 2);
- GHG emissions related to its supply chain (category 1 – Purchased goods and services, category 6 – Business travel, and category 9 of scope 3 – Downstream transportation) as well as the use of its products by customers (category 11 of scope 3).

Scope 1 and 2 emissions, as well as those from scope 3 categories 1, 6, 9 and 11, are included in the Group's climate change mitigation transition plan. They are covered by Thales' strategy for a low-carbon future.

5.1.2.1 Identification of material climate-related impacts, risks and opportunities

Thales has implemented a process to identify and assess impacts, risks and opportunities related to material sustainability matters, detailed in section 5.1.1.4.1.

Regarding climate change, several issues have been taken into account:

- climate change adaptation, which addresses the Group's ability to identify, assess and manage the physical risks associated with climate change as well as the corresponding opportunities;
- the carbon footprint of operations, which covers scope 1 and 2 GHG emissions. They are generated by energy consumption in Thales' buildings and facilities, the use of energy in Thales' industrial processes, digital solutions (digital infrastructures, in particular for data storage and artificial intelligence) and the operation of cooling units;
- the carbon footprint of the supply chain, which includes GHG emissions from procurement (extraction of raw materials, production of products) and logistics, upstream of the value chain;
- the environmental impact of products and services when they are used by customers.

Only the environmental impact linked to the use of Thales products and services was considered material for the Group. This decision is consistent with the conclusions of two studies conducted to identify:

- physical risks associated with climate change (below);
- transition risks and opportunities associated with climate change (section 5.1.2.1.2).

5.1.2.1.1 Physical risks associated with climate change

The assessment of physical risks related to climate change as part of the Group's operations and its value chain was conducted through:

- an assessment of the resilience of the Group's assets to physical risks associated with climate change;
- an internal tool used to assess the supply chain's exposure to key physical risks.

The climate scenarios used to identify and assess physical risks as well as the short-, medium- and long-term transition risks and opportunities do not present any known incompatibility with the assumptions used in the Group's financial statements regarding risks related to climate change.

a) Assessment of the resilience of the Group's assets to physical risks

The assessment of the resilience of the Group's assets to physical risks was finalized in the first quarter of 2023, taking into account two scenarios defined by the IPCC (SSP2-4.5 and SSP5-8.5) for the 2030 and 2050 time horizons.

The assessment concluded that the Group's asset portfolio is robust. Of the 365 sites analyzed, only 11 are assessed as very high risk and 35 as high risk in the worst-case scenario (PFS5-8.5). Rising temperatures and flooding were identified as the main risks for the sites concerned.

Sites deemed at risk were categorized based on several criteria (size, headcount, type of activity, owned or leased, etc.) in order to prioritize actions and determine any necessary adaptation measures.

Only nine sites require a local adaptation plan to enable a more granular assessment of the risks, the identification of relevant adaptation measures and scheduling of these actions. A method tested in 2024 at two pilot sites was implemented in 2025 on the remaining seven sites to finalize a first version of their local adaptation plan in 2026.

Other at-risk sites were provided with detailed information on the results of the study to confirm that:

- in the case of an extreme event (flood, tornado, etc.), the existing measures, be they emergency response plans or business continuity plans, are deemed sufficient;
- in the case of chronic temperature rise and heat waves, the technical solutions in place are capable of maintaining acceptable operating conditions (both for personnel and production facilities).

At this stage, no adaptation measures requiring significant investments have been identified for the risk sites. Should such needs arise, any corresponding investments would be incorporated into the budget process.

In addition, new sites integrated into the Group, whether resulting from acquisitions or relocations, undergo a simplified assessment of their exposure to physical risks, carried out using an internal tool. As of 2026, any site modification (extension, investment, lease update, etc.) will have to incorporate data related to physical climate-related risks as well as the corresponding recommendations for their control in the decision-making process steered by the real estate function.

b) Assessment of the supply chain's exposure to key physical risks

The resilience of Thales' supply chain is measured through an assessment process addressing 10 risks: financial health, economic dependence, on-site incidents (fire, natural disaster, neighborhood risks, etc.), geopolitics, cybersecurity, corporate integrity and responsibility, anti-corruption, Duty of Vigilance, trade compliance and supplier maturity. Historical climate risks are already included in the "natural disaster" category.

In addition, in 2024 the Group developed an internal tool to assess suppliers' exposure to the physical risks associated with climate change. This tool makes it possible to identify which suppliers are most exposed to the key physical risks likely to affect the supply chain (heat and cold waves, floods, water stress). The assessment takes into account:

- geographic location;
- three climate scenarios ("standard", "optimistic" and "pessimistic");
- two time horizons (2030 and 2050).

Based on the results obtained using the internal tool, Thales in 2025 was able to specify its exposure to the physical risks associated with its suppliers in order to define the best way to support them in their adaptation strategy in the medium and long term.

5.1.2.1.2 Transition risks and opportunities associated with climate change

The transition risks and opportunities associated with climate change were analyzed as part of the study on the resilience of the Group's strategy and business model to climate change. The methodology used, including the use of climate scenarios, as well as the results obtained and their integration into the overall business strategy and financial planning, are described in the paragraph hereafter.

5.1.2.2 Material impacts, risks and opportunities and interaction with strategy and business model

With the support of a third party, the Group conducted a study on the resilience of its strategy and business model to climate change. The results, presented to the Group's Executive Committee in July 2022, remain fully relevant with regard to the current strategic guidelines and there is no need to update the study.

The aim of the study was to characterize the challenges related to climate change and assess its impacts on Thales' main activities (Defence, Civil Aeronautics, Space, Cyber & Digital) in order to identify transition risks, seize opportunities and plan for sectoral changes.

5.1.2.2.1 Scenarios and methodological assumptions

To explore how Thales' activities could evolve in a low-carbon world, two contrasting scenarios were drawn up for 2030 and 2050:

- A "pro-technology" scenario featuring:
  - a socio-environmental transition founded primarily on technological innovations that foster GDP growth while significantly reducing environmental impacts;
  - a disruptive technological change that significantly improves the contribution to decarbonization compared to historic trends.
- A "frugality" scenario featuring:
  - a socio-environmental transition founded primarily on resilience, with social and societal behavioral changes focused on new wealth models;
  - a slightly more optimistic contribution to the technological improvement of decarbonization than historic trends.

These two transition scenarios, aligned with the objectives of the Paris Agreement, propose trajectories compatible with limiting global warming well below +2 °C [1]. They use two complementary levers: the dissemination of low-carbon technologies (energy efficiency, storage, etc.) and changes in consumption patterns, particularly through a more frugal approach. The scenarios differ in how these two levers are weighted.

Both scenarios are based on 13 parameters [2] that have been selected with regard to economic, environmental, societal and governance trends. These parameters have been adjusted for each of the Group's four main activities.

The study consisted of a scenario analysis as defined by the Task Force on Climate-Related Financial Disclosures (TCFD), aimed at identifying key trends in the Group's business sectors. Two types of analyses were completed, based on the sector assessed:

- quantitative and qualitative for the digital and space industries;
- quantitative for civil aeronautics;
- qualitative for the defence sector.

[1] *The next update of the study of the resilience of the Group's strategy and business model will, at least, consider a climate scenario compatible with limiting global warming to 1.5 °C.*

[2] *Employment, lifestyles, inequalities in income and wealth, social prosperity, opening up the economy, territorial dynamics, organization of the transport system, technological progress, political governance, regulation, the energy transition, geopolitics and geo-economics, impact of climate change on conflict.*

5.1.2.2.2 Results

The conclusions of the study for each of the four activities analyzed, for the two scenarios and for the 2030 and 2050 horizons, are described below.

Civil aeronautics

The decarbonization of the sector could lead to higher costs for players, mainly borne by airlines, with a potential impact on ticket prices and traffic demand. This risk would be heightened in the event of the limited availability of sustainable aviation fuel (SAF) or an extension of carbon taxes. The impact of new technologies and SAF is expected to remain limited before 2030-2035, encouraging the industry to implement traffic management solutions, such as Thales Green Operations, contributing to decarbonization in the short term and thus generating opportunities for the Group.

Space

In the "Frugality" scenario, a more economical world could reduce the amount of data transmitted and stored, as well as payloads, and bring about a preference for less energy-intensive land-based (5G, wireline) solutions. However, in both scenarios, Earth observation activities would develop, opening up new prospects for Thales, particularly in the prevention of extreme climate events and the monitoring of the environmental impact of human activity on biodiversity.

Cybersecurity and digital

In both low-carbon scenarios, the global slowdown in data flows does not pose a risk to the development of cybersecurity services. Opportunities are emerging for Thales in a pro-tech world, with the increased digitalization of the economy expected to drive demand for cybersecurity, while the growth of the cloud and the development of artificial intelligence will require enhanced security solutions.

Defence

Climate change could impose new constraints on the armed forces, particularly during interventions in heavily impacted regions. The armed forces and their logistical support could be required to operate under more extreme conditions, with limited resources, which will require more robust equipment to ensure operational availability. Securing energy supplies in theaters of operation will increase the need for energy efficiency.

Thales solutions will continue to meet the growing needs of the armed forces, particularly with the proliferation of threats, which requires increased detection, analysis and decision-making capabilities, as well as interoperability solutions. At this stage, the transition to a low-carbon economy remains a secondary priority for the armed forces, with military superiority remaining predominant. But some risk factors, such as tension in the demand for critical metals, may influence this priority.

The Group has not identified any economic assets or activities that are incompatible with a transition to a climate neutral economy.

5.1.2.2.3 Integration in the global business strategy

Based on the conclusions of the study, Thales identified the impacts, risks and opportunities related to climate change for each of its activities.

The Group developed a specific tool to better assess its ability to integrate innovation opportunities into its business strategy. The tool identifies and classifies these opportunities according to their impact in terms of sustainability and business performance, for each of the Group's activities.

Since 2024, the Global Business Units have been able to use this resource as part of the annual strategic planning process. It supports the adaptation of the Group's strategy and business model to climate challenges, in the short, medium and long term, by guiding changes in the product and service portfolio.

5.1.2.3 Policies related to climate change mitigation

In 2019, Thales established its strategy for a low-carbon future, with medium-term reduction targets that aim to be compatible with the Paris Agreement by 2030. This approach was reinforced by the submission of carbon reduction commitments to SBTi for validation, obtained in March 2023.

The two documents, published in 2019 and 2021 [1], constitute the Group's climate policy. They reflect its ambitions in terms of mitigation, the only material climate-change issue for Thales.

The low-carbon strategy applies to all the Group's activities, wherever it operates, and to its entire value chain. The aim with the strategy is to reduce greenhouse gas emissions, both upstream (purchased goods and services) and downstream (use of sold products). The implementation of this policy involves all the stakeholders in the Thales value chain, including Group suppliers, internal participants and customers. The main stakeholders are described in section 5.1.1.3.1.

This policy refers to third-party initiatives to ensure the robustness of its commitments: the 2030 targets are validated by the SBTi, and the Group's GHG emissions are accounted for in accordance with the requirements of the GHG Protocol.

The Group's climate policy is accessible to all interested parties on the Thales website. Progress on the implementation of the policy is published annually in the annual reports.

The governance of this policy is set forth in section 5.1.1.2.1.

5.1.2.4 Transition plan for climate change mitigation

Thales' transition plan aims to provide a clear vision of the Group's past, current and future mitigation efforts. The objective is to ensure the compatibility of the Group's strategy and business model with the transition to a sustainable economy.

However, it should be noted that there is currently no consensus on GHG emission reduction targets and pathways that can be translated to the company level. As targets are set at the national level, they do not guarantee that a strategy is compatible with a scenario limiting global warming to 1.5 °C in line with the Paris Agreement. Thales' transition plan covers all its Global Business Units, covering all their scopes 1, 2 and 3 emissions, and focuses on achieving the medium-term reduction targets by 2030.

[1] *"Our Strategy for a low-carbon future" (2019) and "Acceleration of our strategy for a low-carbon future" (2021).*

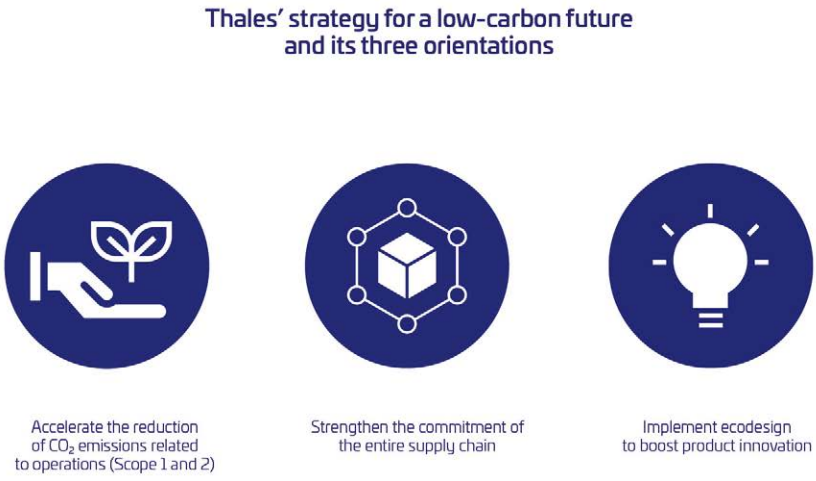
5.1.2.4.1 Ambition and strategy

For several years, the Group has implemented a low-carbon strategy confirming its commitment to the fight against climate change and its desire to reduce the emissions related to its operations and its value chain.

To define its low-carbon ambitions and strategy, Thales analyses its carbon footprint and assesses the challenges associated with the transition to a low-carbon economy for all its business activities. To that end, the Group has set medium-term emission reduction targets that aim to be compatible with the Paris Agreement (see section 5.1.2.4.2. Decarbonization targets and pathway).

The Group's business activities are mainly tertiary and light industrial, using materials and components from its supply chain. As a result, most of its emissions fall within scope 3 ("Purchased goods and services" and "Use of sold products").

Thales' strategy for a low-carbon future and its three orientations



Thales is committed to reducing the operations-related GHG emissions by:

- improving the energy efficiency of its business activities and the buildings it occupies;
- favoring renewable energy sources;
- eliminating and managing the most emission-intensive refrigerant gases and substances;
- transitioning to a fleet of electric/hybrid vehicles.

The Group's action extends to the entire upstream value chain, and is reflected in:

- validating the action plans of the most emission-intensive suppliers;
- working with its suppliers to align their practices with the Group's reduction target;
- making eco-design central to product innovation.

In addition, Thales offers its customers innovative and eco-responsible features and services to help them reduce their own GHG emissions, notably by:

- developing smart air traffic management solutions and flight path optimization tools that lead to reductions in emissions;
- optimizing the energy efficiency of digital technology, with "frugal by design" digital systems, algorithms and artificial intelligence solutions;
- offering energy management systems to make systems more energy efficient;
- developing space systems dedicated to a better understanding of climate phenomena.

Thales also contributes, downstream of its value chain:

- to the ambitious objectives of decarbonizing aviation;
- to the energy transition of the armed forces;
- to the promotion of a responsible space ecosystem and sustainable space navigation;
- to the optimization of the energy efficiency of the digital world through the development of digital solutions that are "frugal by design".

Thales' low-carbon strategy and transition plan, as well as the robustness of its assets to physical risks (see section 5.1.2.1.1), strengthen the resilience of the Group's business model in the face of climate change. The contribution of the strategy for a low-carbon future to reducing GHG emissions and achieving medium-term targets is assessed in section 5.1.2.4.4 "Decarbonization actions and levers".

Governance and steering of the transition plan

The Group's transition plan is approved by the CSR Strategy Committee of the Executive Committee. The operational implementation of the plan is supported by three Low-Carbon and Environment Steering Committees (see section 5.1.1.2.1), each one acting according to the GHG emission categories addressed:

- the Procurement and Operations Committee manages scopes 1 and 2, and categories 1 (Purchased goods and services) and 9 (Downstream transportation) of scope 3;
- the Mobility Committee focuses on scope 3 category 6 (Business travel) as well as scope 1 emissions from company vehicles;
- the Product Committee manages category 11 of scope 3 (Use of sold products).

The results of the calculation of emissions for the various scopes (see section 5.1.2.5.2), as well as energy consumption (see section 5.1.2.5.1), are used by these committees to measure the Group's progress. Ad hoc updates on transition plan implementation may also be given during meetings of the CSR Strategy Committee (within the Executive Committee).

Lastly, the Board of Directors has incorporated criteria related to the deployment of the low-carbon strategy into the annual and long-term variable compensation of the Chairman and Chief Executive Officer (see section 5.1.1.2.2).

5.1.2.4.2 Decarbonization targets and pathway

In March 2023, the independent *Science Based Targets initiative* (SBTi) validated Thales' 2030 reduction targets, aimed at being compatible with limiting global warming to 1.5 °C in connection with the Paris Agreement. In accordance with SBTi rules, these targets cannot be achieved through the use of carbon credits.

Thales' emission reduction targets [1] as validated by SBTi are described in the table below:

	Scope	Value	Base year	Target year	Pathway	Type
Medium-term target	Scopes 1 and 2 (market-based)	-50.4%	2018	2030	1.5 °C	Absolute
Medium-term target	Scope 3 (categories 1, 6, 9 and 11)	-15%	2018	2030	2 °C	Absolute

At the end of 2025, scope 1 and 2 emissions had been reduced by 75.2% compared with 2018, while scope 3 emissions had been reduced by 15.4%. The reduction targets set for 2030 have therefore been achieved to date, but they remain relevant given the possible change in the accounting rules for Energy Attribute Certificates by the GHG Protocol (scope 2), and the Group's growth outlook (scope 3).

The emission reduction targets remained unchanged in 2025 and are still validated by the SBTi. The Group has a deadline until 2026 to resubmit its objectives.

Base year and baseline values

The first targets were defined in 2019, using 2018 as the base year, a year that was retained when the targets were submitted to the SBTi in 2022 due to its representativeness (the most recent year not impacted by the COVID-related slowdown). In 2025, this reference year remains unchanged for scopes 1, 2 and 3. However, the baseline values were adjusted (downwards for scopes 1 and 2 and upwards for scope 3) to incorporate changes in scopes or methodologies (see section 5.1.2.5.2.c), without calling into question the relevance of the targets.

a) Scope 1 and 2 GHG emission reduction targets by 2030

The GHG emissions reduction target for scopes 1 and 2 was defined with reference to the SBTi methodology, with an ambition aligned with a trajectory of 1.5 °C. Scope 2 emissions are calculated using the market-based approach. This objective, validated by the SBTi in 2023, is based on a cross-sectoral decarbonization trajectory, since there is no relevant sectoral trajectory given the diversity of the Group's business activities.

It covers all GHG emissions taken into account in the regulatory inventory mentioned in section 5.1.2.5.2: methane (CH_4), sulphur hexafluoride (SF_6), nitrous oxide (N_2O), nitrogen trifluoride (NF_3), carbon dioxide (CO_2), perfluorocarbons (PFCs), hydrofluorocarbons (HFCs).

The table below presents changes in scope 1 and 2 emissions in recent years (in thousands of metric tons CO_2e):

	2018 [a] [b]		2024 [a]			2025		
Scope	**Value**	**Breakdown**	**Value**	**Breakdown**	**Change vs. 2018**	**Value**	**Breakdown**	**Change vs. 2018**
Scope 1	70	31.4%	43	57.4%	-38.3%	36	64.5%	-49.1%
Scope 2	153	68.6%	32	42.6%	-79.0%	20	35.5%	-87.2%
SCOPES 1 AND 2	**223**	**100%**	**75**	**100%**	**-66.3%**	**55**	**100%**	**-75.2%**

(a) The data for 2018 and 2024 differ from what was disclosed in the 2024 Universal Registration Document because of a change in facts and circumstances explained in section 5.1.2.5.2.

(b) Scope 1 and 2 emissions are calculated for 2024 and 2025 according to the market-based methodology. For 2018, this methodology is not applicable as the Group did not account yet for its electricity consumption related to guarantees of origin and did not use biomethane. Therefore, the location-based methodology applies for 2018.

b) Scope 3 GHG emission reduction targets by 2030

The GHG emission reduction target for scope 3 was defined with reference to the SBTi methodology, with an ambition aligned with a 2 °C trajectory. This objective, validated by the SBTi in 2023, is based on a cross-sectoral decarbonization trajectory, since there is no relevant sectoral trajectory given the diversity of the Group's business activities.

The scope covered differs from the regulatory inventory of GHG emissions presented in section 5.1.2.5.2. Emissions related to upstream energy (category 3 of scope 3) and emissions related to upstream leased and used assets (category 8 of scope 3) are not included in the scope of the objective. The latter covers 98.2% of the GHG emissions reported in section 5.1.2.5.2.

[1] The Group has defined the following targets for 2030:
- *50.4% reduction in emissions linked to operational processes and energy consumption (scopes 1 and 2) in absolute terms and compared to the 2018 baseline, in line with a 1.5 °C trajectory;*
- *15% reduction in emissions linked to the supply chain and to product use by customers (scope 3 – Purchased goods and services, Business travel, and Use of sold products) in absolute terms and compared to the 2018 baseline, in line with a 2 °C trajectory.*

The table below presents changes in the relevant scope 3 categories in recent years (in thousands of metric tons CO_2e):

	2018 [a]		2024 [a]			2025		
Scope 3 categories	**Value**	**Breakdown**	**Value**	**Breakdown**	**Change vs. 2018**	**Value**	**Breakdown**	**Change vs. 2018**
3.1 Purchased goods and services	2,123	20.6%	2,242	29.7%	5.6%	2,670	30.8%	25.8%
3.6 Business travel	171	1.7%	116	1.5%	-32.0%	130	1.5%	-23.7%
3.9 Downstream transportation	118	1.1%	88	1.2%	-25.8%	111	1.3%	-5.8%
3.11 Use of sold products	7,911	76.6%	5,092	67.5%	-35.6%	5,765	66.4%	-27.1%
TOTAL SCOPE 3 (SBTI TARGET SCOPE)	**10,323**	**100%**	**7,538**	**100%**	**-27.0%**	**8,677**	**100%**	**-16.0%**

(a) The data for 2018 and 2024 differ from what was disclosed in the 2024 Universal Registration Document because of methodological changes explained in section 5.1.2.5.2.

5.1.2.4.3 Qualitative assessment of potential locked-in GHG emissions [1]

To anticipate future emissions likely to impact its GHG emission reduction targets, Thales conducted a qualitative assessment of potential locked-in GHG emissions, both for its key assets and for the environmental impact of the products sold.

a) Qualitative assessment of potential locked-in GHG emissions arising from key assets

In 2025, Thales conducted a qualitative analysis of the locked-in GHG emissions arising from its key assets based on scope 1 and 2 emissions. The assumptions used to estimate locked-in emissions are as follows:

- exclusion of scope 2 emissions related to purchased electricity, as the 2030 target for scopes 1 and 2, defined according to the market-based method, can be achieved thanks to the use of renewable energies, the Group's strategic lever;
- consideration of only other emissions from scopes 1 and 2 likely to impede the achievement of the objective, unless investments are made before the end of life of the equipment concerned.

Excluding purchased electricity, scope 1 and 2 emissions therefore come from the consumption of fossil fuels, mainly gas (55%), company vehicles (15%), emissions of substances (21%) and purchased heat, steam or cold (8%). The assessment was based on assumptions regarding the evolution of four main items: gradual replacement of end-of-life equipment with electrical or more efficient solutions (using refrigerant gases with lower emissions and heat recovery systems), connection to local heating or cooling networks, and gradual electrification of the vehicle fleet.

The cumulative locked-in GHG emissions associated with the key assets are estimated at 173 kt CO_2e for the 2025-2030 period and 388 kt CO_2e by 2050. The gradual reduction of these emissions confirms that they do not jeopardize the target of reducing GHG emissions by 50.4% by 2030 relative to 2018. As such, no specific plan for the management, transformation, decommissioning or phasing out of the Group's assets is envisaged.

b) Qualitative assessment of potential locked-in GHG emissions arising from key products

Under the methodology used by the Group, cumulative locked-in GHG emissions are considered as those generated during the use phase of products sold (see section 5.1.2.5.2).

These locked-in emissions are calculated for the coming years taking into account:

- annual deliveries of products to which the Group has already committed;
- products whose performance (energy consumption, refrigerant gases used) cannot be modified during the term of the commitments.

At end-2025, the annual locked-in emissions through 2030 did not jeopardize the achievement of the target to reduce emissions by 15% compared with 2018.

The challenge with future commitments will be to offer products whose direct emissions in the use phase will be reduced compared with current versions. This is the objective of the actions detailed in the following paragraphs of section 5.1.2.4.4:

- consider the environment throughout the product's life cycle;
- develop features that enable customers to improve their environmental performance.

At this stage, no specific management plan, transformation, decommissioning or phasing out of energy- and carbon-intensive products is envisaged.

5.1.2.4.4 Decarbonization actions and levers

The Group has implemented decarbonization levers and action plans tailored to each scope and each category of significant emissions.

For scopes 1 and 2 [2], the focus is on improving the energy efficiency of the Group's activities and buildings, making extensive use of renewable energy sources, eliminating and managing the most emission-intensive refrigerant gases, and transitioning to a fleet of electric or hybrid vehicles.

For scope 3, the actions are structured by category:

- "Purchased goods and services" (categories 1 and 9): improvement of the accuracy of the calculation of emissions to more accurately manage their reduction, a collaborative approach with the Group's suppliers, the integration of sustainability criteria in the tender processes, and awareness-raising among the teams;
- "Business travel" (category 6): implementation of a responsible business travel policy;
- "Use of sold products" (category 11): integration of environmental issues throughout the life cycle, development of functionalities enabling customers to improve their environmental performance, and design of products promoting control and understanding of environmental issues.

(1) *Estimates of future GHG emissions that are likely to be caused by an undertaking's key assets or products sold within their operating lifetime.*
(2) *Deemed a non-material issue by the double materiality assessment, but for which Thales is publicly committed to reducing its carbon footprint in line with the Paris Agreement and as validated by the SBTi (ESRS 1, section 5.1.1.1.4).*

Social and environmental responsibility

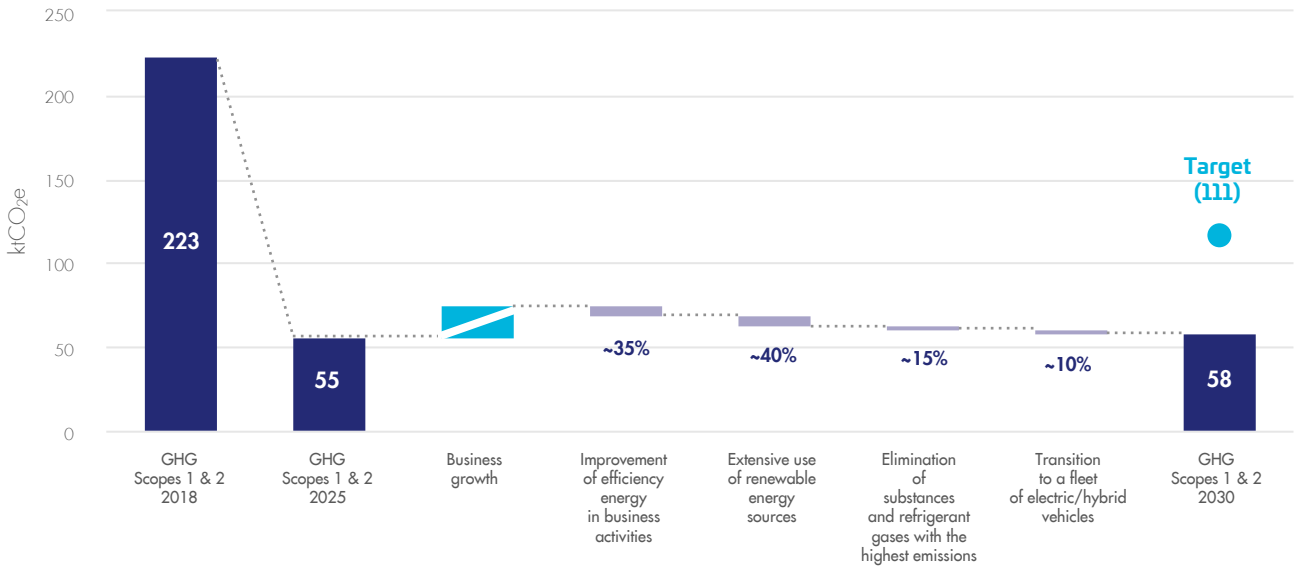
Sustainability Report

Environment: climate change

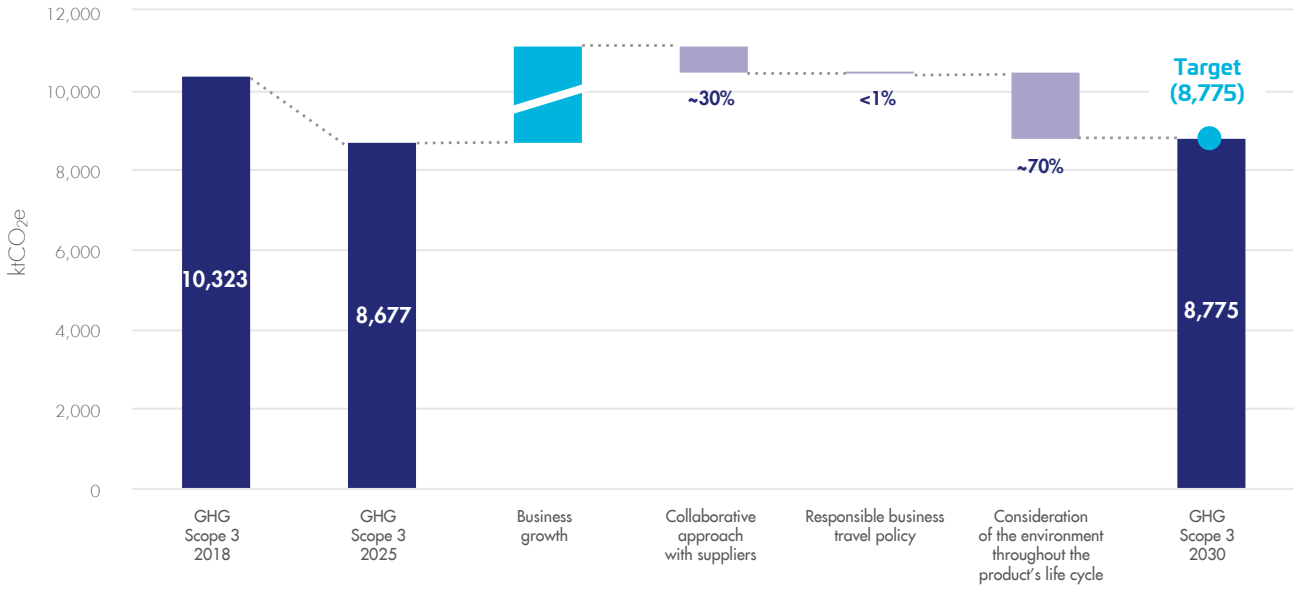
The estimated quantitative contribution of each decarbonization lever to the achievement of targets by scope, as well as the impact of forecast business growth (in thousands of tonnes of CO_2e) are presented in the charts below:

Estimated quantitative contribution of decarbonization levers by scope:

Estimated contribution of decarbonization levers to meeting scope 1 and 2 emissions reduction targets (-50.4% by 2030 vs. 2018)



Estimated contribution of decarbonization levers to meeting scope 3 emissions reduction targets (-15% by 2030 vs. 2018)



The growth assumptions used are based on:

- the projected increase in sales between now and 2030 for scopes 1 and 2 and for category 3.6 "Business travel" of scope 3;
- the assumptions used in the strategic planning process by product line (extrapolated for 2029 and 2030) for categories 1 "Purchased goods and services", 9 "Downstream transportation", and 11 "Use of sold products" of scope 3.

It should be noted that the GHG emission reduction targets are met without resorting to the assumption of adopting new technologies.

a) Actions to reduce scope 1 and 2 emissions

The reduction of GHG emissions in scopes 1 and 2 is based on the implementation of the following four levers:

- **Improving the energy efficiency of the Group's business activities and buildings, contributing around 35% to the expected performance for 2030.**

  This lever is based on optimizing the energy consumption of buildings, implementing ISO 50001-certified energy management systems at the most energy-intensive sites, and replacing the most energy-intensive equipment.

  In 2025, actions mainly consisted of optimizing operating conditions (temperature, pressure, humidity), installing Technical Building Management and/or Centralized Technical Management systems to improve energy performance, replacing gas boilers with heat pumps, and continuing the roll-out of energy efficiency initiatives.

  Some of these actions contribute directly (e.g. electrification of uses) or indirectly (e.g. heat recovery) to reducing fossil energy consumption.

  Despite these efforts, overall energy consumption increased by 6% compared with 2024, in a context of strong growth. However, energy consumption remained down 8% compared with 2018. The actions described above will be pursued in 2026.

- **The extensive use of renewable energies [1] in the main countries in which the Group operates, contributing around 40% of the expected performance for 2030.**

  Thales uses existing mechanisms such as guarantees of origin and renewable energy certificates to certify the consumption of renewable energy.

  This lever also includes signing long-term renewable electricity purchase agreements (Power Purchase Agreements, or PPAs) and conducting feasibility studies for the installation of solar panels intended for the own consumption of sites.

  In addition, since mid-2024, all new consultations to renew gas contracts have required a minimum of 75% biomethane, where the market makes it possible. In 2025, the share of renewable electricity in total electricity consumption rose again, reaching 93%, while the percentage of biogas was 37%, versus 34% in 2024.

  In 2026, the feasibility of new PPPs will be reviewed for Poland, the United Kingdom and Australia. In France, studies are under way on battery storage solutions to strengthen the flexibility of renewable energy management and continue to increase their share in supply. A study on the installation of a geothermal unit on a French site is also under way.

- **The elimination and management of the refrigerant gases and substances with the highest emissions, contributing approximately 15% to the expected performance for 2030.**

  The aim here is to eliminate or better manage the refrigerant gases with the highest emissions, as well as certain substances with high global warming potential, in particular non-inert gases used in fire extinguishing systems.

  In 2024, the countries with the highest contributions drew up an action plan based on two areas:

  - replace cold production equipment at the end of its service life with solutions using refrigerant gases with low global warming potential;
  - replace the highest-emission gases with less impactful alternatives at existing installations.

  The implementation of these actions made it possible to reduce emissions by 38% in 2025 compared with 2024.

  In 2026, the Group will pursue the actions undertaken and provided for in the action plans.

- **The transition to a fleet of electric/hybrid vehicles, contributing approximately 10% to the expected performance for 2030.**

  Since 2022, the Group has implemented a company car policy consistent with its GHG emission reduction targets. Implemented in 2023 in the main operating countries, this policy incorporates local specificities, in particular regulations, taxation, mobility practices, and the availability of low-carbon electricity.

  Group entities/countries have revised their vehicle catalogue, limiting petrol models to maximum emissions of 150g CO_2/km and hybrids to 120g CO_2/km. In 2025, this led to a sharp increase in orders for electric or hybrid vehicles, to 83%, compared with 68% in 2024. Emissions related to company vehicles therefore decreased by 23.6% compared with 2024 and by 65.9% compared with 2018.

  In 2026, the Group will update its automotive policy so as to continue reducing GHG emissions.

  Each Group site is urged to review the implementation of these actions and to apply them in line with the overall low-carbon road map of the country or entity to which it reports.

b) Actions to reduce scope 3 emissions

Scope 3 category 1 (and 9) [2] "Purchased goods and services" emissions reduction actions

The reduction of scope 3 category 1 and 9 "Purchases of goods and services" emissions mainly involves the implementation of the following four actions, contributing approximately 30% to the achievement of the 2030 scope 3 reduction target:

- **improve the accuracy of calculations of procurement-related emissions to better manage reductions.**

  In 2025, the mapping of reduction levers linked to purchases and the quantification of their impacts by 2030 were strengthened. A digitalization project was launched to ensure the traceability of emissions factors and to industrialize the collection of actual supplier data.

  In 2026, these data will be gradually integrated into the calculation of category 1 and 9 emissions, according to the defined methodological framework.

- **engage in a collaborative approach with the Group's suppliers to lower their own emissions.**

  Thales works with the Group's most emission-intensive suppliers to encourage them to structure quantified, milestone-based action plans and implement road maps to reduce GHG emissions in the short, medium and long-term.

  At the end of 2025, more than 400 supplier action plans had been validated, which accounts for 50% of the "Purchased goods and services" carbon footprint. In parallel, reduction levers by procurement category were identified to support suppliers in the definition of their decarbonization trajectories.

  In 2025, the main actions pertained to monitoring the decarbonization action plans and pathways, monitoring SBTi validation of the decarbonization targets defined by the most emission-intensive suppliers, and supporting small and medium businesses in these endeavors, notably via a guide explaining how to submit SBTi applications. The "*Pacte PME: L'Alliance pour la décarbonation et la transition énergétique*" initiative was also pursued to make it easier to provide decarbonization support to French small and medium businesses and mid-caps. Suppliers participated in the Group's eco-design work: more than 25 Thales solutions (flagship projects and products) have been identified for joint research to reduce their carbon footprint.

[1] *Because the Group's scope 2 emission reduction targets have been validated by the SBTi using the market-based method, its use of renewable energies contributes to reducing emissions.*

[2] *Scope 3.9 represents downstream transportation and distribution.*

The calculation of the carbon footprint of suppliers and the monitoring of action plans were strengthened through the digitalization of data collection.

- **incorporating sustainability in the tendering process** is a key factor in transforming supply chains (see section 5.1.4.1.6).
- **raising awareness among the Procurement teams.**

  The implementation of the Group Sustainable Procurement Policy and Low-Carbon Policy require that the Group's Procurement teams receive training on climate matters. Several initiatives aim to make the "Low-carbon procurement" points of contact more autonomous, improve the process of on-boarding new arrivals, and ultimately improve collaboration with suppliers, and accelerate the reduction of scope 3 "Purchased goods and services" emissions (see section 5.1.4.1.6).

The effective reduction of scope 3 category 1 and 9 emissions is conditional on the execution of supplier action plans.

Category 6 emissions reduction actions – Scope 3 "Business travel"

The reduction of scope 3 GHG emissions related to "Business travel" is based on the **implementation of a responsible business travel policy**, updated in 2023 to meet the objectives of reducing the carbon footprint. This policy has been implemented in France and in the Group's main countries.

Several initiatives were rolled out in 2025:

- continued monitoring of key business travel indicators by entity and country;
- development of the booking tool and deployment of an automated communication tool in France and the United Kingdom (accounting for 63% of the Group's business travel expenditure), to strengthen compliance with the travel policy, particularly with regard to reducing GHG emissions;
- roll-out of online training on the travel policy, included in the Group induction circuit.

Emissions related to business travel were estimated at 130 $ktCO_2$ in 2025, up 12.4% from 2024, but down 23.7% from 2018.

The following responsible business travel policy initiatives are planned for 2026:

- update of the travel policy strengthening the five pillars [1] including the one on reducing GHG emissions;
- continue to roll out the "Business Intelligence" tool to track travel costs and GHG emissions across the entire Group;
- study of additional decarbonization levers.

Category 11 emissions reduction actions – Scope 3 "Use of sold products"

Reducing scope 3 category 11 emissions (use of sold products) depends on three factors:

- growth in sales of products and services;
- intrinsic decrease in the emissions generated by products sold during their useful life;
- reduction of emissions during the use phase, enabled by improving the mobile platforms on which products are installed, and by adjusting the energy mix for fixed equipment that uses electricity.

It is based on two major actions, contributing approximately 70% to achieving the reduction target in 2030 for scope 3:

- **take the environment into account throughout the product life cycle**, by optimizing equipment power consumption and weight for mobile equipment (embedded or transported) to reduce the energy required for its mobility;
- **develop features to help to improve mobile platforms** and thus reduce the indirect emissions of the products installed on them.

These two actions produce distinct and complementary effects. The reduction in equipment consumption, combined with the improvement in the energy mix of fixed equipment, reduces direct emissions related to the use of sold products. The reduction in the mass of mobile equipment, combined with the optimization of the platforms that embark or transport them, reduces indirect emissions from this same scope of use.

These actions are part of the Group's innovation policy. Thales' Global Business Units update their road maps for reducing GHG emissions each year, identifying priority products and the necessary work to be undertaken to meet the targets defined for 2030. The engineering teams deploy this work, supported by training and awareness programs and by a community of eco-design experts.

This work is spread over several years and its impacts are gradual.

Between 2018 and 2023, the decrease in emissions falling under category 11 of scope 3 "Use of sold products" mainly results from the change in quantities sold.

Since 2024, emissions have been reduced through improvements made to products, in line with the evolution of platforms.

Consider the environment throughout the product's life cycle

Considering the environment throughout the life cycle is based, depending on the case, on changes in the architecture of equipment or systems, on the adoption of the best techniques to improve energy efficiency, and on the miniaturization of components in order to reduce their mass. Design tools, such as simulations and topological optimization, are also harnessed to reduce the mass of mobile equipment.

In 2025, the Group continued to reduce the mass and consumption of equipment under development as well as those undergoing significant redesign. Thales also organized workshops to identify opportunities to reduce emissions on the highest-emission products and establish complementary improvement actions.

The dynamic is also based on the acculturation of the teams. The Group continued to provide eco-design training to its engineering teams and to nurture its community of eco-design points of contact.

In 2025, these training courses, which had already impacted more than 50% of the Group's engineers by the end of 2024, were integrated into the induction process of the engineering function. The community of ecodesign contact persons now has 145 members and a dedicated intranet site, accessible to all employees, facilitating access to information, rules, tools and training materials while promoting the sharing of best practices. Specialized groups are also working on software and digital, electronic hardware and mechanical hardware.

The initiatives planned in 2026 are in line with those carried out in 2025:

- reduce mass and consumption for products under development or for which significant redesign is planned;
- miniaturize and lighten equipment to support platform changes or lower their emissions;
- seek out additional opportunities involving products for which a new design could be justified in the short term.

[1] *The five pillars of the travel policy are: passenger safety, savings generated, reduction of the carbon footprint, compliance (with internal and external rules), and the well-being of travelers.*

Develop features to improve customers' environmental performance

Thales develops features that enable its customers and end-users to reduce their own emissions through its solutions. These systems promote a direct or indirect reduction in energy consumption through the optimization of energy needs, intelligent management on platforms or systems, and compatibility with renewable energies.

The initiatives carried out in 2025 related to:

- improvement/optimization of flight operations;
- optimization of flight paths;
- flight management systems;
- energy management for land-based mobile platforms;
- possibility of using renewable energy;
- creation of mobile systems to deliver training as close to the user as possible;
- simulation resources to reduce the amount of training time under real conditions.

These initiatives are implemented in close collaboration with users, particularly for flight operations and flight path optimization.

The functionalities developed by Thales for its customers or end-users generally benefit the entire platform on which they are integrated. As a result, the share of emission reductions specifically attributable to the Group's products represents only a fraction of the total reduction observed. Conversely, Thales products installed on mobile platforms also benefit from improvements made by other contributors, making it difficult to accurately allocate contributions. In 2025, the reduction in emissions achieved through platform improvements mostly came from the aeronautics sector.

The work planned in 2026 is a continuation of the initiatives carried out in 2025.

5.1.2.4.5 Financial planning and significant additional financial amounts

The initiatives to be carried out as part of the implementation of the decarbonization levers and key actions do not require significant investment or funding [1]. As Thales' business activities generate few emissions [2], they do not generate risks likely to compromise the achievement of GHG reduction targets by 2030, as confirmed by the qualitative assessment of potential locked-in emissions (see section 5.1.2.4.3).

CAPEX needs for climate change mitigation projects are identified during the multi-year budgeting process. In 2025, no significant amounts of OPEX or CAPEX were required to implement these actions. Similarly, no additional financial investment was required for the initiatives relating to the end-of-life of the facilities concerned. None of the initiatives planned for 2026 under the climate policy require significant OPEX or CAPEX or additional financial investment.

All the financial targets and plans (CAPEX, OPEX) set by the Group, in line with the criteria of Commission Delegated Regulation (EU) 2021/2139, are detailed in section 5.1.2.6.

5.1.2.5 Indicators related to climate change mitigation

5.1.2.5.1 Energy consumption and mix

Quantitative information about energy consumed is reported as final energy consumption and detailed below. The information is used to calculate energy intensity (see section 5.1.2.5.1.c), based on the identification of the proportion of the Group's business in high climate impact sectors.

a) Group business conducted in high climate impact sectors

An analysis of the Group's business activities, according to the definition of high climate impact sectors, shows that:

- nearly all activities fall within these sectors;
- any activities not concerned are not segregated, either in terms of the collection of energy consumption data or in terms of their sales. They are integrated into establishments and legal entities whose main activity falls within these sectors;
- any attempt to specifically identify data on energy consumption or sales for these businesses would result in estimates calling into question the relevance of calculating an energy intensity associated with activities carried out in sectors with a high climate impact.

Thales therefore considered that for the calculation of the energy intensity required by the CSRD (see section 5.1.2.5.1.c), all the Group's business activities should be considered as belonging to sectors with a high climate impact.

[1] *It should be noted that the Group is not covered by any of the exclusion criteria mentioned in Article 12 of Delegated Regulation (EU) 2020/1818 of July 17, 2020, thus it is not excluded from the Paris-aligned benchmarks and has been in the Euronext CAC SBT 1.5 index since September 2023.*

[2] *The Group has no business activity related to coal, oil or gas.*

b) Final energy consumption

Information about energy consumption and the energy mix is as follows:

Energy consumption and mix	2018	2024	2024 *pro forma* [c]	2025	Change 2025 vs. 2024	Change 2025 vs. 2018
Consumption of coal and coal-based products *(MWh)*	—	—	—	—		
Consumption of crude oil and petroleum products *(MWh)*	16,733	13,220	12,642	11,484	-9.2%	-31.4%
Consumption of natural gas *(MWh)*	186,814	186,647	81,413	89,367	9.8%	-52.2%
Consumption of electricity from fossil sources *(MWh)* [a]	532,150	52,337	47,810	34,432	-28.0%	-93.5%
Consumption of heat, steam and cooling from fossil sources *(in MWh)* [b]	29,675	6,775	6,775	6,529	-3.6%	
Total fossil energy consumption *(MWh)*	**765,372**	**258,978**	**148,639**	**141,812**	**-4.6%**	**-81.5%**
Share of fossil sources in total energy consumption *(%)*	**81.7%**	**27.1%**	**18.3%**	**16.4%**	**-1.9 pts**	**-65.3 pts**
Consumption from nuclear sources (MWh) [a]	NR	8,032	8,032	7,313	-8.9%	
Share of consumption from nuclear sources in total energy consumption *(%)*	NR	0.8%	1.0%	0.8%	-0.1 pts	
Consumption of fuels from renewable sources *(in MWh)*		64,075	64,075	54,036	-15.7%	
Consumption of electricity from renewable sources *(in MWh)*	171,043	603,882	571,985	640,505	12.0%	274.5%
Consumption of self-generated renewable electricity *(MWh)*	0	4,558	4,558	6,234	36.8%	
Consumption of heat, steam and cooling acquired from renewable sources *(in MWh)* [b]		11,215	11,215	10,285	-8.3%	
Consumption of self-generated renewable heat, steam and cooling *(MWh)* [b]		4,305	4,305	3,821	-11.2%	
Total renewable energy consumption *(MWh)*	**171,043**	**688,036**	**656,139**	**714,881**	**9.0%**	**318.0%**
Share of renewable sources in total energy consumption *(%)*	**18.3%**	**72.0%**	**80.7%**	**82.7%**	**+2.0 pts**	**+64.5 pts**
TOTAL ENERGY CONSUMPTION *(MWH)*	**936,415**	**955,046**	**812,810**	**864,006**	**6.3%**	**-7.7%**

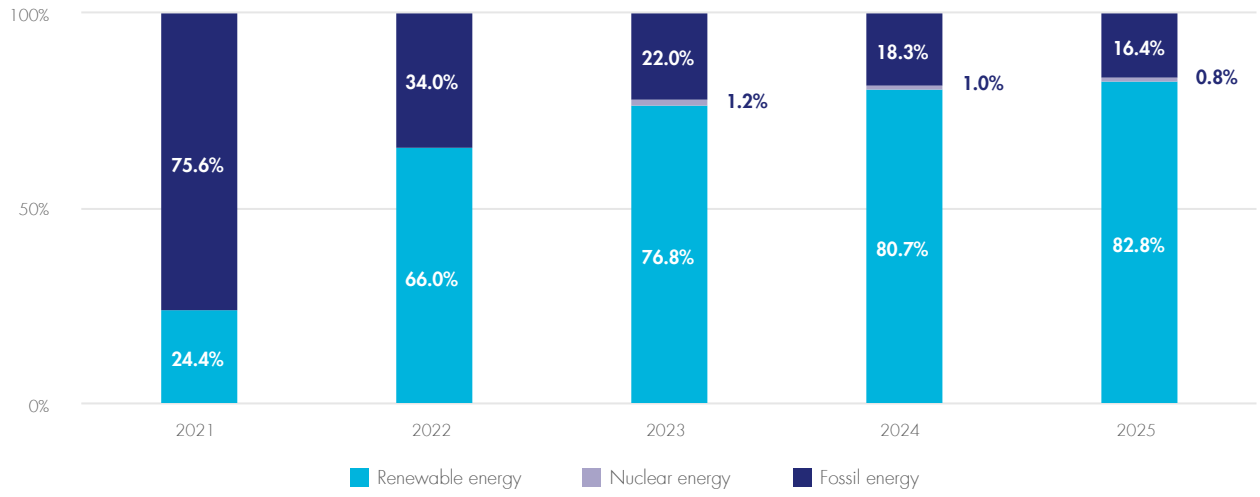
(a) The share of nuclear power in countries' residual electricity mix could not be reconstructed for the base year 2018. By default, the total non-renewable electricity consumption was reported in the fossil-sourced electricity category.

(b) The breakdown of heat, steam and cooling consumption by fossil or renewable source is not available for years prior to 2024. By default, the total amount is reported in the fossil source category.

(c) Pro forma information for 2024 specifically reflects the impact on the 2024 financial year of the reclassification of GHG emissions from non-consolidated Australian assets carried out from 2025, in order to ensure the comparability of the information.

The evolution over time of total energy consumption, broken down into fossil, nuclear and renewable energy consumption, is as follows:

Change in energy consumption profile [1]



(1) 2024 pro forma data, with 2021-2023 data restated to account for the reclassification of non-consolidated Australian assets starting in 2025, in order to ensure comparability of information.

c) Energy intensity associated with activities carried out in sectors with a high climate impact

By incorporating the principles described above, the energy intensity associated with activities in high climate impact sectors is as follows:

ENERGY INTENSITY PER NET SALES	2024 [a]	2025 [b]	Change 2025 vs. 2024
TOTAL ENERGY CONSUMPTION FROM ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS PER NET SALES FROM ACTIVITIES IN HIGH CLIMATE IMPACT SECTORS *(MWH/€ MILLION)*	**46.4**	**39**	**-15.9%**

(a) 2024 ratio not restated.
(b) 2025 ratio: using the sales presented in the consolidated income statement in section 7.1.1 of chapter 7 – "Financial Statements" of this Universal Registration Document.

The sales from business activities in high climate impact sectors used in the intensity calculation above is the figure reported on the income statement in the financial statements in section 7.1 (€22,136 million).

5.1.2.5.2 Gross scopes 1, 2 and 3 GHG emissions

The Group's gross GHG emissions for scopes 1, 2 and 3, as well as significant events during the period, are reported in sub-section a) Gross emissions below; the methodological principles used are presented in sub-section c) Methodological elements.

a) Gross emissions

The 2025 environmental reporting scope is aligned with the financial scope. To calculate gross GHG emissions, the Group applies the additive method required by the ESRS and incorporates the GHG emissions of entities or assets over which it is established that Thales has operational control within scopes 1 and 2.

In the event that certain events occurring during the period (methodological details, changes in scope, etc.) significantly impact the amounts presented, the results of the comparative year (2024) and the base year (2018) are also recalculated according to the methodology and scope in force in 2025 in order to ensure comparability of performances.

In 2025, the following changes impacted gross GHG emissions and are presented in the detailed table of gross GHG emissions for scopes 1, 2 and 3:

- With regard to scopes 1 and 2 relating to the GHG emissions of Thales' operations, new facts and circumstances observed over the period led to a review of the analysis of operational control: certain Australian assets not consolidated by Thales are now subject to increased intervention and supervision by the Commonwealth of Australia, which owns the assets used by Thales, in particular in connection with energy supply (renewable electricity contract) or the installation of specific equipment (N_2O emission abatement systems) enabling the reduction of GHG emissions from these emission-intensive assets. This limits the autonomy of Thales, which no longer holds operational control. As a result, the emissions of these assets, previously recognized in scopes 1 and 2, are now reclassified in scope 3.

  This reclassification, amounting to 58 $kTCO_2e$ in 2018, 67 $kTCO_2e$ in 2024, 64 $kTCO_2e$ in 2025 (according to the location-based method), has no significant impact on the Group's overall carbon footprint (zero according to the location-based method and approximately 23 $kTCO_2e$ according to the market-based method). For the 2024 financial year, the impacts are reported separately in the 2024 *pro forma* column.

  At the end of 2025, scope 1 and 2 emissions accounted for less than 0.7% of the Group's carbon footprint and thus became non-material.

- With regard to scope 3.11, relating to emissions related to the use of sold products, the source of data on the volume of equipment sold to civil aircraft manufacturers by the FLX [1] and AEC [2] business lines (AVS GBU [3]) have been modified. The actual counting of the equipment delivered during the year is now based on an extraction from the ERP [4] of the entity covering the period in question. The parameters available in the ERP make it possible to identify the original equipment and associate each delivered piece of equipment with its destination platform, thus eliminating the dependence on external data from civil aircraft manufacturers, which are nevertheless used as part of consistency checks.

  This change in data source leads to adjustments to the estimates published in the 2024 report, including a change of +5% for 2018 and +3% for 2024.

- With regard to scope 3.1 relating to the emissions of purchased goods and services, the roll-out of a new tool for calculating emissions in scopes 3.1 and 3.9 served to update the emission factors used and clarify the procurement categories considered.

  In addition, the scope taken into account for the calculation of scope 3.1 emissions was increased to the Group scope based on an estimate of emissions for entities whose procurement commitments are not available in the Group's central tool.

This update in the application of emission factors on procurement was also reflected in FY 2024 data, resulting in a 123 $kTCO_2e$ decrease, i.e. around 5% of scope 3.1 emissions. However, the reference year was not restated due to the unavailability of 2018 procurement data at the level of granularity required to perform the calculation.

Furthermore, with regard to scope 3.6 relating to business travel emissions, a double counting was identified in the 2018 and 2024 calculations of emissions related to air travel, leading to an overestimation of 145 $kTCO_2e$ in 2018 and 91 $kTCO_2e$ in 2024, i.e. 1% of the Group's carbon footprint for 2024. This adjustment has no significant impact on this footprint or on the change compared with the reference year.

These adjustments explain the difference relative to the values in the 2024 report for the 2024 financial year and the 2018 base year, i.e. a change of 2.5% for 2018 and -1.9% for 2024, across all scopes.

(1) Flight Avionics.
(2) Aerospace Communications.
(3) Avionics.
(4) ERP: Enterprise Resource Planning.

Social and environmental responsibility

Sustainability Report

Environment: climate change

Total GHG emissions broken down by scope 1 and 2 and significant scope 3 emissions for 2025 are as follows:

	Retrospective data						Target year
	2018 (base year)	2024 [e]	2024 *pro forma* [f]	2025	Change 2025 vs. 2024	Change 2025 vs. 2018	2030
SCOPE 1 GHG EMISSIONS							
Gross location-based scope 1 GHG emissions *(thousands of metric tons of CO_2e)*	70	97	56	46	-17.0%	-33.9%	
Gross market-based scope 1 GHG emissions *(thousands of metric tons of CO_2e)* [d]	70	84	43	36	-17.4%	-49.1%	
Percentage of scope 1 GHG emissions from regulated emission trading schemes *(%)*	—	—	—	—	—	—	
SCOPE 2 GHG EMISSIONS							
Gross location-based scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	153	133	107	119	11.1%	-22.1%	
Gross market-based scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	153	36	32	20	-38.8%	-87.2%	
SCOPE 1 AND 2 GHG EMISSIONS (TOTAL)							
with gross location-based scope 1 and 2 GHG emissions *(thousands of metric tons of CO_2e)*	223	230	163	165	1.5%	-25.8%	
with gross location-based scope 1 GHG emissions and market-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	223	133	88	66	-24.9%	-70.5%	
with gross market-based scope 1 and 2 GHG emissions *(thousands of metric tons of CO_2e)*	223	120	75	55	-26.5%	-75.2%	111 (-50.4% vs. 2018)
SIGNIFICANT SCOPE 3 GHG EMISSIONS							
Total gross indirect (scope 3) GHG emissions *(thousands of metric tons of CO_2e)*	10,381	7,577	7,572	8,778	15.9%	-15.4%	8,824 (-15% vs. 2018)
1 Purchased goods and services	2,123	2,242	2,242	2,670	19.0%	25.8%	
2 Capital goods [a]	*Emissions relating to capital goods are recorded in category 1 "Purchased goods and services"*						
3 Fuel and energy-related activities (not included in scopes 1 or 2)		39	34	38	11.3 %		
4 Upstream transportation and distribution [b]	*Emissions relating to upstream transportation and distribution activities are recorded in category 1 "Purchased goods and services"*						
5 Waste generated in operations	*Emissions relating to waste generated in operations are not significant*						
6 Business travel	171	116	116	130	12.4%	-23.7%	
7 Employee commuting	*Emissions relating to employee commuting are not significant*						
8 Upstream leased assets [c]	58		67	64	-4.2%	11.1%	
9 Downstream transportation	118	88	88	111	26.9%	-5.8%	
10 Processing of sold products	*Not applicable*						
11 Use of sold products	791	5,092	5,092	5,765	13.2%	-27.1%	
Of which direct emissions	*1,447*	*1,202*	*1,202*	*1,589*	*32.1%*	*9.8%*	
Of which indirect emissions	*6,464*	*3,889*	*3,889*	*4,177*	*7.4%*	*-35.4%*	
12 End-of-life treatment of sold products	*Emissions relating to the end-of-life treatment of sold products are not significant*						
13 Downstream leased assets	*Emissions linked to downstream leased assets are not significant*						
14 Franchises	*Not applicable*						
15 Investments	*Emissions linked to investments are not significant*						
TOTAL GHG EMISSIONS							
Total GHG emissions (location-based) (thousands of metric tons CO_2e)	**10,604**	**7,807**	**7,735**	**8,944**	**15.6%**	**-15.7%**	
Total GHG emissions (market-based scope 2 only) (thousands of metric tons CO_2e)	**10,604**	**7,710**	**7,660**	**8,844**	**15.5%**	**-16.6%**	
Total GHG emissions (market-based) (thousands of metric tons CO_2e)	**10,604**	**7,697**	**7,647**	**8,834**	**15.5%**	**-16.7%**	

(a) Data relating to capital goods cannot be separated from other commitments in the procurement information system.

(b) The share of purchases relating to upstream transportation and distribution is not separated in the amounts billed by suppliers.

(c) The only assets leased upstream are sites of which Thales is the lessee and for which emissions are included in scopes 1, 2 and 3.3. In the absence of a category that is perfectly suited to Thales' case, this category also includes the non-consolidated assets of the Australian sites of Mulwala and Benalla that Thales uses, but does not lease, without operational control, as the nature of the emissions is considered similar.

(d) Gross market-based scope 1 GHG emissions include the impact of emission reductions resulting from gas contracts entered into by the Group that require a minimum of 75% biomethane, where the market permits, based on certificates of origin. This impact corresponds to a decrease in scope 1 emissions of respectively 13 $kTCO_2e$ in 2024 and 11 $kTCO_2$ in 2025.

(e) The 2024 information includes the methodological restatements of scopes 3.1 and 3.9 (tools for calculating emissions and use of emission factors available in the tool), 3.6 (methodological correction of the calculation of emissions related to air travel) and 3.11 (internalization of the calculation of quantities of products sold for civil avionics)

(f) Pro forma information for 2024 specifically reflect the impact on the 2024 financial year of the reclassification of GHG emissions from non-consolidated Australian assets carried out from 2025, in order to ensure the comparability of disclosures.

Contribution of electricity supply contracts

Electricity purchased	2024	2025	Evolution 2025 vs. 2024
with supply contracts without renewable content requirements *(MWh)*	69,816	50,422	-27.8%
with contractual instruments linked to Energy Attribute Certificates *(MWh)*	256,040	299,526	17.0%
with Power Purchase Agreements (PPA) *(MWh)*	11,044	13,976	26.5%
with contractual instruments not linked to Energy Attribute Certificates *(MWh)*	298,866	318,327	6.5%
Emission savings (thousands of metric tons CO_2e)	**82,168**	**99,559**	**21.2%**
Emissions gain as a percentage of location-based scope 2 *(%)*	**74.1%**	**85.8%**	**+11.7 pts**

Biogenic emissions

Biogenic emissions are only linked to biomethane and hydrotreated Vegetable Oil (scope 1). These emissions have not been calculated for 2024 and 2025 as the related emission factor CO_{2b} was not available in the carbon base used for carbon emissions calculations (23.4 version). These emissions are not significant compared to total GHG emissions.

b) Total GHG emissions intensity

Total GHG emissions intensity is as follows:

GHG emissions intensity per net sales	2024 [(a)]	2025 [(b)]	Change 2025 vs. 2024
TOTAL GHG EMISSIONS (LOCATION-BASED) PER NET SALES *(THOUSANDS OF METRIC TONS CO_2E/€ MILLION)* [(a)]	**379**	**404**	**6.6%**
TOTAL GHG EMISSIONS (MARKET-BASED) PER NET SALES (THOUSANDS OF METRIC TONS CO_2E/€ MILLION) [(a)]	**374**	**399**	**6.6%**

(a) 2024 ratio not restated.
(b) 2025 ratio: using the sales presented in the consolidated income statement in section 7.1.1 of chapter 7 – "Financial Statements" of this Universal Registration Document.

c) Methodological aspects

Accounting methodology applied to GHG emissions

GHG emissions are calculated in accordance with the Group's internal methodological guide, which complies with the standards of the GHG Protocol. This framework is regularly updated to take into account improvements suggested by the operational teams, particularly in terms of data collection and calculation accuracy.

New in 2025: contractual instruments are taken into account in the calculation of scope 1 emissions

Natural gas supply contracts may include biomethane content guarantees. By abuse of language, scope 1 emissions are called "location-based" when this biomethane content is not taken into account in the calculation of emissions (the Natural Gas Emission Factor is applied to all gas consumption), and "market-based" when this biomethane content is taken into account (the emission factor of biomethane is then applied to the percentage of consumption deemed to be biomethane according to the contract).

The calculation of Thales' GHG emissions covers scopes 1, 2 and 3:

- **Scopes 1 and 2**: they cover the direct GHG emissions of the sites operated by the Group as well as those of the vehicles owned by Thales;
- **Scope 3:** the table below specifies for each scope 3 category whether it is included in the inventory and whether it is significant for the Group.

Category	Topic	Included in the inventory	Significant
3.1	Purchased goods and services	Yes	Yes
3.2	Non-current assets	Yes	Yes
3.3	Upstream energy	Yes	Yes
3.4	Upstream transportation and distribution	Yes	Yes
3.5	Waste generated in operations	Yes	No
3.6	Business travel	Yes	Yes
3.7	Employee commuting	Yes	No
3.8	Upstream leased assets	Yes	Yes
3.9	Downstream transportation and distribution	Yes	Yes
3.10	Processing of sold products	n.a.	—
3.11	Use of sold products	Yes	Yes
3.12	End-of-life treatment of sold products	Yes	No
3.13	Downstream leased assets	Yes	No
3.14	Franchises	n.a.	—
3.15	Investments	Yes	No

The calculation of GHG emissions includes CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. No other gas has been identified as sufficiently emission-intensive to justify its integration. CO_2 equivalents are calculated based on the latest Global Warming Potential (GWP) published by the IPCC, over a 100-year horizon.

A scope 3 category is considered significant where its emissions account for more than 2% of the scope 3 total. Below this threshold, it may nevertheless be used if it has a reduction objective.

The emission factors are updated annually to reflect changes in the energy mix in the geographical regions in which the Group operates, the power purchase agreements in force, and inflation for spend-based factors.

The reference period used for the calculation is harmonized across all entities in the value chain.

The main bases of the emission factors used are as follows:

- for scopes 1 and 2: IEA, IPCC, DEFRA, Base Carbone, eGrid, AIB, Green-e, NGA;
- for category 1 of scope 3 "Procurement": EXIOBASE, EPA, ADEME or Base Empreinte, supplier-specific emission factors;
- for category 11 of scope 11 "Use of sold products – direct emissions": consumption emission factors corresponding to the energy source (including IEA for electrical consumption);
- for category 11 of scope 11 "Use of sold products, indirect emissions": emission factors defined according to the type of platform (e.g., based on ICAO data for commercial aeronautical platforms) or estimated by in-house experts.

Organization of data collection

The collection of the data necessary for the inventory of GHG emissions is based on a structured system, mobilizing several internal networks and complementary sources in the following four scopes:

Sites and Operations

For Thales' own activities, the data are entered into a dedicated reporting tool and collected by the HSE Sites and Operations network. The reference unit corresponds to the establishment, defined as the footprint of a legal entity on a site. The annual reporting campaign runs from December to January, with separate questionnaires, qualitative information being collected in December and quantitative data in January. After submission by the contributors from each establishment, the data are reviewed and validated by the coordinators responsible for this perimeter. The Group CSR team then carries out a final review and consolidation of the whole.

Projects and products

The data needed to calculate the direct and indirect emissions of sold products are collected via the HSE Projects and Products network. The data are then verified and consolidated by the HSE Product Coordinator of the Global Business Unit concerned, before being forwarded to the central team for global consolidation and publication.

For certain specific equipment, constituting the connection and connectivity systems for aircraft cockpits, the Group has defined standard kits associated with each type of platform. The number of kits sold is considered equivalent to the number of platforms sold during the year by manufacturers. The quantities of platforms sold are derived from external data published by aircraft manufacturers.

Procurement

The Group Procurement function collects data related to commitments for the financial year, defined as the amount ordered from suppliers either by purchase order or by a purchase without an order evidenced by an invoice. These commitments are structured into sub-categories, each associated with a specific emission factor. Amounts purchased by sub-category are sourced from the centralized Procurement tool. This system excludes purchases accounted for separately, such as the energy and substances used on the sites, as well as employee mobility.

Mobility

Employee mobility data come from two main sources. A survey conducted in 2021 enable the characterization of commuting methods and the estimation of the related carbon footprint. Information on company vehicles, short- or long-term rentals, and business travel by train and air is supplied to Thales by subcontractors operating under a Group-wide framework agreement. When local service providers are involved, the corresponding data are entered into the tool used for the annual reporting campaigns.

Investments

GHG emissions related to investments are calculated on the basis of scopes 1 and 2 of the entities in which Thales has invested. This data are collected from the Finance teams at those entities. In the absence of available information, an extrapolation is made in proportion to the amounts invested, taking into account the nature of the activity.

Scope of consolidation

The scope of consolidation for data relating to energy consumption and GHG emissions is the one defined in section 5.1.1.1.1. In this respect, published data therefore cover the full scope of financial consolidation.

With regard to the Group's sites, a data collection campaign is organized for all establishments that meet the following criteria:

- tertiary establishments whose workforce is greater than or equal to 100 people;
- semi-industrial establishments whose workforce is greater than or equal to 50 people;
- industrial plants irrespective of the number of employees.

Other establishments also participate in this data collection:

- on a voluntary basis to improve their local management; or
- by integrating their data with data from another establishment that is participating in the collection campaign (establishment belonging to the same site or entity).

The results for establishments not participating in the data collection campaign are then estimated on the basis of the data collection results, in proportion to their number of employees.

In 2025, the data collection campaign covered 91.6% of Thales Group employees. Consolidated figures for the sites concerned are then extrapolated to 100% to cover the entire perimeter.

Disposals and acquisitions

In the event of a significant disposal of business activities, in addition to the reminder of previous non-restated data, a *pro forma* may be presented excluding the institutions concerned, to facilitate comparison.

Acquired companies are integrated in annual reporting in the year they are acquired; their contribution is calculated from their date of acquisition. The reference year is then reassessed to reflect the new scope, based on the data available at the time of consolidation.

Indicators for monitoring GHG emissions

GHG emission indicators are regularly reviewed to take account of changes in the context, particularly regulatory changes. The detailed definition of the indicators is formalized in the Group's reporting tool.

Intensity indicators, expressed as a function of sales, are calculated based on the total sales of the financial reporting scope of the current year. To ensure the comparability of performance over time, sales from previous years are adjusted to the same scope, according to the corrected data established by the Finance function.

5.1.2.5.3 GHG removals and GHG mitigation projects financed through carbon credits

At this stage, Thales does not consider GHG removals, carbon credits or avoided emissions as levers to achieve its emissions reduction targets (see section 5.1.2.4.2 above). The Group has not published a "net zero" target within the meaning of the CSRD apart from its gross GHG emissions reduction targets.

The purchase of carbon credits concerns only certain Group activities (next section). Only a fraction of these purchases is used to support public claims of neutrality (see section 5.1.2.5.3.b).

a) Carbon credit purchases

The Group finances climate change mitigation projects outside its value chain through the acquisition of carbon credits in two specific situations:

- the business lines of the CDI Global Business Unit would like to demonstrate within the framework of their customer/supplier relations that the scope 1 and 2 have been significantly reduced, and that the residual portion has been offset. Only information exchanged as part of the customer/supplier collaboration can be used to mention and document the use of these carbon credits. As such, this use does not constitute a public claim of neutrality. To date, only carbon credits purchased for the MCS business line's EcoSIM product range are used to support public claims of neutrality;
- in some sales contracts, customers require that the carbon footprint of sold products follow a reduction trajectory compatible with the neutrality objective. In such cases, carbon credits, whose quality is defined in consultation with the customers concerned, are purchased and proof of their cancellation is issued, in order to neutralize the residual emissions after the implementation of the reduction actions.

The table below presents information about carbon credits canceled in the reporting year:

Carbon credits canceled in the reporting year	**2024**	**2025**	**Change 2025 vs 2024**
TOTAL *(tCO_2E)*	**8,384**	**28,742**	**+225%**
Share from removal projects *(%)*	54%	23%	-31 pts
Share from reduction projects *(%)*	46%	77%	+31 pts
Gold Standard VER		39%	+39 pts
Verified Carbon Standard (VCS) – Verra	54%	37%	-17 pts
Clean Development Mechanism (CDM) – UNFCCC	46%	24%	-22 pts
Share from projects within the EU *(%)*	–%	–%	
Share of carbon credits that qualify as corresponding adjustments *(%)*	–%	–%	

The change between 2024 and 2025 in the total quantity of cancelled carbon credits results from the cancellation in 2025 of carbon credits that should have been cancelled in 2024. The total quantity of carbon credits expected to be cancelled in the future (2026) is approximately 20,000 tCO_2e.

No purchased carbon credits have been included in the Group's carbon accounting.

b) Public claims of neutrality

The EcoSIM product range of the MCS business line is the subject of a public claim of neutrality. This claim, evidenced by a commercial communication affixed to the products concerned on the SIM cards intended for telecommunications players, is activated at the customer's request.

It supplements the mitigation actions already undertaken to meet GHG emission reduction targets. The Cybersecurity and Digital Identity Global Business Unit reduced its scope 1 and 2 GHG emissions by 89% between 2018 and 2025, already exceeding the target set by the Group for 2030. The use of carbon credits has therefore not prevented or reduced the achievement of the GHG emission reduction targets of the Group.

For 2025, 16,600 metric tons of CO_2 carbon credits were purchased to support public claims of neutrality of the EcoSIM range. These credits comply with the standards approved by the International Carbon Reduction and Offset Alliance (ICROA).

5.1.2.5.4 Internal carbon pricing

Thales has not implemented an internal carbon pricing mechanism to date. However, the Group actively monitors this topic to assess the relevance of such an approach.

5.1.2.6 European environmental taxonomy

In accordance with Regulation (EU) 2020/852 of June 18, 2020 and its delegated acts, this section presents the framework to encourage sustainable investments. As authorized by the delegated act of 4 July 2025 published in the Official Journal of the European Commission on January 8, 2026, Thales includes in its 2025 reporting the simplifications introduced by the new regulation.

On the basis of the consolidated financial statements closed on December 31, 2025, Thales discloses the turnover (TO), operating expenses (OPEX) and investment expenses (CAPEX) related to Group activities eligible for and aligned with one of the environmental objectives of the green taxonomy:

- climate change mitigation (CCM);
- climate change adaptation (CCA);
- sustainable use and protection of water and marine resources (WTR);
- transition to a circular economy (CE) [1];
- pollution prevention and control (POL);
- protection and restoration of biodiversity and ecosystems (BIO).

Certain solutions, products or services designed by Thales contribute to two of these objectives. For example:

- avionics solutions to optimize flight paths, and thus aircraft fuel consumption, which contributes to **climate change mitigation**;
- manufacture of electrical and electronic equipment that advances the **transition to a circular economy**, given the lifespan of the products manufactured and their repairability, which is taken into account in the original design.

No Thales business activities are eligible for the four other objectives of the European taxonomy.

5.1.2.6.1 2025 results and highlights

Following the adoption of the delegated act of July 4, 2025, applicable from January 1, 2026, Thales opted to introduce simplifications from the 2025 financial year, as authorized by the text, namely:

- the possibility of not assessing non-material activities whose cumulative value is less than 10% of the denominator of each KPI assessed (TO and CAPEX);
- the possibility of omitting the non-material OPEX KPI for the business model;
- the adoption of new table templates;
- the removal of specific tables relating to gas and nuclear activities;
- the consideration of adjustments to the pollution DNSH principle.

The Group's activities eligible for the European Taxonomy are unchanged compared with 2024.

The 2025 statement does not show any improvement in alignment rates compared with the previous year, owing notably to the adjustments to the abovementioned delegated act, due to the obstacles detailed below. The Group is nevertheless continuing to take steps to strengthen the sustainability of its activities and investments.

Results of applying the taxonomy to Thales in 2025

- **Turnover (TO):** At December 31, 2025, Thales estimated that 65% of its consolidated turnover, i.e. €14.5 billion, was eligible for the European taxonomy. This eligibility breaks down as follows: €11.7 billion in electrical and electronic equipment (manufacturing and support), €2.3 billion in aircraft manufacturing (CCM 3.21), and €0.5 billion in data processing activities.

  Aligned turnover accounted for 3.8% of the total (€0.8 billion), mainly from the repair and refurbishment of electrical and electronic equipment (CE 5.1) of certain Global Business Units.

  The discrepancy between eligibility and alignment is explained by several obstacles:
  - presence of substances not authorized for alignment in all products by way of purchased components and despite RoHS/REACH certification (CE 1.2 activity);
  - packaging that is not eco-friendly (shuttle crates, at least 65% recycled and recyclable materials, etc.) (CE 5.2 activity);
  - not all our suppliers' data centers comply with the European Code of Conduct (CCM 8.1 activity);
  - refrigerants present in proportions above the authorized threshold (CCM 8.1 activity – Toulouse data center).

  Furthermore, obstacles to alignment with the DNSH Pollution principle (Appendix C) remain, in particular the lack of sufficient proof concerning the "essential" use of certain substances (in particular EC 1.2) despite the changes to the DNSH in the new regulation.
- **Capital expenditure (CAPEX):** At December 31, 2025, the Group estimated the amount eligible for the taxonomy regulation at €247 million, or 24% of its annual investment expenses (€1,031 million, including acquisitions, rights of use under IFRS 16, and fixed assets resulting from acquisitions). Of these investments, €20 million are aligned with the criteria of the green taxonomy, accounting for 1.9% of the total. This rate is down compared with 2024 (6.9%), mainly due to the methodological change adopted by the Thales service provider in the vehicle category (CCM 6.5), the alignment of which has decreased from 84% to 11%.

  The discrepancy between the eligibility and alignment of this CAPEX is due to the fact that it corresponds in part to:
  - lease renewals for premises that do not meet the substantial contribution criteria (energy performance criteria) (CCM 7.7 activities);
  - data processing equipment installed at non-aligned data centers: Toulouse center and equipment hosted by Group suppliers that do not yet meet the substantial contribution criteria or for which the Group has no information (CCM 8.1 activity);
  - company cars that do not meet the criteria for a substantial contribution to the pollution DNSH principle (CCM 6.5 activity);
  - fixed assets of companies acquired during the year, for which no alignment has been reported due to the absence of detailed information (€0.5 million).
- **Operating expenses (OPEX):** owing to the low materiality of operating expenses meeting the taxonomy's strict definition in relation to the Group's consolidated operating expenses, no eligibility or alignment analysis was performed. Nonetheless, in 2025, the Group continued to incur expenses aimed at contributing to climate change mitigation, in particular through research and development initiatives dedicated to the development of environmentally-friendly packaging.

[1] *The transition to a circular economy includes ecodesign, extending useful life, and managing waste (recycling, recovery, etc.)*

List of eligible activities identified by Thales that were analyzed for alignment in 2025:

Objective*	Activity number	Activity name as per EU delegated acts	Thales eligible activities analyzed in 2025	Reported indicators	
				Turnover	CapEx
CCM	3.21	Aircraft manufacturing	• Flight avionics: flight controls, on-board computers, navigation and positioning systems • EEE installed on other equipment: flight avionics, aircraft electrification, software • Air traffic management (ATM) and avionics solutions that optimize aircraft trajectory and reduce the fuel consumed by air transport by up to 10% • Navigation radios	X	X
CCM	7.5	Installation, maintenance and repair of instruments and devices related to building energy performance	• Installation, maintenance and repair of thermostats, smart meters, etc.		X
CCM	7.7	Acquisition and ownership of buildings	• Purchased or leased buildings (IFRS 16)		X
CCM	6.5	Transport by motorcycles, private passenger cars and light commercial vehicles	• Group employees' take-home company cars		X
CCM	8.1	Data processing, hosting and related activities	• Data centers • Cybersecurity	X	X
CE	1.2	Manufacture of electrical and electronic equipment	• Stand-alone EEE: Radio communication products, identity verification systems, in-flight entertainment equipment (IFE) • Flight simulators, which meet training needs with an extremely small carbon footprint* • Medical (radiology detectors) • Radar/sonar systems • Scientific instruments including scientific and industrial lasers • Zoom lenses • Earth observation satellites, whose data are essential for understanding phenomena related to global warming • Satellite navigation solutions: at the heart of programs such as Galileo and EGNOS, Thales Alenia Space is at the forefront of satellite navigation in Europe. These projects are essential building blocks for optimizing sea, air and land travel • Weapons systems/missile electronics • Flight avionics: flight controls, on-board computers, navigation and positioning systems • EEE installed on other equipment: flight avionics, aircraft electrification, software • Air traffic management (ATM) and avionics solutions that optimize aircraft trajectory and reduce the fuel consumed by air transport by up to 10%	X	X
CE	5.1	Repair, refurbishment and re-manufacturing	Repairs to equipment for activities corresponding to 1.2	X	X

* *CCM: Climate Change Mitigation. CE: Circular Economy.*

5.1.2.6.2 Applying the green taxonomy to Thales

a) Eligibility analysis

The eligibility analysis covered all Thales' business operations. Turnover, operating expenses and tangible and intangible fixed assets have been calculated with care to avoid double counting. Each product/project has been allocated to a specific activity, and real estate expenditure has been handled separately by the Real Estate function for the Group as a whole.

The teams in charge of product policy and the Group HSE, then the Product, HSE and Finance teams of each Global Business Unit, conducted the analyses in order to verify the compliance of the activities of each product line with the regulations and to determine the corresponding turnover based on information available in ERP systems.

Given the non-materiality of operating expenses within the meaning of the taxonomy regulation (see section 5.1.2.6.3. – Methods used by Thales to calculate eligible and aligned KPIs), the eligibility analysis focused on turnover and capital expenditure.

Eligibility of turnover

As for the 2025 disclosure, the analysis identified the following as eligible:

- managed services spread across the business lines of the Cybersecurity and Digital Identity (CDI) Global Business Unit, as well as the Secure Communications and Information Systems (SIX) Global Business Unit, falling within the scope of the cross-functional activity "Data processing, hosting and related activities" (CCM 8.1) for the climate change mitigation objective;
- the aeronautical activities of the Secure Communications and Information Systems (SIX) Global Business Unit, including radio navigation, as well as those of the Global Avionics Business, for commercial and military aircraft and helicopters, are recognized as eligible. This includes air traffic control solutions, flight management and piloting equipment, measuring instruments (altitude, angle of incidence, etc.), positioning devices (inertia, GPS), as well as display and control screens. These activities fall within the scope of "Manufacture of aircraft" (CCM 3.21) for the climate change mitigation objective, and also under the scope of "Manufacture and maintenance of electrical and electronic equipment" (CE 1.2) for the transition to a circular economy objective;
- repair and maintenance activities relating in particular to radio communication products, identity verification systems, in-flight entertainment (IFE) equipment, flight simulators, radiology equipment, radars, scientific lasers and observation satellites fall under activities CE 5.1 to CE 5.5, as part of the objective to transition to a circular economy.

The analysis showed that the total turnover generated by the CE 5.3, CE 5.4 and CE 5.5 activities remains below the 10% exemption threshold authorized by the regulation. As a result, the alignment analysis is no longer performed on these categories due to their non-materiality (see section 5.1.2.6.3, Methods used by Thales to calculate eligible and aligned KPIs). In addition, no eligible turnover share has been identified for CE 3.2.

Eligibility of capital expenditure (CAPEX)

Thales has identified the capital expenditure directly related to turnover-eligible activities, with reference to the turnover eligibility analysis above:

- for the climate change mitigation objective, these are:
  - data processing, hosting and related activities (CCM 8.1) for the Global Business Units concerned (CDI and SIX);
  - the aircraft manufacturing activities (CCM 3.21) of the Avionics Global Business Unit (AVS).
- for the circular economy objective, the activities are:
  - the electrical and electronic equipment manufacture activities (CE 1.2);
  - the repair, refurbishment and remanufacturing activities (CE 5.1) of all the Group's Global Business Units.

In addition, Thales integrated cross-functional investments throughout the Group, identifying CAPEX that are "individually eligible" for climate change mitigation, in particular:

- real estate activities managed centrally for the entire Group, given their cross-functional nature:
  - installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings (CCM 7.5);
  - acquisition and ownership of buildings (CCM 7.7);
  - "Renovation of existing buildings" (CCM 7.2), "Installation, maintenance and repair of energy efficiency equipment" (CCM 7.3) and "Installation, maintenance and repair of renewable energy technologies" (CCM 7.6) were not analyzed by the Group in 2025 given their recurring non-material nature (2% of Group CAPEX in 2024, i.e. below the 10% exemption threshold authorized by the new regulation of July 4, 2025, applicable from January 1, 2026).
- take-home company cars provided to Group executives:
  - transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5).

In accordance with the taxonomy regulation, fixed assets resulting from business combinations (consolidation of a subsidiary) have been included in the CAPEX calculation base.

b) Alignment analysis

Alignment is contingent on three cumulative conditions:

- compliance with substantial contribution criteria;
- compliance with the principle of "do no significant harm" (DNSH);
- compliance with the Minimum Safeguards.

Operating expenses, considered as non-material with regard to the taxonomy regulation (see section 5.1.2.6.3. Methods used by Thales to calculate eligible and aligned KPIs) were not included in the scope of the analysis, which focused on turnover and CAPEX.

Compliance with substantial contribution criteria

The verifications were carried out in compliance with the recommendations of the delegated taxonomy acts, for each eligible activity, by the operational teams of the Global Business Units and functions concerned.

Eligible turnover and directly related capital expenditure

- Data processing, hosting and related activities (CCM 8.1)

  To assess the alignment of the "Data processing, hosting and related activities" activity (CCM 8.1), Thales relied on the European Code of Conduct on the Energy Efficiency of Data Centers. The activity is considered to be aligned where it implements all the expected practices in their most recent version, with verification by an independent third party every three years. At the end of 2025, two of the Group's data centers (Élancourt and Toulouse) were registered with the European Code of Conduct, but only the Élancourt center met all the substantial contribution criteria. The planned work on the cooling system should enable the Toulouse data center to fulfil all the requirements.

- Manufacture of aircraft (CCM 3.21)

  For compliance with the substantial contribution criteria, Thales took into account the list of aircraft complying with the take-off mass and CO_2 metric value criteria indicated in the regulation and applied the replacement ratio published by the EASA.

- Manufacture of electrical and electronic equipment (CE 1.2)

  Except in a very limited number of cases, Thales only manufactures products for which there are no proactive alternatives to hazardous substances, either internally or in the value chain. Nevertheless, initiatives taken to gradually replace substances where possible.

  Consequently, despite the RoHS [1]/REACH [2] certifications, the absence of unauthorized substances cannot be guaranteed for the majority of products, as the requirements of the taxonomy are stricter and obtaining certificates for each component sourced outside the Group is not currently possible.

  It was therefore concluded that the substantial contribution criterion is not met for most equipment and that the activity is not aligned.

- Repair, refurbishment and remanufacturing of electrical and electronic equipment (CE 5.1)

  Electrical and electronic equipment repair and refurbishment activities (CE 5.1) meet the substantial contribution criteria, because they are governed by a sales contract compliant with the regulations in force and follow a waste management plan. This plan ensures the reuse of materials and components that have not been reused in the same product, or, failing that, their recycling and, as a last resort, their disposal in accordance with applicable European and national legislation. The waste management plan for remanufacturing is available to the public.

"Individually" eligible capital expenditure

- Installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings (CCM 7.5)

  This mainly corresponds to the replacement of TBM/CTM (Technical Building Management/Centralized Technical Management) systems. Thales checked with its suppliers to ensure that the products and components used met the substantial contribution criteria for this activity.

- Acquisition and ownership of buildings (CCM 7.7)

  To conduct the alignment analysis of the "Acquisition and ownership of buildings" activity (CCM 7.7), Thales considered the existence of a class A rating under the French Diagnostic de Performance Énergétique (or its equivalent in Europe) or, failing this, ensured that the building ranks in the top 15% most efficient national or regional real estate stock in terms of operational primary energy consumption, based on data obtained from specialized third parties. Thales aims, as far as possible, to lease only buildings that meet the substantial contribution criteria of the taxonomy. However, the majority of real estate capital expenditure relates to lease renewals, which limits the share of aligned CAPEX to 5% for this activity. In 2025, the construction of buildings complying with substantial contribution rules on two Group sites generated aligned CAPEX, calculated on a proportional basis on the surface areas occupied by tertiary activities.

- Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)

  Thales implements a Group policy aimed at favoring vehicles that are more environmentally friendly. The analysis of compliance with substantial contribution criteria for the fleet managed by the service provider is carried out by the latter, who forwards the results to Thales. For the main contract, the compliance of vehicles with the CO_2 emission criteria decreased from 84% in 2024 to 11% in 2025 due to the pollution DNSH principle relating to tires, which was not applied as such in previous years.

Compliance with the principle of "do no significant harm"(DNSH)

"Climate change adaptation"

The DNSH principle applies to all the above-mentioned activities. To meet the requirements of the Delegated Regulation (Appendix A), Thales conducted, with the help of an external provider, an assessment of the physical risks and climate vulnerability of its sites. The aim of the study, carried out on 365 Group sites, was to:

- assess current and future exposure;
- identify the sites most affected and the risks with the biggest impacts;
- propose generic categories of adaptation solutions.

The analysis was based on the definitions of the green taxonomy (cold wave, heat wave, extreme temperature, forest fire, flood, drought, landslide, storm, etc.) and took into account two IPCC climate scenarios (SSP2-4.5 and SSP5-8.5) for the 2030 and 2050 horizons.

The conclusions attest to the robustness of the Group's asset portfolio in the face of physical risks linked to climate change. Of the 365 sites, only 11 are assessed as having a very high prospective risk and 35 as having a high risk. Heat waves, floods and landslides are identified as the main risks at the Group level. A pilot approach has been initiated at three sites to define a methodology to support the development of adaptation plans. Any work carried out on the 46 sites concerned is considered non-aligned until their adaptation plans are finalized (see section 5.1.2.1. – Identification of climate-related impacts, risks and opportunities).

"Pollution prevention and control"

For most of Thales' eligible activities, except for the CCM 6.5 activities, compliance with the DNSH principle requires compliance with Appendix C of the regulation. These requirements are based on the main European regulations and directives: POPs [(EU) 2019/1021], Mercury [(EU) 2017/852], ODSs [(EC) 1005/2009], RoHS [2011/65/EU], REACH [1907/2006], and CLP [(EC) 1272/2008]. The Group's activities comply with all these regulations, except for special regulatory exclusions, notably aircraft manufacturing.

These requirements are supplemented by specific requirements for certain activities:

- aircraft manufacturing (CCM 3.21): because this activity is excluded from the scope of the RoHS directive, most of the equipment concerned does not comply with the requirements of Appendix C and is therefore not aligned with this DNSH principle, and there was no further analysis;
- manufacture of electrical and electronic equipment (CE 1.2): as the substantial contribution criteria for this activity are more stringent than the applicable regulation, the majority of equipment produced was deemed non-aligned. For equipment meeting the criteria, Thales analyzed the use or presence of substances and treats as aligned the portion of activities from which DNSH-excluded substances are absent or, if present, for which there is no reliable alternative solution. According to the Commission's draft FAQ, a reliable alternative solution must be more secure, technically and economically feasible and available;
- support activities (CE 5.1): for repair, refurbishment and remanufacturing activities, Thales treats as aligned the portion of activities from which DNSH-excluded substances are absent or, if present, for which there is no reliable alternative solution. On the basis of the draft FAQ prepared by the Commission, Thales has determined that there is no reliable alternative solution when at least one of the four conditions mentioned above is not met;
- vehicle leasing (CCM 6.5): the analysis is carried out by the service provider managing the main fleet of vehicles as part of its own taxonomy statement.

(1) *RoHS: Restriction of Hazardous Substances.*
(2) *REACH: Registration, Evaluation, Authorization and Restriction of Chemicals.*

"Transition to a circular economy"

As part of the analysis of the data processing activity (CCM 8.1), the processes have been adapted to systematically incorporate eco-design in the developments. A dedicated training plan is being rolled out to the Group's engineers. A waste management plan for electrical and electronic equipment has also been implemented.

"Sustainable use and protection of water and marine resources"

Where relevant, an analysis of the quality of the bodies of water affected by Thales infrastructures has been carried out as part of the data processing activity (CCM 8.1) and electrical and electronic equipment repair, refurbishment and re-manufacturing activities (CE 5.1).

Compliance with the Minimum Safeguards

Thales places integrity and compliance at the heart of its business conduct, considering these principles as essential to preserving its reputation, competitiveness and the sustainability of its activities. The implementation of the Minimum Safeguards set out in Article 18 of Regulation (EU) 2020/852 was verified through:

- the commitments made by the Group under the United Nations Global Compact;
- the Group's Integrity and Compliance Program (see section 5.1.4.1), including:
  - the prevention of corruption, influence peddling, fraud, money laundering, conflicts of interest and insider trading, with a dedicated governance structure;
  - trade compliance: export controls and compliance with international embargoes and economic sanctions (section 5.1.3.4.3);
  - competition law (see section 5.1.4.1.3),
  - personal data protection (see section 5.1.4.2);
  - Duty of Vigilance.

This program is based on a whistle-blowing system, which encourages the reporting of any non-compliant conduct or situation (see section 5.1.4.1.3):

- the vigilance plan aimed at preventing serious violations of Human Rights, fundamental freedoms, health, safety and the environment, covering the activities of the Group, its subsidiaries and its business partners (see section 5.3.1);
- tax policy, ensuring the strict application of the rules in all countries of operation (see section 5.3.2).

The Group received no reports of any convictions in 2025 within its consolidated scope concerning corruption, Human Rights, competition law or taxation (see sections 5.1.4.1.5. and 5.1.3.1.5.a).

c) Multi-objective analysis

Some Thales activities are eligible under both "Manufacture of aircraft" (CCM 3.21) and "Manufacture of electrical and electronic equipment" (CE 1.2). The activities carried out by the Avionics (AVS) Global Business Unit are reported under the category "Manufacture of aircraft" (CCM 3.21), while those carried out by the Secure Communications and Information Systems (SIX) Global Business Unit are reported under "Manufacture of electrical and electronic equipment" (CE 1.2) in the regulatory tables. None of these activities are aligned under the two objectives.

d) Conclusion of the alignment analysis of Thales' activities eligible for taxonomy for financial year 2025

Objective*	Activity number	Activity name as per Annex I of EU Delegated Act	Corresponding eligible Thales activities	Reported indicators		Substantial contribution	DNSH*						Minimum requirement
				Turnover	CapEx		CCM	Adapt*	Water	CE	Poll*	Biodiv	
CCM	7.5	Installation, maintenance and repair of instruments and devices related to building energy	• Installation, maintenance and repair of thermostats, smart meters, etc.		X	●		●	N/A	N/A	N/A	N/A	●
CCM	7.7	Acquisition and ownership of buildings	• Purchased or leased buildings (IFRS 16)		X	●		●	N/A	N/A	N/A	N/A	●
CCM	6.5	Transport by motorcycles, private passenger cars and light commercial vehicles	• Group employees' take-home company cars		X	●		●	N/A	●	●	N/A	●
CCM	8.1	Data processing, hosting and related activities	• Data centers • Cybersecurity	X	X	●		●	●	●	N/A	N/A	●
CCM	3.21	Aircraft manufacturing	• Flight avionics	X	X	●		●	●	●	●	●	●
CE	1.2	Manufacture of electrical and electronic equipment	• Stand-alone EEE (see eligible activities table for details)	X	X	●	●	●	●		●	●	●
CE	5.1	Repair, refurbishment and remanufacturing	• Repairs to equipment for activities corresponding to 1.2	X	X	●	●	●	●		●	N/A	●
								●	*Ok*		●	*Partial*	

** CCM: Climate Change Mitigation*
CE: Circular Economy

5.1.2.6.3 Methods used by Thales to calculate eligible and aligned KPIs

The scope used to calculate eligible and aligned KPIs corresponds to that of the Group's consolidated financial statements.

- The methodology for determining the base (denominator) is as follows:
  - the turnover used for the denominator is consolidated turnover for the 2025 financial year under IFRS and excluding intra-group transactions (see Note 2 to the Consolidated Financial Statements in section 7.1);
  - capital expenditure corresponds to the acquisition of property, plant and equipment and intangible assets (information systems, engineering, production, real estate, capitalized development costs, etc.), increases in right-of-use assets under leasing contracts, and additions to fixed assets resulting from acquisitions during the year (see Notes 4.2 and 3.1, section 7.1);
  - operating expenses taken into account are R&D costs not financed by the customer, maintenance of property, plant and equipment, and short-term rental expenses as reported in the costs by nature of the Group's legal entities. The denominator is €1.6 billion, or 8.3% of total operating expenditure (see 7.1.1, section 7.1). Thales opted for the permitted materiality exemption for OPEX.
- The methodology for determining eligible and aligned amounts (numerator) is as follows:
  - turnover is the amount, excluding intra-Group sales, of eligible or aligned activities considered individually;
  - the investment expenses taken into account are:
    - operating investments related to eligible or aligned activities (in the sense of turnover);
    - eligible or aligned real estate investments;

      In accordance with current regulations, industrial and modular buildings are not included in the analyses. For "mixed use" buildings (hosting both industrial and office activities), only those with an office surface area greater than 1,000 m² were taken into account. In this case, the amounts included are calculated in proportion to the total surface area.
    - increases in right-of-use assets under leasing contracts related to eligible or aligned activities (recognized under IFRS 16).

The values of turnover, operating expenses and property, plant and equipment and intangible assets come from the Group's information systems. To avoid any double counting, each product or project is assigned to a specific activity and real estate expenses are treated separately by the Real Estate function for the whole Group.

Application of analysis thresholds by Thales

As part of the publication of the data, Thales applies the analysis thresholds authorized by the delegated act of July 4, 2025 published in the Official Journal of the European Commission on January 8, 2026:

- Turnover: certain non-material activities, the cumulative turnover of which is less than 10% of the Group's consolidated turnover, were not analyzed. These are the CE 5.3, CE 5.4 and CE 5.5 activities, which account for around 1% of the Group's total consolidated turnover;
- CAPEX: a threshold of €100,000 is applied per investment and certain non-material activities whose cumulative value is less than 10% of the Group's CAPEX have not been analyzed. These are the CCM 7.2, CCM 7.3 and CCM 7.6 activities, which accounted for 2% of Group CAPEX in 2024.

5.1.2.6.4 2025 taxonomy data disclosure tables

Financial year (N)	2025				Breakdown by environmental objectives of taxonomy aligned										
KPI	Total	Proportion of taxonomy-eligible activities	Taxonomy-aligned activities	Proportion of taxonomy-aligned activities	Climate Change Mitigation	Climate Change Adaptation	Water	Circular economy	Pollution	Biodiversity	Proportion of enabling activities	Proportion of transitional activities	Not assessed activities considered non-material	Taxonomy aligned activities in previous financial year (N-1)	Proportion of taxonomy-aligned activities in previous financial year (N-1)
	€m	%	€m	%	%	%	%	%	%	%	%	%	%	€m	%
Turnover	22,136	65.3%	832	3.8%	0.0%	—	—	3.7%	—	—	—	—	1%	658	3.3%
CapEx	1,031	24.0%	20	1.9%	0.7%	—	—	1.1%	—	—	—	0.7%	—	60	6.9%
OpEx	1,623	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Reported KPI		Turnover											
Financial year (N)		2025			Environmental objective of taxonomy aligned activities								
Activities	Code	Proportion of taxonomy eligible Turnover	Monetary value of taxonomy eligible Turnover	Proportion of taxonomy aligned Turnover	Climate Change Mitigation	Climate Change Adaptation	Water	Circular economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of taxonomy aligned in Taxonomy eligible
		%	€m	%	%	%	%	%	%	%	H or empty	T or empty	%
Data processing, hosting and related activities	CCM 8.1	2.2%	9	0.0%	0.0%	—	—	—	—	—	—	T	1.8%
Manufacture of electrical and electronic equipment	CE 1.2	44.0%	11	0.0%	—	—	—	0.0%	—	—	—	—	0.1%
Repair, refurbishment and re-manufacturing	CE 5.1	8.9%	812	3.7%	—	—	—	3.7%	—	—	—	—	41.3%
Aircraft manufacturing	CCM 3.21	10.2%	—	—	—	—	—	—	—	—	—	—	—
Alignment by environmental objective													
TOTAL TURNOVER		**65.3%**	**832**	**3.8%**	**0.1%**			**3.7%**					**5.8%**

Reported KPI		CapEx											
Financial year (N)		2025			Environmental objective of taxonomy aligned activities								
Activities	Code	Proportion of taxonomy eligible CapEx	Monetary value of taxonomy eligible CapEx	Proportion of taxonomy aligned CapEx	Climate Change Mitigation	Climate Change Adaptation	Water	Circular economy	Pollution	Biodiversity	Enabling activity	Transitional activity	Proportion of taxonomy aligned in taxonomy eligible
		%	€m	%	%	%	%	%	%	%	H or empty	T or empty	%
Installation, maintenance and repair of instruments and devices related to building energy performance	CCM 7.5	0.0%	—	0.0%	0.0%	—	—	—	—	—	E		0.0%
Acquisition and ownership of buildings	CCM 7.7	11.3%	6	0.6%	0.7%	—	—	—	—	—		T	5.1%
Transport by motorcycles, private passenger cars and light commercial vehicles	CCM 6.5	1.5%	2	0.2%	0.0%	—	—	—	—	—		T	10.7%
Data processing, hosting and related activities	CCM 8.1	0.2%	—	0.0%	0.0%	—	—	—	—	—			0.0%
Manufacture of electrical and electronic equipment	CE 1.2	7.9%	6	0.5%	—	—	—	0.5%	—	—			6.8%
Repair, refurbishment and re-manufacturing	CE 5.1	0.7%	6	0.6%	—	—	—	0.6%	—	—			90.6%
Aircraft manufacturing	CCM 3.21	2.4%	0	0	—	—	—	—	—	—		T	
Alignment by environmental objective													
TOTAL CAPEX		**24.0%**	**20**	**1.9%**	**0.7%**			**1.1%**					**7.9%**

5.1.3 Social

5.1.3.1 Own workforce

SOCIAL		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Diversity and inclusion	• **Negative impact**: difficulty in instilling a culture of inclusion within the Group, in which no employee would be denigrated or treated unequally because of their distinct characteristics (age, gender, religion, sexual orientation, cultural origin, etc.). • **Negative impact**: employee disengagement due to a compensation policy perceived as being unfair. • **Negative impact**: exposure of employees to discrimination, harassment or unconscious biases, limiting their inclusion within the Group.	• **People**: building an inclusive and learning working environment.
Working conditions	• **Positive impact:** Strengthening of employee employability thanks to skills development in the Group's areas of expertise.	
Main policies	• Human Rights policies. • Policies on equal treatment, on the prevention of discrimination and harassment, and on diversity, equity and inclusion. • Training and skills development policies.	
Levers for action	• Applying a principle of zero tolerance for discrimination. • Raising awareness and providing training for staff on the principles of non-discrimination, stereotypes and unconscious biases. • Deploying training pathways that are closely correlated with the needs of the operational activities. • Implementing a diverse range of learning methods suited to the specific needs and characteristics of each individual. • Encouraging the use of new technologies to enhance learning processes.	
Main targets	• 22.5% of women on Levels of Responsibility 10 to 12 by end-2026 and 25% by 2030. • 75% of Management Committees with at least four female members by 2026. • 80% of new hires (excluding Levels of Responsibility below 7 of the "Industry" job family) completing the OnboardingU module within 30 days of joining. • A global community of at least 1,600 internal trainers. • An overall skills maturity index of 70 or above for employees by 2030. • Training in climate change issues provided to 85% of managers (Levels of Responsibility 8-12), corresponding to a target of 45,000 employees, in 2025 [a].	

(a) Levels of Responsibility 10 to 12 correspond to the levels of responsibility of senior management.

5.1.3.1.1 Interests and views of stakeholders

Human resources are an essential driver of the performance of the Group, which has more than 85,000 employees throughout the world.

Committed to the United Nations Global Compact for more than 20 years, the Group is reaffirming its commitment to respect for Human Rights. It also applies the OECD Guidelines for Multinational Enterprises and with the International Labour Organization's (ILO) fundamental conventions across all its operations.

To promote the well-being and listening of its employees, Thales deploys regular dialogue mechanisms. Job engagement and satisfaction surveys are conducted every two years. Employees were also involved in establishing the sustainability strategy through collaborative workshops. These participatory approaches make it possible to identify priority social issues, strengthen the Group's ability to meet the expectations of its teams, and ultimately, improve their engagement and satisfaction.

5.1.3.1.2 Material impacts, risks and opportunities and interaction with strategy and business model

Thales' major advances and innovations draw on the collective intelligence of the men and women who make up the Group. 40% of them work in Research and Technology (R&T), an area that receives special attention.

The social impacts identified (IRO) are inherent to the Group's activity and concern all Thales employees. they do not arise from specific strategic choices.

Positive impacts are considered as real and short-term. Thales invests in the development of cutting-edge skills for its employees, strengthening their employability in the Group's areas of expertise. This positive impact concerns all the Group's business lines, which are renowned for their expertise, particularly in engineering and high tech.

The Group maintains strong partnerships with the academic world, fostering mutual enrichment and helping to meet growing recruitment challenges.

The negative impacts identified are mainly potential (rare confirmed cases) and are not systemic in nature. They concern the difficulties in establishing a culture of inclusion, the disengagement of employees due to perceived unfair compensation, and the possible exposure of employees to discrimination, harassment or prejudice.

None of the impacts on the workforce were deemed to be material in relation to the climate transition plan.

Lastly, Thales has not identified any specific risk concerning trafficking in human beings, forced labor or child labor.

5.1.3.1.3 Processes for engaging with own workforce and workers' representatives about impacts

Thales organizes staff representation in a structured manner, making social dialogue bodies key partners in the discussion of the Group's strategic, economic and industrial orientations.

At the European level, the Group's Social Relations Department coordinates dialogue with the Thales European Works Council (EWC), in place since 1993. Composed of 35 members from 11 European countries [1] and representing more than 70% of Thales' workforce, this Committee meets twice a year to discuss transnational strategic and social perspectives. Extraordinary meetings may also be held.

In France, where the majority of the workforce is located, social dialogue is coordinated by the Labor Relations France Department, supported by a network of labor relations managers. More specifically, Thales has set up:

- a Group Committee;
- eight Central Economic and Social Committees at legal entity level;
- 60 site-based Social and Economic Committees.

The Group Committee meets twice a year, while the other committees hold monthly meetings. These bodies are regularly informed and consulted on the transformation projects carried out by Thales in France. Discussions with employee representatives, whether they relate to information or consultation, make it possible to take employees' views and interests into consideration when implementing these plans.

Moreover, each site with more than 50 employees has a "Health, Safety and Working Conditions" Committee, specifically responsible for these matters, as well as local representatives tasked with fostering dialogue between employees, staff representatives and Management representatives.

In the other countries where Thales operates, employee representation is organized in accordance with local regulations and agreements.

Lastly, collective bargaining meetings are held with social partners to take employees' views into consideration. The measures adopted by Thales relating to health and working conditions, social benefits, professional equality, disability, end-of-career and provident fund schemes are the result of collective agreements concluded with the representative trade unions.

In addition, the biennial engagement survey was administered to Thales employees in 2025 to learn about their expectations and views on key themes such as diversity and inclusion, the environment, and business ethics. This survey shows high levels of commitment across the Group, with an overall engagement score of 78%.

5.1.3.1.4 Processes to remediate negative impacts and channels for own workforce to raise concerns

Each Group employee has access to various types of contact persons and mechanisms to express their concerns and find appropriate solutions to address them.

Local contact persons for own workforce:

- **Line manager:** the employee's first point of contact, the manager, and, more broadly, all supervisory staff, is responsible for listening to and supporting employees in resolving their difficulties, to the fullest extent possible. This is an obligation that is emphasized during the training provided to any staff member in a managerial position. Depending on the type of difficulty or concern raised by the employee, the manager may guide them to another contact person more qualified to handle the issue. The employee may also take the initiative to get in touch with another contact person within their organization;
- **Human Resources managers:** for any concern related to career development, relations with management or a personal situation that has potential or actual impacts on the employment relationship;
- **Occupational medicine:** for any concerns relating to the employee's state of health, working conditions, or any physical or mental health-related difficulties and/or concerns they might have;
- **Staff representatives:** serving as intermediaries between employees and the company's management, they defend collective interests, act as mediators to support individual initiatives, and represent employees with shared concerns;
- **Local representatives:** of which there are 459 in France, who can provide additional intermediary support between employees, staff representatives and management;
- **Networks of dedicated points of contact:** to meet specific needs, networks of contact persons are set up, such as the disability network or the harassment and sexist behavior network. These contact persons listen to and support the employees concerned. They initiate dialogue between employees and Management on these topics.

Whistle-blowing systems

The whistle-blowing system enables all employees to report situations of discrimination or harassment, whether they are victims or witnesses. The lines of alert, accessible at local or Group level, provide a secure channel for reporting these situations (details about this system and the associated governance are set out in section 5.1.4.1.3).

[1] *France, United Kingdom, Germany, Italy, Netherlands, Spain, Belgium, Austria, Portugal, Norway and Switzerland.*

5.1.3.1.5 3 major challenges for Thales: respect for Human Rights, diversity, equity and inclusion, training and skills development

Working conditions are a central pillar of the Group's human resources management policy. Thales is committed to ensuring a safe, healthy and inclusive working environment for its employees and therefore:

- pays particularly close attention to Human Rights;
- applies policies dedicated to preventing violations of integrity in the workplace;
- takes care to ensure equal treatment of its employees by applying a policy aimed at preventing discrimination and harassment and by fostering a culture based on diversity, equity and inclusion;
- applies a training and skills development policy.

The Human Resources Department ensures that these policies are implemented across all Group entities, in compliance with local legislation [1].

a) Human Rights policies in place

Thales has since 2003 been a signatory of the United Nations Global Compact, a reference text on Human Rights, labor law, the environment and the fight against corruption. Every year, it reaffirms its support for the 10 fundamental principles of the Compact and actively contributes to promoting the 17 Sustainable Development Goals (SDGs).

More specifically, the Group has introduced internal policies contributing to the following goals:

- SDG no. 5: Gender Equality;
- SDG no. 8: Decent Work and Economic Growth;
- SDG no. 4: Quality Education.

In 2023, Thales reaffirmed its commitment to the Sustainable Development Goals by renewing its adherence to the United Nations Global Compact and by making the SDGs central to its sustainable development strategy.

Since 2024, the Group has also been a signatory of the Women Empowerment Principles, a United Nations initiative aimed at empowering women worldwide.

Thales also has a policy of preventing the risks of serious violations of Human Rights and fundamental freedoms that could result from the misuse of its products and services see section 5.1.3.3.3).

The Group's commitments in the area of Human Rights are communicated to all its stakeholders, both internal and external, on a regular basis through various channels (Group website, Universal Registration Document, etc.). Employees are also informed of these commitments on Thales' intranet.

None of Thales' Human Rights commitments were reported as having been violated in 2025. Should a Human Rights violation be reported, it would be examined under the procedure established for addressing whistle-blowing incidents.

Incidents, complaints and severe Human Rights impacts

In 2025, Thales recorded 233 reports/complaints on issues related to working conditions, equal treatment and Human Rights, via the internal alert system, Thales Alert Line.

This tool lists the reports submitted according to two distinct methods:

- spontaneous reports: issued by employees via the whistleblowing system, relating to facts of which they have become aware (124 reports);
- *ex post* reports recorded by the alert monitoring committees concerning facts identified by other channels and which have given rise to an investigation (109 reports).

This approach explains the increase in the number of reports compared with 2024 (105 reports), as it now includes situations having given rise to investigation rather than simply confirmed cases for reports outside the alert system.

Of the 233 reports/complaints thus recorded:

- 144 concerned issues of harassment/discrimination;
- 89 correlated to other subjects related to working conditions and equal treatment.

None of these situations identified in 2025 resulted in financial penalties (fines or compensation) or gave rise to provisions for a significant amount.

No severe Human Rights incidents were recorded within the Group in 2025.

b) Policies, actions and indicators on equal treatment, the prevention of discrimination and harassment, and diversity, equity and inclusion

The Group has defined a comprehensive policy to promote equity and inclusion and prevent the risks of discrimination and harassment, with a particular focus on minorities.

Overall policy and resources

This policy is based on two main pillars:

- promoting diversity, in all its forms, as a source of innovation, creativity and performance;
- fostering inclusion, by cultivating a working environment where all individuals can be fully themselves, recognized for their differences and committed to mutual respect in order to contribute collectively to the Group's ambitions.

To implement this policy, a central team at the Corporate Social Responsibility Department (DRSE) identifies and implements the most effective and relevant actions. The team relies on an international network of "Diversity and Inclusion" correspondents present in the various entities, functions and countries and coordinates the "Together@Thales" community of ambassadors, made up of around 850 volunteer employees committed to diversity, equity and inclusion issues.

Thales thus takes care to:

- **Ensure equal treatment for all**

  Thales is committed to ensuring equal treatment for its employees and preventing acts of discrimination and harassment.

  The Group's Code of Ethics reaffirms this unequivocal commitment. This document is accessible in five languages on the Group's intranet and website. Each new hire is informed of the document and undertakes to comply with its principles.

[1] *In 2025, the Group continued to roll out its DE&I policy in all its operating countries, with the exception of the United States, in accordance with applicable laws and regulations, including presidential decrees published on the subject since 2025. As a result, annual diversity targets do not apply to managers based in the United States. Nevertheless, the basis for calculating the Group's diversity targets applicable to managers based outside the United States remains unchanged and takes into account the consolidated scope.*

- **Support all populations**

  Thales has developed a strategy of supporting human diversity, with the following 6 priorities:

  - gender balance;
  - gender identity and sexual orientation;
  - disability;
  - cognitive diversity;
  - generational diversity;
  - ethnic and cultural diversity.

  Thales organizes communication and staff awareness initiatives listed below, for each of these priorities.

  The Group's commitment to the inclusion of lesbian, gay, bisexual and transgender people and all minorities of gender and sexual orientation was reflected in the signing of the "L'Autre Cercle's LGBT+ Commitment Charter" in 2019 and 2023 and its participation in the "L'Autre Cercle's LGBT+ Inclusion Barometer".

  Thales also has a proactive generational diversity policy facilitating the integration of young people into the workplace through internships and apprenticeships, while fighting against all forms of age discrimination against experienced and older employees.

- **Prevent and correct all forms of discrimination**

  To prevent discrimination, Thales raises awareness and trains its teams, specifically those in charge of recruitment, on the principles of non-discrimination, stereotypes and unconscious bias, through various formats (e-learning, conferences, videos, workshops, etc.).

  Thales also pays constant attention to equal pay for women and men and, for example, sets aside a budget to address any pay gaps in its French entities during the mandatory annual salary negotiations.

  The policy of preventing and correcting discrimination is guided by the results of the engagement survey that Thales conducts every two years with its employees. Several questions relate to equal treatment, diversity, inclusion, and employee health and safety. In addition, open-ended questions allow employees to express what they like about the company and to share their expectations and suggestions.

  The results are shared by the managers, supported by the HR teams of the Group's entities, who identify at each level of the company the strengths on which to build and the areas for improvement to implement the appropriate action plans.

  In 2025, 79% of respondents expressed a favorable opinion of the Group's commitment to diversity, equal opportunity and freedom of expression. A new survey will be administered in 2027.

  Lastly, a whistleblowing platform, accessible 24/7, is available to Group employees, enabling them to report any instances of harassment or discrimination. Each report is handled in accordance with the Group procedure, locally or globally. Additional measures exist according to local legislation.

Actions related to Diversity, Equity and Inclusion matters

Thales is committed to creating an inclusive working environment where each employee can express their uniqueness and find their place within the collective. The Group applies a principle of zero tolerance to all forms of discrimination.

In this context, Thales is implementing global actions targeting all countries where the Group operates, while also supporting local initiatives on more specific topics.

With regard to the initiatives led by the Group, the following main actions can be cited:

- the deployment of the Ambassadors@Thales network, which includes more than 850 employees worldwide committed to diversity, equity and inclusion issues and who communicate widely on the initiatives undertaken;
- Thales supports WiTh [1], a network dedicated to diversity, which allows employees to meet, exchange ideas, and also benefit from external interventions for their career development;
- since 2023, Thales has rolled out #WomenInspiringWomen, a communication campaign aimed at helping today's generations of women and those of tomorrow to identify with and find their place in STEM fields (Science, Technology, Engineering and Mathematics);
- the Group also has a long-standing commitment to the inclusion of LGBTQI+ people and all minorities of gender and sexual orientation;
- Thales is also committed to the "Neurodiversity in Business" initiative, which aims to help large companies recruit and support employees with neurodiversity [2] in the professional environment;
- to strengthen intergenerational ties, mentoring programs are being implemented in several entities and countries.

At the local level, the following can be mentioned:

- in France, Thales Mission Insertion supports employees with disabilities to foster their professional integration and works with several peers to improve the way in which cognitive diversity is addressed. In France, 52 disability points of contact participate in supporting people with disabilities;
- the network of harassment and sexist behaviour advisors who help raise employee awareness of gender-based and sexual violence;
- lastly, with more than 140 nationalities represented, Thales is leading initiatives against discrimination linked to ethnic origin, such as the signing of the "Race Work Charter" in the United Kingdom in 2023 and the Reconciliation Action Plan launched in Australia, updated for the 2022-2024 period.

The effectiveness of these measures is assessed using the results of the employee engagement survey, making it possible to monitor changes in perceptions over time and compare the results with those of companies in the same sector or country.

[1] *WiTh network: We in Thales.*
[2] *Neurological diversity, also known as cognitive diversity, refers to all people with neurological or psychological functions that deviate from the norm (people with autism, hypersensitivity, specific language or learning disorders, or giftedness).*

The accession of women to the most senior positions

Thales has a proactive policy aimed at increasing the proportion of women in the most senior positions. Since 2016, a dedicated governance structure, strengthened with the creation of the social and societal division within the DRSE in 2023, has steered diversity issues and monitored the corresponding targets.

As it meets its targets, Thales raises its ambition further while ensuring the coherence of its orientations.

After meeting its multi-year objectives in 2023, the Board of Directors, on the proposal of the Executive Committee, set new objectives for 2026 and 2030:

- 22.5% of women on Levels of Responsibility [1] 10 to 12 by end-2026 and 25% by 2030;
- 75% of Management Committees [2] with at least four female members by 2026 and 85% by 2030.

These new targets take account of the Group's workforce growth projections and on current conditions on the job market, particularly in the field of science and technology in which women are underrepresented.

	2020	2021	2022	2023	2024	2025	2030 targets	2030 targets
Proportion of women in senior management positions (Levels of Responsibility 10 to 12)*	18.0%	18.9%	19.4%	20.4%	21.1%	21.8%	22.5%	25.0%
Proportion of Management Committees with at least three female members (until 2023)	68.0%	71.0%	75.6%	86.8%				
Proportion of Management Committees with at least four female members (from 2024)					64.1%	69.2%	75.0%	85.0%

* *According to the Group's long-standing methodology, which has women including those on maternity leave as the numerator and the total number of men and women as the denominator.*

In France, these objectives are presented to the social partners during periodic meetings held to negotiate on gender equality in the workplace.

Diversity metrics

Breakdown of the workforce by gender

Below is a breakdown of the number of senior management by gender at end-December 2025:

Breakdown of senior management by gender*

	2024				2025			
	Women	Men	Other	Not declared	Women	Men	Other	Not declared
In Numbers	2,430	9,124	6	2	2,588	9,363	7	1
As a %	21.0%	78.9%	0.1%	0.0%	21.6%	78.3%	0.1%	0.0%

* *% of women among senior management calculated excluding those on maternity leave as the numerator and all men, women and others as the denominator.*

Note on the methodology:

- the concept of "senior management" corresponds to senior managers and executives, i.e. Levels of Responsibility 10 to 12, the highest at the Group;
- the percentage of men and women is calculated using, as the denominator, the total number of men, women, employees identifying as non-binary and those not having declared their gender in the Group's HR information system.

Breakdown of the workforce by age

Below is a breakdown of the Group's total workforce by age bracket at end-December 2025:

	Breakdown of headcount by age groups															
	Less than 30 years old				30-50 years old				Over 50 years old				Not declared*			
	Women	Men	Other	Not declared	Women	Men	Other	Not declared	Women	Men	Other	Not declared	Women	Men	Other	Not declared
2024																
In number	3,345	8,108	14		12,296	30,447	30		7,052	21,405	14			309		
As a %	4.0%	9.8%	0.0%		14.8%	36.7%	0.0%		8.5%	25.8%	0.0%			0.4%		
2025																
In number	3,469	8,162	18	0	12,655	30,939	35	0	7,325	22,018	15	0	38	238	0	46
As a %	4.1%	9.6%	0.0%	0.0%	14.9%	36.4%	0.0%	0.0%	8.6%	25.9%	0.0%	0.0%	0.0%	0.3%	0.0%	0.1%

* *Not monitored in the 2024 report.*

[1] *Pay grade (on a scale of 1 to 12).*
[2] *As well as the Group Executive Committee, this includes the Management Committees of the GBUs, the business lines, the major countries where the Group operates, and the DGDI (covering the other countries where the Group operates), a total of 39 committees.*

Note on the methodology:

- the "Other" category corresponds to employees who identify as non-binary or who have not declared their gender in the Group's HR information system.

Persons with disabilities

The percentage of employees with disabilities at the Group, calculated according to the CSRD definition, is 3.4%.

This rate corresponds to the ratio between:

- the numerator: employees with disabilities in countries with an employment obligation or a voluntary policy;
- the denominator: the Group's total active workforce at December 31, 2025 (see section 5.1.3.1.6).

The concept of "employees with disabilities" is based on the definition adopted by the national legislation of each country.

This percentage reaches 4.7% if, in the denominator, we consider only the workforce of countries that include workers with disabilities, either pursuant to local legislation or as part of a voluntary policy. These countries account for nearly 73% of the Group's total workforce.

		2024				2025			
		F	M	Other	Total	F	M	Other	Total
Percentage of employees with disabilities in the countries where the Group operates	CSRD	1.1%	1.8%	0.0%	2.9%	1.4%	2.0%	0.0%	3.4%
Percentage of employees with disabilities in the countries where the Group operates that are subject to a legal obligation to employ disabled workers and/or that apply a proactive policy to hire and/or retain disabled workers	Thales	1.5%	2.5%	0.0%	4.0%	1.9%	2.8%	0.0%	4.7%

The main countries where the Group operates concerned by a legal obligation to employ disabled workers are the following: Brazil, Czech Republic, Egypt, France, Germany, Italy, Japan, Philippines, Poland, Portugal, Romania, South Africa, Spain, Taiwan, Thailand, Turkey.

Also included to calculate the second metric mentioned above is the number of disabled workers in the United Kingdom, which applies a voluntary disability policy.

The number of employees with disabilities is calculated by the Human Resources Departments of the countries concerned, in accordance with the applicable local regulations or the voluntary policy implemented. The data are then consolidated annually by the Diversity and Inclusion Department of the CSR Department, which calculates the two indicators mentioned.

Gender pay gap

In recent years, the Group has focused its measures on ensuring equal pay on two aspects: pay gaps at comparable levels of responsibility, and equal access to positions of responsibility.

To accurately measure gender pay gaps, analyses are conducted locally, by level of responsibility, and then consolidated at Group level, taking into account the headcount in each country. This calculation method offsets the impact of any changes in exchange rates from one year to the next and mitigates any compensation differences between countries due to market practices or the cost of living.

The calculation only includes employee groups comprising at least five women and five men per level of responsibility and per country.

In 2025, the pay gap at comparable levels of responsibility stood at 2.37% (2.05% in 2024), testament to the Group's commitment to equal pay. Though small, this gap reveals room for improvement, and targeted measures are being implemented in the regions and organizations concerned. This approach covers 95.57% of active employees and makes it possible to adapt action plans.

Regarding equal access to senior positions, the Group has been engaged and reported on the topic since 2018. In 2025, 21.78% of management positions were held by women (16.61% in 2018). This gap, observed in the high tech, aerospace and defence sectors, is explained in particular by an under-representation of women in the STEM sectors [1]. To improve in this area, the Group is moving ahead with its internal and external initiatives to promote the place of women and guarantee equitable access to all levels of responsibility.

The overall pay gap calculated according to the CSRD is 17.52% (18.37% in 2024), integrating pay gaps at comparable levels of responsibility and the issue of equal access to positions of responsibility. This figure confirms the need to strengthen efforts to ensure fairness while maintaining coherent pay gaps at comparable levels of responsibility.

It was calculated at December 31, 2025 based on the following formula:

$$\frac{\text{Average male pay} - \text{Average female pay}}{\text{Average male pay}}$$

Note on the methodology:

The employees included in this calculation are the active employees within the workforce at December 31, 2025.

The compensation aggregates used for the calculation base are annual gross base salaries plus, for managerial staff, annual variable compensation targets for 2025 translated into full-time equivalents (in the case of part-time work), as well as the Long-Term Incentive (LTI) amounts allocated in 2025 and valued in accordance with IFRS.

The geographical scope covered is global. The data analyzed are taken from the Group's overall Human Resources Information System (HRIS).

Pay equity ratio

On December 31, 2025, the equity ratio was 49.38 (50.6 on December 31, 2024). This ratio is calculated on the basis of the active employees present in the workforce at that date.

The compensation aggregates used for the calculation base (denominator) are annual gross base salaries plus, for managerial staff, annual variable compensation targets for 2025 translated into full-time equivalents (in the case of part-time work), as well as Long-Term Incentive (LTI) amounts valued at their allotment date in accordance with IFRS.

[1] *STEM: Science, Technology, Engineering and Mathematics.*

The Group's highest compensation concerns its Chairman & Chief Executive Officer. For the purposes of this calculation, his compensation consists of his 2025 fixed compensation, his annual variable compensation target for 2025, and the Long-Term Incentive (LTI) amounts allocated to him in 2025 and valued in accordance with IFRS.

Whereas the pay equity ratio historically published in the Universal Registration Document measures the pay gap between the Executive Corporate Officer and the employees of the Group's French companies, the ratio presented here applies to the entire global scope.

It was calculated at December 31, 2025 based on the following formula:

$$\frac{\text{Total annual pay of the highest-paid employee in the company}}{\text{Total median pay (excluding the highest-paid employee)}}$$

The data are taken from the Group's overall Human Resources Information System (HRIS).

c) Training and skills development policy, actions and indicators

Group Training Policy

Thales aims to become a learning company where skills management occupies a central place. The Group promotes continuous learning so that each employee develops the skills necessary for collective growth. To that end, Thales provides a skills review system, allowing all employees to position themselves in relation to the requirements of their position.

This training policy brings Thales the ability to identify the essential skills needed and draw up personalized development plans, with the aim of:

- offering personalized learning pathways in order to meet the needs that have been identified, beginning with the OnboardingU pathway for new hires;
- enhancing the company's performance by ensuring that the Group has the skills needed for its development and performance in the short and long-term;
- fostering innovation and adaptability by incorporating the latest technological developments in order to speed up the acquisition of skills.

Internal academies have been set up to develop employees' expertise, especially their critical skills. At the end of December 2025, 36 academies were in place, including 20 academies for the various functions and 16 in the areas of technical expertise. At the same time, skills management is incorporated from the moment an employee is hired, defining the expertise and qualifications required for each position.

The governance of talent development is shared between several departments, all of which report to the Group's Human Resources Department:

- the Human Resources Operations Department supports the transformation of job families by anticipating the skills required for each profession;
- the Talent Department identifies the managers and experts needed for the Group's performance and ensures their development and succession;
- the Learning and Culture Department is responsible for staff training and career development.

Training and skills development actions

Thales has set the following priorities:

- deploy learning pathways that are closely correlated with the needs of the operational activities;
- implement diversified learning methods adapted to each individual's needs and characteristics, particularly in their work situation, through mentoring, tutoring and internal training provided by experts through the Knowledge Booster initiative [1];
- encourage the use of new technologies to enhance learning methods thanks to uLearn, the Thales platform dedicated to training and e-learning;
- take account of employees' individual aspirations in terms of career development, mobility and the acquisition of new skills;
- define and deploy a cornerstone of common languages and behaviors within the Group, Lead@Thales, ensuring that employees understand and adhere to them. The subjects of diversity and inclusion, leadership, digital transformation and engagement are an integral part of this culture;
- make use of internal academies to produce and deliver relevant training content and add new training programs to the catalog on a regular basis.

Staff training

The Learning and Culture Department set objectives for 2025 pertaining to four themes:

- completion by 80% of new hires [2] of the OnboardingU module within 30 days of joining. This target was exceeded, with a rate of 85.1%;
- 5% of employees complete the new Lead@Thales workshop over the year, which structures the conduct expected from our shared culture: "Think big, Make it happen, Together". On December 31, 2025, 2,000 senior leaders, i.e. 2.5% of employees, had been trained;
- the creation of a community of Knowledge Boosters who pass on their expertise. This target was achieved, with more than 4,600 employees officially committed, including 2,000 in-house trainers worldwide;
- the participation by half of the employees in at least one piece of content from one of the Group's 36 academies, enabling them to improve their skills. This target was exceeded, with a rate of 63%.

The Group's strategy also aims to:

- raise the overall skills maturity index of its employees to 70 or above by 2030;
- provide training in climate change issues to 85% of managers (Levels of Responsibility 8-12), corresponding to 45,000 employees, in 2025.

Training and skills development metrics

Percentage of employees having participated in regular performance and career development evaluations

Thales supports its employees in monitoring their performance and career development through an individualized policy based on regular "Check-In" interviews with managers.

Over the course of the year, the employee is invited to hold their "Development Check-In" interview to discuss their skills development and their medium- and long-term career plans and define a career development action plan.

[1] *Knowledge Boosters are employees mobilized to share their know-how and thus strengthen collective knowledge within the Group. This community consists of five profiles: mentors, tutors, in-house trainers, practice coaches, and community facilitators.*
[2] *Excluding Levels of Responsibility below 7 of the industry job family.*

In 2025, to better prepare for these discussions, a skills assessment stage was defined upstream. The employee carries out a self-assessment based on the skills defined by his/her manager, who then carries out his/her own assessment. These two assessments serve as the basis for dialogue during the "Development Check-In".

At the end of the year, the "Performance Check-In" campaign allows each employee to self-assess the achievement of their objectives and their overall performance. This interview, conducted with the manager, is officially recorded in the Group's HR system, just like all the others. The campaign closes in the first quarter of the following year.

At the beginning of the year, an interview is organized to set objectives. Ad hoc interviews may be organized at the initiative of the employee or manager to supplement this annual performance management cycle.

The table below shows the percentage of employees, by gender, having benefited from:

- a career development follow-up interview for 2025;
- a performance evaluation interview for 2024 as part of the campaign that ended in early 2025.

	2024				2025				
	Women	Men	Other	Total	Women	Men	Other	Not declared	Total
% of employees having had at least one career development interview	78.3%	86.0%	62.6%	83.9%	73.2%	80.8%	67.6%	23.9%	78.6%
% of employees having had a performance evaluation interview	62.6%	69.6%	36.3%	67.6%	72.9%	80.8%	66.2%	13.0%	78.5%

Average number of training hours per employee and by gender

Thales anticipates the skills required for each job, bringing each employee the possibility to manage their professional development, benefit from adapted training, and better visualize career paths and occupational mobility opportunities.

In 2025, the average number of hours of training per employee was 17,5 hours.

The breakdown by gender was as follows:

	2024				2025				
	Women	Men	Other	Total	Women	Men	Other	Not declared	Total
Average number of training hours per employee and by gender	19.4	18.8	37.2	19.0	17.9	17.4	17.9	9.9	17.5

Note on the methodology:

- only employees active at December 31, 2025 are included when calculating these data;
- the "Other" category includes employees who identify as non-binary and those who have not declared their gender in the Group's HR information system;
- when recording the average number of training hours by gender, calculations are made based on employees of the gender in question.

Taking into account solely the number of learners, the average number of training hours in 2025 was 19.8 hours.

5.1.3.1.6 Characteristics of the company's employees

The company's active workforce excludes employees absent for more than three months and work-study employees. This procedure for calculating the workforce is consistent with the information in the Group's financial statements and with the financial data taking account of or incorporating workforce-related data (see Note 9 of chapter 7 "Financial Statements"). The Group's previous non-financial reporting documents (in particular the Universal Registration Document) were prepared based on this procedure for calculating the workforce. The methodological choice makes it possible to exclude from the Group's compensation metrics those employees whose compensation is set by regulations (work-study employees) or those who no longer receive compensation (owing to long-term leave).

All the figures presented are calculated based on the headcount at December 31, 2025 and not on full-time equivalents (FTE). France is the only country to account for at least 10% of the Group's total headcount.

	Number of employees at 12/31/2025											
	GROUP	Major countries of operation							Other countries where the Group operates			
		France	United Kingdom	Germany	Netherlands	United States	Canada	Australia	Europe	Latin America	Asia Pacific & Eurasia	Africa & Middle East
Women	23,487	11,207	1,599	532	567	1,324	381	999	3,022	1,208	2,271	377
Men	61,357	31,024	5,184	1,682	2,402	3,336	1,000	2,991	7,641	1,350	3,609	1,138
Other	68	8	21	2	4	4	4	9	13	3	–	–
Not declared	46	–	–	–	–	–	–	3	36	–	7	–
TOTAL	**84,958**	**42,239**	**6,804**	**2,216**	**2,973**	**4,664**	**1,385**	**4,002**	**10,712**	**2,561**	**5,887**	**1,515**

	Reminder of the number of employees at 12/31/2024											
	GROUP	Major countries of operation							Other countries where the Group operates			
		France	United Kingdom	Germany	Netherlands	United States	Canada	Australia	Europe	Latin America	Asia Pacific & Eurasia	Africa & Middle East
Women	22,724	10,809	1,524	474	486	1,340	365	996	2,908	1,158	2,299	365
Men	60,205	30,543	5,064	1,593	2,188	3,469	926	3,011	7,447	1,230	3,604	1,130
Other	58	8	18	3	4	4	5	8	6	2	—	—
Not declared	33	2	—	7	1	2	—	7	7	2	3	2
TOTAL	**83,020**	**41,362**	**6,606**	**2,077**	**2,679**	**4,815**	**1,296**	**4,022**	**10,368**	**2,392**	**5,906**	**1,497**

	2024					2025				
	Women	Men	Other	Not declared	TOTAL	Women	Men	Other	Not declared	TOTAL
Number of part-time	22,724	60,205	58	33	83,020	23,487	61,357	68	46	84,958
Number of permanent employees (on permanent contracts)	21,663	59,257	56	29	81,005	22,378	60,319	65	40	82,802
Number of temporary employees (on fixed-term contracts)	1,054	905	2	4	1,965	1,109	1,038	3	6	2,156
Number of non-guaranteed hours employees [a]	—	—	—	—	—	—	—	—	—	—
Number of full-time employees	20,066	58,039	54	30	78,189	20,667	58,491	62	43	79,263
Number of part-time employees	2,658	2,166	4	3	4,831	2,820	2,866	6	3	5,695

(a) Non-guaranteed hours employees are not included when calculating the Group's headcount as the proportion of such employees is considered non-material.

	2024	2025
Number of employees having left the company	6,765	6,732
Employee turnover rate	8.1%	7.8%

Note on the methodology:

The turnover rate is the number of employees having left the company in 2025 divided by the average headcount (sum of active and inactive employees at the end of each month divided by 12).

5.1.3.1.7 Characteristics of non-employee workers in the undertaking's own workforce

The Group distinguishes between two categories of non-employee workers:

- temporary workers: hired through staffing agencies and placed on fixed-term assignments for Thales. They are tracked in the financial reporting tool. Temporary workers account for less than 2% of the workforce, a percentage that the Group considers to be non-material;
- self-employed workers: service providers carrying out an economic activity on their behalf, their services are used by Thales on an exceptional basis and for short periods of time.

Given the low number of temporary and self-employed employees at Thales, this subject is considered to be non-material in terms of the materiality of the information.

5.1.3.2 Workers in the value chain

WORKERS IN THE VALUE CHAIN		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Human Rights and Fundamental Freedoms	• **Negative impact**: direct or indirect contribution, via established business relationships, to violations of the Human Rights or fundamental freedoms of workers in the upstream or downstream value chain. • **Negative impact**: violation of the Human Rights and fundamental freedoms of local populations as a result of conflict minerals mining.	• **Society**: contributing to more responsible and sustainable societies thanks to technology. • **People:** building an inclusive and learning working environment.
Main policies	• Sustainable Procurement Policy. • Integrity and Corporate Responsibility (ICR) Charter.	
Levers for action	• Commitment of suppliers to the principles set out in the ICR Charter. • Specific clauses in contracts. • ESG assessments of suppliers requiring special attention. • Monitoring of allegations relating to the value chain. • Sustainability criteria integrated into the tendering process. • Team awareness training. • Supplier support provided by the Group Procurement Department.	
Main targets	• ICR Charter to be signed by 100% of new suppliers. • Assessment of 100% of suppliers considered as requiring special attention.	

5.1.3.2.1 Interests and views of stakeholders

Thales places Corporate Responsibility at the heart of its operations and reaffirms its commitment to Human Rights through its membership of the United Nations Global Compact for more than 20 years. The Group also complies with the OECD Guidelines for Multinational Enterprises and with the International Labour Organization's (ILO) fundamental conventions across all its operations.

In 2025, the Group's procurement commitments amounted to €10.6 billion, representing around 48% of sales. Ninety-two per cent of these purchases were made from suppliers located in Europe, North America, Australia and Singapore.

Mindful of the potential negative impacts linked to the activities of its suppliers and subcontractors (hereinafter collectively referred to as "suppliers"), Thales pays particularly close attention to respect for human and social rights and fundamental freedoms, as well as the protection of health, safety and the environment. Although these impacts are not systemic, they may occur from time to time.

In response, Thales has implemented a Sustainable Procurement Policy with the aim of identifying, preventing and mitigating potential serious breaches likely to affect the aforementioned areas at its suppliers.

The notion of workers in upstream and downstream value chain entities refers to those working at a supplier, regardless of the existence or type of direct contractual link it may have with Thales.

5.1.3.2.2 Material impacts, risks and opportunities and interaction with strategy and business model

Thales works with a network of around 17,000 suppliers, some of which have complex supply chains. Despite the Group's increased vigilance, it is not possible to guarantee with reasonable certainty that all stakeholders in the supply chain will be fully compliant with international laws and standards relating to social, environmental and ethical responsibility.

Any failure by a supplier to comply with these requirements may affect the Group's business, reputation and competitiveness.

As part of the double materiality assessment of Thales' activities, two negative impacts were identified as material:

- violation of the Human Rights and fundamental freedoms of workers in the value chain;
- violation of the Human Rights and fundamental freedoms of local populations as a result of conflict minerals mining.

These potential negative impacts may concern all categories of workers in the value chain, without distinguishing between category of activity, specific industry or particular geographic location.

The concept of a business relationship established with Thales is based on a significant level of engagement, defined according to predetermined criteria. Some suppliers meeting this definition require increased vigilance because they are likely to generate negative impacts with regard to the environment, health and safety, as well as Human Rights, social rights and fundamental freedoms.

These suppliers operate in countries and/or procurement categories that are particularly exposed to systemic risks relating to Human Rights, social rights and fundamental freedoms, health and safety, and the environment. As such, they are subject to enhanced oversight and subject to specific policies, measures and actions, as detailed below.

To assess the risks of modern slavery, including child labor and forced or compulsory labor, Thales uses the Global Slavery Index (GSI) established by Walk Free, an international Human Rights group. This tool makes it possible to identify countries particularly exposed to these risks, as specified in section 5.1.3.2.5 below.

5.1.3.2.3 Policies related to upstream value chain workers

Through its Sustainable Procurement Policy, Thales strives to limit the negative impacts likely to affect the workers in its value chain. The aim with this policy is to assist suppliers in adopting more responsible practices, in particular through regular dialogue with suppliers or their legitimate representatives, in order to promote respect for Human Rights and fundamental freedoms.

Thales' Sustainable Procurement Policy is available on the Group's website and is based on the following six commitments:

1. **being a responsible company: Thales expects its suppliers to comply with the applicable laws and regulations;**
2. **establishing high-quality relationships: developing trusting, effective and sustainable relationships;**
3. **fostering innovation: sharing technological roadmaps is central to Thales' relations with its suppliers;**
4. **meeting the challenge of climate change: make a more precise measurement of the carbon footprint of suppliers and define action plans;**

5. **thinking globally and acting locally: support SMEs at regional and national level;**
6. **moving forward in solidarity: increase the Group's commitments to specialized work centers for people with disabilities (EAs) and rehabilitation centers for persons with disabilities (ESATs), in particular for industrial subcontracting and general procurement.**

Of these six commitments, points 1, 2, 5 and 6 mentioned above in bold have a positive impact on workers in Thales' value chain.

The documents associated with the Group's Sustainable Procurement Policy are published on the Thales website.

a) Compliance of suppliers with legal and regulatory requirements and international standards on Human Rights, social rights, fundamental freedoms and environmental protection

Thales asks its suppliers to (i) comply with international standards and applicable laws and regulations in the countries where they are registered and conduct their operations, and (ii) impose these same requirements on their own suppliers.

The Group also expects all its suppliers to share its commitment to Human Rights by treating people with respect and dignity, fostering diversity, accepting diverging opinions, promoting equal opportunities, and instilling an ethical and inclusive culture, in accordance with the International Labour Organization's (ILO) conventions.

Moreover, Thales also encourages them to fully comply with the United Nations Guiding Principles and ILO fundamental conventions, notably covering freedom of association, collective bargaining, forced labor, child labor, minimum age, equal compensation, discrimination, and occupational health and safety.

This policy is based on the processes and actions detailed in sections 5.1.3.2.5 and 5.1.3.2.6 respectively below.

b) Risks related to conflict minerals and related mining

Though not subject to section 1502 of the US Dodd Frank Act, Thales does exercise vigilance as regards minerals originating from conflict zones (conflict minerals) in accordance with its Sustainable Procurement Policy.

The corresponding processes and actions are detailed in sections 5.1.3.2.5 and 5.1.3.2.6 respectively hereafter.

c) Thales' Integrity and Corporate Responsibility Charter for Partners and Suppliers

The Integrity & Corporate Responsibility Charter for Partners and Suppliers, available in several languages on the Thales website, formalizes the specific commitments expected of suppliers in areas relating to Human Rights and fundamental freedoms, the environment, and health and safety.

It specifies the requirements in terms of:

- the fight against modern slavery, human trafficking, including forced or indentured labor, child labor, discrimination, inequality, and physical and psychological harassment;
- working conditions: health and safety, minimum wage, working hours and weekly rest periods, social dialog (freedom of association and collective bargaining), and respect for privacy;
- compliance with applicable laws and regulations concerning the sourcing of conflict minerals such as the 3TG (tungsten, tin, tantalum and gold).

The terms of this charter are reviewed regularly based on the Code of Conduct of the International Forum on Business Ethical Conduct (IFBEC), the principles of the United Nations Global Compact and the ILO Conventions, particularly in areas relating to value chain workers.

Actions taken under the ICR Charter and the associated targets are described in detail in section 5.1.3.2.6 (actions) and section 5.1.3.2.7 (targets).

Governance of policies related to value chain workers

Thales has set up a dedicated governance process to identify, prevent and mitigate the risks of negative impacts related to its value chain spanning the whole range of CSR aspects.

The Group Procurement Director, reporting to the Senior Executive Vice President, Operations & Performance, oversees the procurement process for goods and services. He also acts as a Procurement CSR correspondent and sits on the Corporate CSR Steering Committee.

The Sustainable Procurement Policy is drawn up and implemented by the Procurement Department with the support of the CSR Department, the Audit, Risks and Internal Control Department, the Human Resources Department, the Ethics and Integrity Department, and the Legal, Contracts and Compliance Department.

A division dedicated to responsible procurement has been created within the Procurement Department tasked with ensuring the deployment of the Group's CSR policy with its suppliers.

5.1.3.2.4 Processes for engaging with value chain workers about impacts

Thales is a member of the Business for Human Rights association, a forum for discussion, work and proposals dedicate to the better integration of Human Rights into corporate policies and practices.

To identify and assess the risks surrounding value chain workers, the Group refers to various trusted intermediaries.

For instance, Thales makes use of the work carried out by the International Trade Union Confederation (ITUC) and Walk Free, particularly their GSI and GRI indices [1], to identify any suppliers requiring special attention (see next section).

Thales also maintains direct interactions with the workers in the value chain or their representatives, via permanent communication mechanisms (such as the whistle-blowing system) or one-off communication mechanisms (such as on-site CSR audits). These audits include interviews with suppliers' staff to identify potential breaches through dialogue.

Lastly, during the selection of suppliers and during the execution of contracts, Thales representatives have the opportunity to engage directly with value chain employees.

5.1.3.2.5 Processes to remediate negative impacts and channels for value chain workers to raise concerns

In 2024, Thales' Procurement Department updated its procedure for identifying, assessing and supporting suppliers that require special attention. This procedure includes continuous monitoring, a whistle-blowing system, and an in-depth analysis of potential negative impacts likely to affect workers in the upstream value chain.

Depending on the outcomes of these analyses and assessments, measures may be implemented, including mitigation plans, on-site CSR audits, the implementation of specific procedures, reports, certifications, etc., as defined in section 5.1.3.2.6 below.

[1] *GSI index: Walk Free is an international Human Rights group focused on the eradication of modern slavery in all its forms. The GSI index was designed to highlight the magnitude of modern slavery and vulnerability to modern slavery in 160 countries, as well as the measures taken by 176 governments to tackle such crimes and violations of Human Rights. GRI Index: International Trade Union Confederation (ITUC). The ITUC documents violations in 163 countries of collective labor rights that are internationally recognized by governments and employers. The methodology is based on fundamental labor standards, in particular the right to freedom, the right to freedom of association, the right to collective bargaining and the right to strike.*

These procedures, mechanisms and communication channels are described in detail below.

a) Identification, assessment and assistance for suppliers requiring special attention

Identification criteria selected

The Procurement Department has selected three main criteria for identifying suppliers requiring special attention:

1. *Geographical location of the supplier*

Thales assesses the risk relative to a supplier's country of establishment based on three indices:

- the Global Rights Index (GRI) for social risks;
- the Environmental Performance Index (EPI) for the environment; and
- the Global Slavery Index (GSI) for Human Rights.

The GSI and GRI indices are taken from work carried out by international bodies that are actively committed to the human and social rights of workers, such as the International Trade Union Confederation and Walk Free international Human Rights group.

2. *Type of purchases made*

Thales has a portfolio of suppliers structured into procurement segments, broken down into procurement categories, which are in turn subdivided into Purchase Order Codes (POCs).

Each listed supplier is associated with one or more POCs depending on its business sector. The POC is the smallest unit into which purchases are segmented and therefore the most precise unit to designate the type of purchase concerned.

Each POC has been reviewed by the following Thales Departments:

- the Procurement Department;
- the CSR Department;
- the Audit, Risks & Internal Control Department;
- the Ethics and Integrity Department;
- the Legal, Contracts and Compliance Department.

This analysis makes it possible to identify and assess POCs in the activities that are most exposed to risks in the areas of the environment, Human Rights and fundamental freedoms, and health and safety.

3. *Existence of an established business relationship with Thales*

By combining these criteria, the Group is able to identify said suppliers, assess their CSR performance, assist them, and monitor their development.

The actions and targets in relation to these suppliers are described in detail in the section below (actions) and section 5.1.3.2.7 (targets).

Tools for assessing and monitoring IRO in relation to value chain workers

Thales engages specialized third-party organizations to conduct initial ESG assessments of suppliers requiring special attention prior to any further engagement.

As part of an industry-wide initiative led by the International Aerospace Environmental Group (IAEG), Thales partners with EcoVadis to assess suppliers based on criteria relating to Human Rights, social rights and environmental standards.

In case an Ecovadis assessment is unavailable, Thales relies on a second third-party organization to detect any allegations concerning the supplier.

To strengthen its assessment procedures, Thales also collaborates with a third-party organization to carry out on-site CSR audits. The aim of these audits is to control and assist suppliers in the respect of Human Rights, social rights, fundamental freedoms and the environment. They include interviews with the personnel of the supplier concerned, serving to identify any potential violations through direct dialogue with upstream value chain workers.

This partnership also provides for checks carried out on the action plans set up by suppliers requiring special attention, on Thales' request.

Thales' Procurement Department was expanded to include a team of CSR experts responsible for (i) analyzing assessments carried out on suppliers requiring special attention, (ii) defining and overseeing the implementation of any action plans necessary to manage any identified risks or violations, (iii) following up on allegations and (iv) performing regular reassessments.

Direct and indirect impact remediation measures

As mentioned above, once the actions described in section 5.1.3.2.6 have been implemented, and depending on the outcomes obtained, Thales may ask the suppliers concerned to set up corrective action plans.

On-site audits may be performed by a third-party organization to verify the effective implementation of these plans and to support suppliers in resolving identified risks or violations.

b) Whistle-blowing system available to upstream value chain workers

Thales has introduced a Group whistle-blowing system accessible to all its internal and external stakeholders, including upstream value chain workers. This system enables them to report any actual or potential violations of Human Rights, social rights, fundamental freedoms or the environment.

A dedicated digital platform ensures that whistle-blowing alerts are confidential, traceable and followed up. The operating procedures of this system and the associated governance are set out in section 5.1.4.1.3.

In addition, when signing the ICR Charter (section 5.1.3.2.3.c), suppliers pledge to inform Thales of any presumed violations of the principles and rules stipulated in said charter as soon as possible and through any available means.

Moreover, they must also provide their employees with the necessary resources so that they can report any concerns about social, environmental, health, legal, ethical or Human Rights issues, for instance by making use of Thales' whistle-blowing system, without fear of retaliation.

c) System for monitoring allegations of negative impacts related to upstream value chain workers

Thales has set up a system for monitoring allegations, notably via the tools provided by EcoVadis.

These tools collect publicly available information about practices at suppliers requiring special attention that have been assessed by EcoVadis. The information is collected on a continuous basis via more than 100,000 data sources, including NGOs, the press and trade unions.

As soon as an allegation against a Thales supplier is detected, an alert is sent to the Group Procurement Department's team of CSR experts, in charge of analysis and monitoring.

5.1.3.2.6 Actions related to material impacts on value chain workers and effectiveness of those actions

Thales implements concrete measures for preventing, mitigating and remediating material negative impacts on Human Rights and fundamental freedoms, health and safety, and the environment, while seeking to achieve positive impacts.

These actions are implemented by the Procurement Department in collaboration with the Audit, Risks & Internal Control Department, the Human Resources Department, the Ethics and Integrity Department, and the Legal, Contracts and Compliance Department, consistent with the governance system detailed in section 5.1.3.2.3.

Commitment of suppliers to the principles set out in the ICR Charter

To ensure that its suppliers adhere to the principles of the ICR Charter (section 5.1.3.2.3.c), Thales' Procurement Department requires their signature from the qualification phase, before entering into any agreement. This approach makes it possible to disseminate and embed best practices in terms of respect for human and social rights (commitments described in section 5.1.3.2.3.c) among all players and workers in the upstream value chain.

The percentage of suppliers committed to the ICR Charter's principles is measured by a metric described in section 5.1.3.2.7 (targets).

Specific clauses in contracts

The contracts concluded with Thales' suppliers include a specific clause requiring compliance with the principles of the ICR Charter as well as the consequences in the event of any breach and non-compliance.

ESG assessments of suppliers requiring special attention

Suppliers identified as requiring special attention (section 5.1.3.2.5.a) are encouraged to conduct an ESG assessment via EcoVadis or an equivalent body. This assessment, together with a maturity rating and targeted recommendations (training, specific action plans), makes it possible to guide improvement initiatives.

If the supplier concerned has not been assessed, Thales may call on a body specializing in third-party ESG assessments.

The CSR experts of Thales' Procurement Department examine the results and, in the event of a risk or violation of human, social or environmental rights, draw up an action plan to be implemented by Thales and/or the supplier.

The percentage of suppliers concerned having been assessed is measured by a metric described in the next section (targets).

Monitoring of allegations related to value chain workers

In accordance with the mechanism described in section 5.1.3.2.5.b, any allegation concerning a supplier is analyzed by the CSR expert team of the Procurement Department. Should a risk or violation be confirmed, an action plan is drawn up by Thales and/or the supplier concerned.

As in 2024, Thales received no reports of allegations of Human Rights violations related to its value chain via its whistle-blowing system (see section 5.1.3.2.5.b for more details).

Impact or risk mitigation actions

As mentioned above, Thales may ask its suppliers to implement corrective action plans, and to carry out CSR audits on their sites, by a third party where necessary. The purpose of these measures is to lift doubts or control the implementation of an action or remediation plan related to an identified real negative impact.

Aware of the issues related to the supply of conflict minerals, Thales, through its ICR Charter, requires its suppliers and partners to implement reasonable due diligence in this area and encourages them to apply the same principles in their own value chain.

Suppliers requiring special attention are invited to provide a third-party ESG assessment, including issues related to the management of conflict minerals.

Sustainability criteria integrated into the tendering process

Incorporating sustainability in the tendering process is a key factor in transforming supply chains. A supplier selection criterion entitled "Non-financial performance – CSR" has been defined and accounts for 15% of the overall assessment score (see section 5.1.4.1.6).

Team awareness training

E-learning modules on the Duty of Vigilance have been rolled out to procurement agents and managers, including a course on negative impacts in the value chain.

Webinars have also been organized to present the EcoVadis tool and train the teams in its use. In addition, specific sessions were held to present the procedure for identifying, assessing and assisting suppliers requiring special attention.

Support for suppliers by the Group Procurement Department

The Group's procurement teams remain attentive to the needs expressed by their suppliers by offering them tailored support.

Tools for monitoring actions taken by the team of Procurement CSR experts

Action plans drawn up with suppliers are included in their file in the Group procurement database, ensuring shared monitoring with procurement agents.

In addition, the EcoVadis platform makes it possible to assess changes in the ESG maturity of sensitive suppliers and to compare their performances with sector averages.

5.1.3.2.7 Metrics and targets related to workers in the value chain

To steer and assess the progress made in managing potential negative impacts related to its upstream value chain, Thales has established a series of metrics and targets, presented below. These targets are established by the governance structure detailed in section 5.1.3.2.3 and monitored by the Sustainable Procurement Department.

Metrics and targets for managing material negative impacts related to value chain workers

Thales has set the following metrics and targets for managing the negative impacts related to the upstream value chain:

Indicators	2021	2022	2023	2024	2025	2026 targets
Percentage of new suppliers committed to the principles of Thales' Integrity and Corporate Responsibility Charter	97%	99%	99%	100%	100%	100%
Percentage of assessed suppliers among those considered to require special attention [(a)]	59%	97%	ND [(b)]	100%	100%	100%

(a) Suppliers requiring special attention are assessed using the tools defined in 5.1.3.2.5.a.

(b) The assessment process and the third party tasked with this assessment changed in 2023, so the data needed to calculate this metric were not available for the period under review.

The percentage of new suppliers committed to the principles of Thales' Integrity & Corporate Responsibility Charter metric and associated target refer to the policies and actions described in sections 5.1.3.2.3 and 5.1.3.2.6. This metric has been calculated each year since 2020. Meeting the target means that those operating in the upstream value chain are preventing impacts and risks and creating opportunities for improvement in the areas of Human Rights, fundamental freedoms, health and safety, and the environment.

The percentage of assessed suppliers among those considered to require special attention metric and associated target refer to the policies and actions described in sections 5.1.3.2.3 and 5.1.3.2.6. This metric has been calculated each year since 2020. The target was met once again in 2025 thanks to the efforts made by Thales.

The aim of these metrics is to assess how effectively the actions described above have been implemented.

5.1.3.3 Affected communities

SOCIAL AND SOCIETAL IMPACT ARISING FROM THE USE OF PRODUCTS AND SERVICES		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Social and societal impact arising from the use of products and services	• **Positive impact**: access to knowledge, communications and employment for individuals and communities enhanced by the solutions developed by Thales (e.g. telecommunications, internet access). • **Positive impact**: access to mobility (passports, navigation systems, driving licenses) and voting (identity cards, electronic voting solutions) for populations enhanced by the digital solutions developed by Thales. • **Negative impact**: misuse of Thales equipment or services. • **Business opportunities:** development of innovative solutions.	• **Society**: contributing to more responsible and sustainable societies thanks to technology. • **Planet**: changing modes of operation to remain within planetary boundaries.
Main policies	• National or international regulations relating to export controls, transfers of war hardware and "dual-use" goods. • United Nations Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.	
Levers for action	• Actions aimed at preventing the risks of serious violations of Human Rights and fundamental freedoms that could result from the misuse of the Group's equipment and services. • Solutions promoting access to knowledge, communications and employment for individuals. • Digital solutions for identifying individuals. • Collaborative projects and partnerships within innovation ecosystems.	
Main targets	• To date, the Group has not set any specific targets in this area.	

5.1.3.3.1 Interests and views of stakeholders

Thales maintains a transparent and constructive dialogue with its stakeholders, particularly with the communities of the countries in which the Group operates.

The social and societal impacts identified (IRO) are inherent to the Group's operations and do not arise from Thales' particular strategic priorities. However, the material business opportunity identified forms part of the Group's strategic priority to make use of innovative technologies.

5.1.3.3.2 Material impacts, risks and opportunities and interaction with strategy and business model

The communities affected by Thales are groups of people living or working close to the Group's sites, its suppliers or any entity in its value chain, upstream or downstream. They also include communities likely to be impacted, directly or indirectly, by the use of Thales products and services, particularly in the areas of defence, telecommunications, digital identity, mobility or security. These impacts may be economic, social, environmental or related to Human Rights. These communities may be affected positively (access to employment, education, connectivity) or negatively (risks related to surveillance, misuse of technology, etc.).

Thales thus actively contributes to the socioeconomic development of all or part of the civilian populations of a State or geographical area in which the Group operates.

In addition, the development and use of leading-edge telecommunication technologies and digital solutions generate a positive impact for numerous communities around the world where access to such technologies can greatly improve their living conditions.

The telecommunications solutions developed by Thales play a decisive role in improving access to knowledge, communications and employment. By deploying robust telecommunication infrastructures, the Group enables local communities, particularly in isolated or developing regions, to benefit from better education, new job opportunities and improved connectivity.

At the same time, the digital solutions offered by Thales, such as passports, navigation systems and driving licenses, facilitate access to a legal identity and mobility. These technologies are essential to promoting civic engagement and stimulating the emergence of new forms of economic development.

Together, these solutions contribute to local capacity building and support sustainable socioeconomic development in the territories concerned.

Thales harnesses advanced technological expertise to design critical systems that meet the needs of its customers. By the end of this decade, the boom in major technologies like artificial intelligence, biometrics, the cloud and, to a lesser extent, quantum sensors, will create new usages in society and open up new markets, all of which will generate opportunities for the Group. By integrating these innovations at the heart of its engineering activities, Thales aims to become a world leader in these technologies of the future. These growth prospects are accompanied by positive social and societal impacts, particularly in terms of employment for local communities in the areas near Thales' facilities or those of its suppliers.

Conversely, certain individuals or some or all of a State's civilian populations could potentially be negatively affected as a result of the misuse of Thales' products or services. This potential material negative impact concerns the downstream value chain, i.e. direct or indirect users.

The Group does not design, produce or sell controversial weapons [1] and has ceased all activities related to equipment using white phosphorus, in line with the commitments it made in 2019.

In the field of facial recognition, the Group pays special attention to the solutions it develops and to the risks of serious violations of Human Rights and fundamental freedoms. Accordingly, in 2022 the Group decided to stop offering real-time identification solutions for the purpose of mass surveillance.

Because some of Thales' activities could have a potential negative impact if their products and services were not used in the way they were designed and marketed, Thales has a policy to prevent the risks of serious violations of Human Rights and fundamental freedoms that may result from the misuse of its equipment and services.

5.1.3.3.3 Policies related to affected communities

Social and societal impact arising from the use of products and services

The Group pays particular attention to compliance with the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Accordingly, Thales is reaffirming its commitment to protecting Human Rights in all of its operations. The Group supports the principles set out in the UN's Universal Declaration of Human Rights and in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. This commitment applies both to its direct and indirect employees and to its relationships with its customers, suppliers and the communities concerned by its activities.

Moreover, since 2003, Thales has reaffirmed every year its support for the ten principles of the United Nations Global Compact, of which Human Rights constitute a central pillar. The Group is committed to advancing these principles within its sphere of influence and value chain and to integrating them into its strategy, culture and day-to-day operations. This commitment is endorsed by Thales' Chairman & Chief Executive Officer and announced publicly on the Global Compact website.

In September 2020, Thales became a signatory to the Statement from Business Leaders for Renewed Global Cooperation initiated by the United Nations Global Compact at the opening of the 75th session of the UN General Assembly. In signing this, Thales committed to:

- demonstrating ethical leadership and good governance through strategies, policies, operations and relationships based on values and on the most demanding standards with all stakeholders;
- investing in the fight against systemic inequalities and injustices through inclusive, participatory and representative decision-making processes at all levels of the company;
- working with the United Nations, governments and civil society to strengthen access to justice, ensure accountability and transparency, provide legal security, promote equality and respect Human Rights.

Access to knowledge and development of innovative solutions

Thales places innovation at the very heart of its strategy as it endeavors to build a future we can all trust with an innovation policy based on several key priorities:

- research and development (R&D): Thales invests over €1 billion a year in R&D on top of the €3 billion of R&D financed by its customers, with an emphasis on leading-edge technologies. Completion of targeted R&D investments is overseen as described in the section on "Investments in R&D" of point 2.4 "Investments" of the 2025 Universal Registration Document;
- open innovation: Thales collaborates with start-ups, SMEs, industrial partners and academic institutions in order to jointly develop innovative solutions;
- disruptive technologies: the Group focuses on essential technologies such as trusted artificial intelligence, cybersecurity, the trusted cloud and quantum applications, which will transform the defence, aerospace, space and digital security sectors;
- sustainable development: Thales integrates sustainable development objectives into its innovations in an effort to protect the planet and achieve positive impacts on populations.

Through this policy, Thales intends to remain at the cutting edge of innovation and rise to the technological challenges of the future while enabling its customers to meet their environmental and societal challenges. The Products policy and research and development efforts make it possible to develop innovative solutions and new business opportunities.

Potential misuse of Thales equipment or services

The Group applies rules aimed at preventing the risks of serious violations of Human Rights and fundamental freedoms that could arise from the misuse of its equipment and services. This policy applies to all the Group's controlled entities.

In 2025, Thales was not made aware of any reports of potential serious violations of Human Rights or fundamental freedoms linked to the misuse of its equipment or services.

Thales' commitments are expressed in its Code of Ethics, Integrity & Corporate Responsibility Charter for Partners and Suppliers, and in the specific codes and charters available on the Thales website.

5.1.3.3.4 Processes for engaging with affected communities about impacts

To better understand the impacts of its activities on affected communities, the Group refers to trusted partners.

Committed to the United Nations Global Compact and an active member of the Business for Human Rights association, Thales' CSR Department and Ethics and Integrity Department maintain regular dialogue with experts, NGOs and specialized associations on topics relating to respect for Human Rights in the value chain.

These discussions are organized through several working groups led by the United Nations Global Compact – France network and the Business for Human Rights association.

This dialogue enables the Group to adapt, where necessary, its policies to the challenges identified and the expectations of its stakeholders, particularly on matters of social and environmental responsibility.

[1] *Anti-personnel mines, cluster munitions, chemical weapons, biological weapons and nuclear weapons not covered by the 1968 Treaty on Non-Proliferation.*

5.1.3.3.5 Processes to remediate negative impacts and channels for affected communities to raise concerns

Thales has deployed a digital platform dedicated to the collection and processing of whistle-blowing alerts (Thales Alert Lines) [1]. Accessible online to all stakeholders, including the communities concerned and their representatives, this system guarantees a secure, confidential and traceable space. Open to employees, external or occasional collaborators, as well as third-party individuals, it allows any situation of concern to be reported with confidence (see section 5.1.4.1.3).

The admissibility of each report transmitted via the whistle-blowing platform is examined collectively by an Alert Monitoring Committee (at Group or local level) within 15 calendar days of its receipt.

Similarly, the Group scrupulously ensures that the identity of the whistle-blower, that of the person(s) involved, and the information collected by any person responsible for collecting or processing the reports are kept confidential.

Thales undertakes not to retaliate against any person having made a report in good faith.

5.1.3.3.6 Actions related to material impacts and opportunities on affected communities and effectiveness of those actions

Solutions developed by Thales promoting access to knowledge, communications, employment and digital technology

The social and societal impact arising from the use of some of Thales' products and services is beneficial for the communities concerned, notably through:

- the offering of solutions that contribute to improving access to knowledge, communication and employment for individuals within communities;

  For example, by supplying equipment to operators in the connectivity and mobility sectors, the Group is helping to reduce the digital divide, particularly in areas lacking telecommunication infrastructure. In addition, Thales' satellites offer a better understanding and protection of the planet (altimetry, oceanography, climatology, environmental management, carbon cycle analysis, mapping, crisis management, etc.) and provide navigation services (ground segment and Galileo satellites);
- the offering of digital solutions that enable individuals to access mobility (passports, navigation systems, driving licenses) or democratic participation (identity cards, electronic voting solutions), thereby strengthening inclusion and security in societies.
- the development of innovative solutions.

  Thales actively participates in numerous collaborative projects within innovation ecosystems, promoting the sharing of knowledge and resources to accelerate technological advances and innovate together on uses, *business models* and technologies. The Group bases its innovation strategy on openness and partnership, taking several forms.

  First of all, in technology, Thales collaborates with academic laboratories such as the CEA, CNRS, *École Polytechnique* and Sorbonne University in France, the NTU in Singapore, IVADO in Canada, and the Alan Turing Institute in the United Kingdom. The Group also supports teaching chairs in various institutions, including: the Responsibility for Digital Identity Chair in association with Telecom ParisTech, the Major Contemporary Strategic Issues Chair under the aegis of the Saint Cyr Foundation, the Chair of Defence Economics in association with the IHEDN, and the Defence and Aerospace Chair with the Bordeaux University Foundation.

  Thales is also developing synergies with major industrial groups and innovative companies to step up the development of new technological solutions, while collaborating with SMEs and start-ups to stimulate entrepreneurial innovation. Over the past decade, the Group has listed more than 3,000 start-ups and carried out nearly 270 proofs of concept.

  These partnerships are involved in developing advanced technological solutions for the Group's customers in key sectors such as defence, aerospace, cybersecurity and digital identity.

Misuse of Thales equipment and services by a customer country

Thales strictly applies all the applicable regulations on export controls and economic sanctions in force. To ensure this compliance, the Group has drawn up and implemented a Trade Compliance program, integrated into its overall Integrity and Compliance system.

Furthermore, Thales' policy aimed at preventing the risks of serious violations of Human Rights and fundamental freedoms that may result from the misuse of its equipment and services applies to all sales offers and contracts in progress. It enables the entities concerned to perform risk assessments on which basis corrective measures can be defined and implemented, calibrated according to the risks identified.

In an effort to achieve continuous improvement, in 2025 the Group launched a review of its policy for preventing the risks of misuse of Thales' equipment and services. This will make it possible to draw up in the first half of 2026 an initial assessment of the application of the corresponding instruction.

5.1.3.3.7 Targets related to affected communities

The Group has not set any specific targets concerning the social and societal impact arising from the use of its products and services.

[1] *The scope covered by the whistle-blowing system is described in section 5.1.4.1.3.*

5.1.3.4 Consumers and end-users

PRODUCT QUALITY AND SAFETY, AND CUSTOMER RELATIONSHIPS		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Product quality and safety	• **Positive impact**: guarantees of the safety of users and reliability of certified products. • **Risk**: risk arising from the sale of defective products. • **Risk**: risk of a defective product being recalled and/or withdrawn from the market. • **Risk**: reputational risk potentially resulting in contract losses in the event of proven product quality problems.	• **Society**: contributing to more responsible and sustainable societies thanks to technology.
Customer relations	• **Negative impact**: potential harm to the security and sovereignty of government customers and their populations in the event of uncontrolled disclosure of sensitive information, in breach of regulations.	
Main policies	• Group product quality and safety policy. • Safety and security regulations and standards in avionics, air traffic control and defence. • Regulations governing export controls and economic sanctions.	
Levers for action	• Compliance of avionic, air traffic control and defence products with security regulations and standards. • *Ex ante* and *ex post* checks on activities subject to national and international export control regulations.	
Main targets	• The Group has not set any specific targets in this area.	

5.1.3.4.1 Interests and views of stakeholders

Thales maintains transparent and constructive dialogue with all its stakeholders, including consumers and end-users. In the aeronautical sector, this commitment is reflected in the dissemination of a safety culture at each stage of the product life cycle. The Safety Charter, developed jointly with Airbus, encourages the adoption of a proactive and transparent approach to dialogue, based on a "fair and just culture". This safety culture is underpinned by regular training and communication, ensuring the long-term commitment of all stakeholders.

5.1.3.4.2 Material impacts, risks and opportunities and interaction with strategy and business model

Thales is a world-leading high-tech firm operating in three major sectors: defence, aerospace and cybersecurity and digital identity. The Group designs products and solutions for institutional, government, local authorities and business customers operating in highly regulated environments with demanding quality and safety standards. The end-users of the products are the employees, customers or administrators of these organizations, constituting the Group's downstream value chain.

In France, the Defence Procurement Agency (DGA) defines and acquires products and services for the armed forces, whose personnel are the end-users. In the aeronautical industry, aircraft manufacturers integrate Thales solutions, which are then used by airlines and their teams.

The materiality assessment carried out by Thales showed a real positive impact relating to the guarantee of user safety and the reliability of certified products. The Group develops products and services that are secure, reliable and certified according to strict standards, for the benefit of its entire downstream value chain. For example, the air traffic management systems designed by Thales improve transport safety and efficiency, reducing the risk of accidents and making services more reliable.

Thales has also identified three potential risks arising from the sale of defective products:

- fines, contractual penalties, redesign costs and remediation costs;
- costs incurred due to a defective product being recalled and/or withdrawn from the market;
- costs incurred due to a reputational risk (contract losses in the event of proven product quality problems).

Lastly, Thales has identified a potential negative impact relating to breaches of the security and sovereignty of government customers and their populations in the event of uncontrolled disclosure of sensitive information, in breach of regulations. This impact is not systemic but could arise occasionally.

5.1.3.4.3 Policies related to consumers and end-users

Product quality and safety

The Group places the quality and safety of its products and solutions at the heart of its priorities. Its policy, documented in the Chorus 2.0 management system, structures all the Group's strategic and operational processes applicable to all entities worldwide. This framework defines activities, governance and roles, as well as performance and maturity indicators, while integrating the associated tools. The system meets requirements in the areas of quality, health, safety and the environment, among others.

The Quality Policy signed by the Chairman & Chief Executive Officer sets objectives on the quality of the products and solutions delivered to customers and end-users.

Thales develops critical solutions that meet the most demanding safety regulations and standards, notably for the aerospace and defence sectors. The policy and governance of safety and security applied to the Group's products, solutions and services are defined and overseen by the entities responsible for each business depending on their specific characteristics, and targets are set accordingly.

The compliance of products and solutions with safety and security regulations and standards is evidenced by approvals and certifications, which are regularly renewed following audits. This certification, issued by independent national or international bodies, or by specific authorities, conditions the marketing of products and solutions with the required level of safety. The action plan for managing safety risks and their consequences (such as the costs of insurance and damages or reputational risk) is an integral part of the management system, organizational structure and governance processes in place in each of these activities.

The regulations and standards are described in Chorus 2.0 for each business sector, thus forming a structure for the Group's processes to guarantee the security of customers and end-users.

To ensure the safety of the products and solutions delivered, the Group relies on teams specializing in product safety, reporting to the operational departments. These teams are involved at every stage, from design, development and manufacturing to the delivery of products, solutions and services and the subsequent support.

Moreover, independent teams with a high level of safety expertise oversee operations, deploy safety standards, and provide customers with terms and conditions so as to ensure the safety of end-users.

In the aeronautical industry, the European Aviation Safety Agency (EASA), an independent European aviation certification authority, certifies Thales' avionics products and solutions in accordance with its regulatory framework, by issuing and renewing the approvals necessary for the safety of customers and end-users. It offers resources and product safety standards to demonstrate their compliance.

Where the air traffic control industry is concerned, European and national regulations apply to all products and solutions, with specific differences between the civil and defence segments. With some exceptions, Europe's air traffic control operators must have their systems certified by their national certification authorities, in accordance with European regulations.

Customer relationships: security and sovereignty of government customers

The very nature of Thales' business requires a relationship of trust with its customers, especially in defence.

Accordingly, Thales strictly applies all the applicable regulations on export controls and economic sanctions in force. To ensure this compliance, the Group has drawn up and implemented a Trade Compliance program, integrated into its overall Integrity and Compliance system.

This program covers the following two areas:

- compliance with national and international export control regulations;
- compliance with restrictive measures and international economic sanctions in force against countries, organizations or individuals.

It is based on the following principles:

- a set of instructions and guidelines published and regularly updated by the Group;
- a structured and globally deployed Trade Compliance organization, made up of some 150 experts;
- training and awareness sessions developed and made available to employees such as "Trade Compliance-General Awareness", followed by more than 11,000 employees in 2025, as well as "Trade Compliance Awareness" and "Trade Compliance Essentials";
- the deployment of IT solutions and tools to automate control tasks and secure the Group's operations;
- a relationship of trust with the competent authorities in the countries in which Thales operates;
- Trade Compliance audits performed regularly by the Audit, Risks and Internal Control Department.

This program applies to all subsidiaries and companies controlled by the Group, in France and internationally, and manages classified information the disclosure of which could compromise the security and safety of government customers.

In addition, the rules and procedures for disclosing information to customers and end-users are specified in the processes described in the Chorus reference system depending on their requirements, while adhering to the confidentiality and security requirements defined by these customers to protect their sovereignty, particularly in the field of defence.

5.1.3.4.4 Actions related to material risks and impacts on consumers and end-users

Product quality and safety

Product safety processes are reviewed annually with the teams concerned to confirm that the target values set for key indicators are met, that they are aligned with the company's strategy, and that the stakeholders are effectively taken into consideration in the Group's units. This review examines the roadmap and the proposed changes.

A management review is carried out with the Group's Management each year to approve changes, the road map and the new targets set for indicators, while guaranteeing that risks and opportunities are taken into consideration for all the processes involved in the quality management system. Systematic monitoring makes it possible to check the application and effectiveness of these processes and define the improvement actions to be implemented. These strategic and operating processes may be enhanced by the Group's entities so that they meet the specific expectations of customers and users in their markets.

To guarantee the quality of all the products and solutions delivered, the organization relies on dedicated quality teams, present in each entity and covering all countries. Independent of the operational teams responsible for delivery, these teams ensure the robustness of the system, reinforced by obtaining external certifications issued by recognized independent bodies, such as ISO 9001 or EN 9100.

In the defence industry, products and solutions delivered to customer countries meet the usual safety standards in force. They are verified by safety bodies under the authority of the defence ministries of customer country governments, such as the Ministry of Armed Forces in France. They also meet the standards of international bodies such as NATO. These bodies verify, validate and accept Thales' solutions with regard to their security issues and notably in accordance with the standards recommended in the EDSTAR (European Defence Standardization Reference System) or by the NIAG (NATO Industrial Advisory Group).

Customer relationships: security and sovereignty of government customers

The Trade Compliance organization ensures compliance with national and international regulations relating to export control. The Group's activities are subject to systematic controls, carried out *ex ante* and *ex post* by the competent authorities in all the countries in which Thales operates.

In France, each company exporting military or similar goods is subject to parts inspections every six months. On-site checks on parts are also carried out in all countries exporting controlled products or technologies, such as France, the United States, the United Kingdom, and the Netherlands.

These checks are designed to ensure strict compliance with export authorizations issued and that end-user certificates have been signed in advance by authorized end-users.

5.1.3.4.5 Processes for engaging with consumers and end-users about impacts

The process for engaging with end-users is the same as that described in section 5.1.3.3.4.

No cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises involving consumers or users of Thales have been reported in its downstream value chain.

5.1.3.4.6 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The remediation process for negative impacts related to end consumers is identical to that described in section 5.1.4.1.3.

In 2024 and 2025, Thales was not made aware of any reports of potential serious violations of Human Rights or fundamental freedoms relating to the management of controlled information.

A group-wide claims and complaints management process is in place. Aligned with the ISO-10002-2018 standard and referenced in the Chorus 2.0 Group management system, this "Manage Customer Satisfaction" process is used to collect customer feedback and respond to it with an appropriate corrective action plan. This process is under the responsibility of independent teams composed of the Head of Quality of the entity (HoQ), the Customer Satisfaction Leader (CSL), the Account Managers (AMs) and the Key Accounts Satisfaction Leader (KASL).

The management of the performance relating to the volume and resolution of complaints is monitored at the entity Operations level.

5.1.3.4.7 Targets related to consumers and end-users

Thales has not set any specific targets in this area but relies on the "quality", "Trade Compliance" and "safety and security" teams in place in each of the entities and countries concerned. These teams ensure the safety of the products and solutions delivered to customers in the aeronautics, space and defence sectors.

5.1.4 Governance

5.1.4.1 Business Ethics

ETHICS AND COMPLIANCE		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Ethics and Compliance	• **Risk** arising from non-compliance with applicable corruption and influence peddling legislation. • **Risk** arising from non-compliance with applicable export control legislation or international economic sanctions. • **Risk** arising from non-compliance with competition law.	• **Society**: the Group's ethical commitments to responsible business conduct and the construction of a frugal and ethical digital world are at the heart of its contribution to more responsible and sustainable societies through technology.
Corporate governance	• **Positive impact**: Contribution to stakeholder protection through the promotion of values and a culture of compliance.	
Main policies	• Code of Ethics. • Code of Conduct – Prevention of corruption and influence peddling. • Code of Conduct – Antitrust. • Corruption and influence peddling prevention and detection policy. • Policy on compliance with applicable export control legislation or international economic sanctions (including instruction on the screening of contractual parties subject to sanctions). • Antitrust risk prevention and detection policy. • Internal whistle-blowing system. • Instruction: Internal investigations into integrity and compliance. • Sustainable Procurement Policy. • Responsible Lobbying Charter. • Integrity and Corporate Responsibility (ICR) Charter. • Policy for preventing, detecting and managing conflicts of interest. • Instruction: Third-Party Integrity Assessment.	
Levers for action	• Managerial commitment regularly reaffirmed by the Group's Chairman and Chief Executive Officer. • Integrity and Compliance Committee. • Network of Chief Compliance Officers and Compliance Officers to roll out the policy defined by the Integrity and Compliance Committee in the Group's Global Business Units (GBUs) and major countries and regions.	
Main targets	• Mandatory training in the prevention of corruption and influence peddling, with a training target of 100% of potentially exposed employees.	

5.1.4.1.1 Role of administrative bodies and description of the processes to identify and assess material impacts, risks and opportunities

For Thales, ethical business conduct and compliance with the regulations in force are imperative to preserve the Group's reputation, strengthen its competitiveness, and ensure the sustainability of its activities.

The Thales Board of Directors plays an active role in preventing the risks of corruption and influence peddling. The Audit and Accounts Committee examines the results of audits carried out by the Audit, Risks and Internal Control Department, and is informed of any investigations carried out by the judicial authorities. The Board of Directors' Strategic and CSR Committee also monitors these issues through its review of the Sustainability Report. The conclusions of these committees are brought to the attention of the Board.

On a collective basis, the Board of Directors periodically receives updates to the Group's anti-corruption and influence peddling measures. The most recent presentation, made in November 2023, covered all the pillars of the Sapin II law, namely governance and managerial commitment, mapping of corruption and influence peddling risks, and the corresponding management systems.

In addition, some directors have, owing to their professional experience, developed particular expertise in the field of business ethics, as shown in the table in section 4.1.3 c) "Sustainability expertise, skills and training" in the field of "Governance".

In October 2025, directors having joined the Board in 2024 and 2025 completed a training course on the Group's corruption and influence peddling prevention program.

5.1.4.1.2 Process to identify and assess material impacts, risks and opportunities

Thales applies a zero tolerance policy towards any form of corruption or influence peddling and is working to promote a culture of ethics, integrity, responsible business conduct and compliance, both within the Group and with third parties.

Due to the dual nature of its activities, civil and military, and its national, European and international influence, the Group is subject to a complex and constantly evolving regulatory framework, including standards with an extraterritorial reach.

As part of its double materiality analysis, Thales has identified three business conduct risks, as well as a positive impact in terms of its contribution to stakeholder protection by promoting values and a culture of compliance. This analysis covers the Group's various activities and geographical areas.

5.1.4.1.3 Corporate culture and business conduct policies

Corporate culture and business conduct

Thales conducts its business with a strong commitment to ethics. The Group's managers are fully committed to preventing and detecting the risks of corruption and influence peddling. They communicate regularly on these topics, both internally with employees and externally with partners and stakeholders.

Ethics and Corporate Responsibility are the foundations of the Group's governance model. These principles guide managerial decisions and permeate day-to-day practices at all levels of the organization.

The values of ethics and integrity are embedded in the Group's culture, as shown by the latest Thales employee engagement survey, in which 80% of employees responded favorably on the ethics and compliance theme.

The Group's Chairman and Chief Executive Officer regularly reaffirms his personal commitment and that of the Group's management bodies to a zero tolerance policy in terms of integrity and compliance.

Policies

To embed an ethical corporate culture, Thales has an Integrity and Compliance Committee, chaired by the Group Secretary, a member of the Executive Committee. This Committee oversees the compliance of the Group's activities and covers the following areas:

- the prevention of corruption and influence peddling and related areas of integrity, such as the prevention of fraud, money laundering, conflicts of interest and insider trading;
- trade compliance: export controls and compliance with international embargoes and economic sanctions;
- competition law;
- personal data protection (see section 5.1.4.2);
- Duty of Vigilance.

The ethics and compliance policies and procedures apply to all entities controlled directly or indirectly by Thales, regardless of their business sector or geographical location.

Code of Ethics

The Thales Code of Ethics formalizes the principles and rules of integrity, responsibility and transparency that all Group employees must be aware of and apply. It sets out the rules of conduct to be adopted in relations with customers, suppliers, subcontractors, partners, employees, shareholders, financial markets and, more broadly, with civil society.

This Code is also directed at Thales' suppliers, subcontractors and partners, reminding them of the Group's ethical requirements. It is communicated to the relevant stakeholders – customers, suppliers, subcontractors, administrations, governments, local authorities – as required.

The Code of Ethics reflects Thales' commitment to cultivating lasting relationships of trust with its stakeholders. It supplements, without replacing, national and international regulations with which the Group strictly complies.

Managers are responsible for its dissemination, understanding and effective application within their entities.

Policy on corruption and bribery

Corruption, influence peddling and other integrity offenses (such as fraud, money laundering, conflicts of interest, insider trading, etc.) expose companies, their employees, and their managers to civil and criminal sanctions, with potentially serious consequences for their reputation and interests.

Aware of these challenges, Thales has made the fight against corruption and influence peddling one of the five pillars of its Integrity and Compliance Program. This program, which is continuously strengthened, aims to prevent and detect the risks identified based on dedicated mapping.

It complies with the national and international regulations against corruption and bribery, such as the French law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (known as the "Sapin II law'"), the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, the United Nations Convention against Corruption of December 9, 2003 (known as the Merida Convention), and other relevant anti-corruption laws that implement these rules and regulations.

Developed by the Ethics and Integrity Department (DEI) and validated by the Integrity and Compliance Committee (CIC), the program is implemented by the network of Chief Compliance Officers and Compliance officers, under the supervision of CIC. The policy for the prevention and detection of the risk of corruption and influence peddling is available to all employees and on the Group's website.

The program is supplemented by a specific training system to raise employee awareness of the risks of corruption and influence peddling (see section 5.1.4.1.4).

Policy on compliance with export control legislation or international economic sanctions

Some of the Group's activities are subject to national or international regulations relating to export control, the transfer of war hardware, and "dual-use" goods. These regulations prohibit any export or transfer of the goods, technologies and services concerned without the prior authorization of the competent national or regional authorities; these regulations also prohibit the re-export, re-transfer or resale to anyone else of goods, technologies and services exported in this way, thanks to the compulsory signature of End-User Certificates (EUC) by authorized end-users.

Thales strictly complies with all applicable regulations on export control and economic sanctions (see section 5.1.3.4.3).

Policy on anti-competitive practices

The Group's activities are governed by numerous national and international regulations aimed at preventing anti-competitive practices in relations with suppliers, customers, partners and competitors.

Combating anti-competitive practices is an essential part of Thales' Integrity and Compliance Program. As such, the Group has set up a program dedicated to compliance with competition rules, approved by the Integrity and Compliance Committee (CIC). It applies to all companies controlled by the Group and is implemented by a team of experts in competition law, who coordinate and lead a network of around 30 points of contact from the Legal, Contracts and Compliance Department, tasked with ensuring compliance with these rules within their respective scopes.

The program covers all anti-competitive practices covered by national and international regulations, including those relating to (i) anti-competitive agreements (price fixing, market distribution, etc.), (ii) abuse of dominant position (abusive discrimination, rebates and rebates, etc.), (iii) control of concentrations and control of foreign investment, and (iv) State aid.

This program is based on the following main pillars:

- a managerial commitment of "zero tolerance" on all compliance pillars, including compliance with competition rules, notably through increased management awareness of these requirements;
- a risk map of anti-competitive practices targeting the main risk situations that each business line may face, and proposing appropriate action plans;

- a general policy detailing the content of the program for compliance with competition law as well as internal detection and prevention processes and mechanisms. This policy is supplemented by guides, instructions and topic-based brochures, including the Antitrust Code of Conduct, detailing in a practical manner all the competition rules with which Group employees must be familiar;
- a training and awareness-raising program on competition rules aimed at exposed employees;

  Competition law training is designed as a priority on the basis of the risks identified in the antitrust risk mapping specific to each business line. The Group relies on the network of antitrust correspondents, responsible for defining and deploying an appropriate training plan, identifying priority topics and target employees.

  These training courses use educational tools developed by Thales and are available in different formats, including online modules, face-to-face sessions, practical case studies, and combinations of these formats. This diversity strengthens the effectiveness of awareness-raising mechanisms and encourages teams to adopt competition rules in practice;
- a Group-level whistle-blowing system.

Whistle-blowing system and processing of whistle-blowing alerts by Thales

Thales has set up Thales Alert Lines, a secure digital platform dedicated to the collection and processing of professional alerts. This system guarantees the confidentiality, traceability and monitoring of professional alerts, in accordance with the requirements of the main regulations in force:

- the law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (known as the Sapin II law);
- the law of March 27, 2017 on the Duty of Vigilance (Human Rights, fundamental freedoms, personal health and safety, the environment) of parent and client companies (known as the Duty of Vigilance Act);
- the European directive on the protection of whistleblowers (Directive EU 2019/1937) transposed into French law by the Waserman Act of March 21, 2022.

This system is open to employees, external and occasional workers and third parties that are natural persons (such as staff members of a customer, supplier or co-contractor of the Group).

This digital platform dedicated to the collection and processing of whistle-blowing alerts includes a dedicated Group-level alert line and several alert lines for foreign countries, specifically the United States, Canada, the UK, the Netherlands, Germany and Australia, as well as French, Spanish, Italian and Portuguese entities with more than 250 employees.

Specific training has been provided to employees appointed as new members of the local alert monitoring committees set up within the Group.

In 2025, an e-learning training module dedicated to the whistle-blowing system was integrated into the mandatory training course for potentially exposed employees. It is also accessible to all employees on the uLearn platform. In 2025, nearly 3,000 employees completed this module.

Alerts may relate to facts falling within the scope of the aforementioned laws, but also to any conduct contrary to the Code of Ethics, the Code of Conduct – Prevention of corruption and influence peddling, or, more broadly, to the Group's integrity and compliance policy.

The admissibility of each report transmitted via the whistle-blowing platform is examined collectively by an Alert Monitoring Committee (at Group or local level).

Protection of whistle-blowers

Thales will not sanction, dismiss, or discriminate against any Group employee having in good faith made a report relating to facts falling within the scope of the internal whistle-blowing system.

Similarly, the Group also ensures that the identity of the whistle-blower and the person(s) involved, and the information collected by the person responsible for collecting or processing the reports, are kept strictly confidential.

The people in charge of internal investigations also check in a timely manner and by any means they deem necessary that the author of a report, if a Group employee, is not sanctioned or discriminated against for having made a report in compliance with the internal whistle-blowing system.

Any person taking retaliatory action against a person who has made a report in good faith is liable to disciplinary action, which could even include dismissal.

5.1.4.1.4 Prevention and detection of corruption and bribery

Governance of the Anti-Corruption Compliance Programme

The Integrity and Compliance Committee (CIC) is central to Thales' anti-corruption system. Chaired by the Group Secretary, it is made up of the directors in charge of the Ethics and Integrity Department, the Legal, Contracts and Compliance Department, and the Audit, Risks and Internal Control Department. It oversees the development, rollout and implementation, evaluation and updating of the Integrity and Compliance Program.

The Anti-Corruption Compliance Programme, developed by the DEI and validated by the Integrity and Compliance Committee, is implemented by the network of Chief Compliance Officers and Compliance Officers under the supervision of the Committee.

The Group's Anti-Corruption Compliance Programme comprises the following elements:

- managerial commitment and specific governance;
- mapping of corruption and influence peddling risks;
- risk management measures aimed at risk prevention, detection and remediation:
  - risk prevention is based on a Code of Conduct and a policy on the prevention of corruption and influence peddling and a Responsible Lobbying Charter. It is supplemented by detailed instructions and procedures, including a mechanism for assessing the integrity of third parties, and by specific training courses;
  - risk detection is supported by a whistle-blowing system and an internal control system;
- all new Group employees, as well as those who change positions through internal occupational mobility, are required to sign it the Code of Ethics and the Code of Conduct and to declare any situation, potential or proven, of conflict of interest. In 2025, 9,767 employees signed the Code of Conduct.

Internal investigation procedure

The CIC may initiate an internal investigation on the basis of an admissible whistle-blowing alert where it presents a risk of administrative or penal sanction (e.g. allegations of corruption or influence peddling, fraud, infringement of competition rules, etc.) and/or reputational risk, and requiring in-depth investigations.

These investigations are conducted in accordance with a dedicated instruction, guaranteeing confidentiality, independence, impartiality and rigor. Prior to any investigation, the members of the investigation team sign an ad hoc declaration of commitment to confidentiality and integrity.

The person or team responsible for the internal investigation reports to the CIC.

Following the internal investigation, recommendations may be issued to the Group entities concerned, including the drawing up and monitoring of corrective action plans and, where necessary, disciplinary measures.

Group anti-corruption training program

The Group commits training all employees potentially exposed to the risks of corruption or influence peddling within months of their appointment or internal transfer. This training is renewed at regular intervals for the employees concerned.

The training system for the prevention of corruption and influence peddling is based on three types of complementary training:

- a general e-learning module accessible to all employees potentially exposed to corruption and influence peddling risk (low, moderate or high level of exposure level);
- face-to-face training, specifically for functions identified as potentially the most exposed (high level of exposure);
- online thematic modules, for employees whose last training was more than two years ago.

All e-learning modules, whether general or topic-based, remain accessible to all Group employees.

Specific training is also provided for the most exposed functions, such as Procurement, Finance, and Bids and Projects.

Each year, the Ethics and Integrity Department and the Group Human Resources Department update the mapping of potentially exposed employees. This mapping is based on three exposure criteria: affiliation to one of the 17 professional families considered as potentially exposed; level of responsibility; and presence in a country classified as at risk according to Transparency International's Corruption Perceptions Index. Employees meeting these criteria are targeted by the annual prevention campaign.

This mapping attributes to each category of employee a level of exposure to the risk of corruption and influence peddling (low, moderate or high) and determines the appropriate training program. The list of the names of the employees concerned is then drawn up in accordance with the aforementioned objectives.

Metrics and targets

In total, since 2018, Thales has trained more than 60,000 employees, be they potentially exposed or not, in preventing the risk of corruption and influence peddling. All Group Executive Committee members take part in mandatory training campaigns.

A multi-year training program covers 100% of the potentially exposed functions identified in the Group based on annually updated mapping. This is based in particular on hierarchical levels (Levels of Responsibility), professional families and countries. A specific indicator measures the level of monitoring of the annual training program campaign for the identified target population.

The target population is determined on June 30 of the current year based on criteria such as i) potential exposure, ii) date of taking up a potentially exposed position, iii) how long ago the last training course was taken.

Trained employees leaving the Group during the course of the compulsory training campaign are not included in the annual results.

In 2025, the Group set a target of 8,086 trained employees (6,214 in 2024). This target was 100% achieved.

Under the Anti-Bribery Management System and to respond to the requirements of ISO 37001 certification, Thales has defined implementation and performance metrics to measure the effectiveness of its policies and procedures.

The ISO 37001 "Anti-bribery management systems" certification, issued by AFNOR in May 2024, covers Thales SA as well as several controlled entities in France, including Thales International SAS and its subsidiaries Thales EURAM, Thales AMEWA and Thales NSEA. It also covers companies controlled by Thales UK Ltd in the United Kingdom, Thales Nederland BV in the Netherlands, Thales Canada Inc. in Canada, Thales USA Inc. in the United States, Thales Deutschland in Germany, and Thales Australia in Australia. This certification was renewed in May 2025 and extended to Thales Italia SpA in Italy.

ISO 37001 certification attest that Thales has a structured and robust anti-bribery management system, comprising rigorous systems for identifying, preventing, controlling and dealing with risks, compliant with the most demanding international standards and supported by a strong commitment from management.

5.1.4.1.5 Alleged or recorded cases of corruption

Thales was not the subject of any conviction, neither in 2025 nor in 2024, under the provisions relating to corruption or influence peddling. Ongoing procedures and investigations are presented in Note 11 to the consolidated financial statements presented in chapter 7 of this Universal Registration Document.

In 2025, 6, six alerts were received via the whistle-blowing system ("Thales Alert Lines") concerning allegations of corruption and influence peddling (10 alerts in 2024):

- 1 alert was declared inadmissible (3 in 2024);
- 5 alerts were declared admissible (7 in 2024);
  - 1 alert was closed without action (3 in 2024);
  - 1 alert was closed with the deployment of an action plan (1 in 2024);
  - 3 alerts were still being processed at the date of publication of this document (3 in 2024).

As regards the recommendations implemented in 2025, disciplinary measures were taken against one employee.

5.1.4.1.6 Management of relationships with suppliers

Group purchases in 2025 amounted to €10.6 billion, or 48% of sales. The data taken into account are those for the orders placed throughout the year.

The geographical breakdown of Thales' purchases is as follows:

- France 41%;
- Europe excluding France 35%;
- Rest of the world 24%.

Supplier relationship management and impact on the upstream value chain

Thales pays particular attention to the quality of its relations with its suppliers and aims in particular to meet two main objectives:

- actively contributing to the development of the local economic fabric and promoting sustainable and fair practices; and
- encouraging suppliers to take environmental, social and governance criteria into account.

Contributing to the development of the local economic fabric and promoting sustainable and fair practices

Policy

Thales has set up a consistent international organization based on specific procurement processes. Procurement procedures and instructions are available to Thales buyers and employees in the Group's internal reference system.

The Group's procurement policy provides for a supplier selection process that ensures transparency and fair competition.

To this end, Thales establishes cooperative relationships with its suppliers, based on mutual loyalty, implying:

- transparency concerning the rules of selection used;
- fair treatment of companies during the tendering process;
- balanced relationships based on trust and respect;
- a commitment to apply the terms negotiated;
- Thales' neutrality and independence in its relationships with suppliers.

To promote sustainable and fair practices, Thales applies a rigorous supplier selection process throughout the Group, based on the following principles:

- validating an internal procurement strategy aimed at optimizing the total cost of ownership;
- implementing a rigorous supplier assessment and qualification process;
- applying transparent competitive bidding rules for suppliers;
- communicating transparently on operational performance assessments in order to develop mutual improvement plans;
- managing risks to ensure business continuity and compliance with ethical and environmental requirements.

To establish a relationship of trust and respect with its suppliers, Thales acts on the following five levers:

1. Sustainable procurement

The Thales Procurement Department relies on policies and procedures to maintain structured and sustainable relationships with its suppliers, in particular SMEs.

In France, Thales' commitment is recognized through the "Supplier Relations and Responsible Procurement" label awarded by the Ministry of the Economy, the Médiateur des Entreprises (French corporate ombudsman) and the *Conseil National des Achats*.

This label, based on the ISO EN 20400 standard, is grounded on four key principles:

- commitment to a responsible procurement approach;
- high-quality supplier relations;
- respect for suppliers' interests;
- the integration of social responsibility into the procurement process.

These principles aim to promote sustainable, balanced and transparent relations between companies and their suppliers.

Incorporating sustainability in the tendering process is a key lever for transforming supply chains. Since 2023, a new "Non-financial performance – CSR" criterion has been introduced in the selection of suppliers. It now accounts for 15% of the overall rating of the assessment and highlights the sustainability commitments made by suppliers, including the reduction of CO_2 emissions, the design of eco-responsible solutions, ISO certification, and other criteria relating to inclusion and diversity as well as cybersecurity.

The initiatives planned for 2026 are as follows:

- extend the selection criteria and specifications to new procurement categories;
- enhance the criteria for assessing purchased solutions (products/projects);
- integrate the sustainability criteria matrix and supplier scores in the Procurement tool.

Team awareness training

The deployment of the Group Sustainable Procurement Policy and Low-Carbon Policy require that the Group's Procurement teams receive training on climate matters. To this end, employees are encouraged to take part in the "Climate Fresks".

A training program was also set up for the procurement function to enhance knowledge and skills in decarbonization and supplier motivation.

The network of "Low-carbon procurement" points of contact, created in 2022 to support buyers, continues to be developed within the Group's various activities and geographical areas.

In 2025, several initiatives were carried out to raise awareness among the teams:

- the "Low-carbon procurement" training course was extended internationally with more than 25 sessions organized in Thales' main operating regions. Led by in-house trainers from the network of points of contact, this program has served to train more than 750 buyers since 2023, i.e. 42% of the Procurement staff;
- the cohesion of the network of points of contact was reinforced by the holding of a third seminar and the organization of cross-functional working groups throughout the year, addressing various topics such as digitalization, synergy between functions, training and communication.

The initiatives planned for 2026 are as follows:

- continue to roll out the "Low-carbon procurement" training program;
- strengthen and update Procurement training modules to integrate the transition to the digitalization of the supplier commitment program;
- coordinate inter-function collaboration (HSE, product engineering, etc.) to promote cross-sharing of knowledge.

The Group's Sustainable Procurement Policy also incorporates the Group's strategy for a low-carbon future, as well as all the issues related to the value chain (see sections 5.1.2.4.1 on climate change and section 5.1.3.2.6 on workers in the value chain).

2. Inclusive procurement policy

Thales strives to implement its social solidarity and inclusion commitments in a way that takes account of local specificities and the particularities of the economic fabric.

In France, the Group has for many years maintained long-term relationships with specialized work centers for people with disabilities (EAs) and sheltered employment centers (ESATs), key players in the social and solidarity economy. These partnerships cover industrial subcontracting services, general procurement and machinery procurement.

This commitment, underpinned for over 20 years by the Group's agreement in favor of people with disabilities, is part of a dynamic of regular collaboration with the Human Resources Department and Thales' disability representatives in the employment areas of Thales sites.

3. Inclusion of local suppliers

As part of the deployment of its procurement strategies, Thales ensures that it fully assumes its local responsibility, particularly in regions where it plays a major economic role as an employer or customer. The Group pays particular attention to the public and private players in the ecosystems in which it participates.

Thales is rolling out measures to support SMEs, at the regional, national or international level, so that they can benefit from its sales force and its expertise in the markets and local environments.

In 2025, the Group procured nearly €3.1 billion worth of products and services from more than 3,800 SMEs and mid-caps in France, or nearly 73% of the total of its national purchases.

Thales also maintains close links with competitiveness clusters in France, actively contributing to innovation systems. These clusters bring together companies, laboratories and training establishments to support innovation in a specific territory and develop collaborative projects, drawing on existing structures and a solid regional foothold.

Thales is an active member of the following competitiveness clusters:

- Aerospace Valley, bringing together players in the aeronautics, space and embedded systems sectors;
- Systematic Paris Region, focused on complex systems, software and digital technologies.

At international level, Thales has since 2010 been an active participant in the Australian government's Global Supply Chain (GSC) program aimed at strengthening ties with local industry. In the UK, Thales also supports local SMEs in collaboration with the British Ministry of Defence, through working groups bringing together the Ministry and SMEs.

4. Managing vulnerable suppliers

Thales implements initiatives to support vulnerable suppliers.

Following the health crisis, the Group provided targeted support to certain suppliers in difficulty, in particular by anticipating orders and providing better visibility on future business.

As part of the aeronautical industry, Thales has also supported SMEs through initiatives coordinated by the French Aerospace Industries Association (*Groupement des Industries Françaises Aéronautiques et Spatiales* – GIFAS).

In addition, Thales contributes to the "Tikehau ACE Aéro partenaires 1 et 2" investment funds created as part of the aeronautical recovery plan, aimed at encouraging the emergence of industrial champions, in particular through the consolidation of the sector.

5. Policy on payment terms and late payments

Thales ensures compliance with terms of payment in accordance with the applicable legislation in force.

The Group, which has been awarded the "Supplier Relations and Responsible Procurement" label since 2015, has demonstrated a strong commitment to respecting payment terms, a key criterion for obtaining this label. The label is based on a rigorous external audit ensuring that Thales' commercial practices comply with the highest standards.

In France, the payment terms applied comply with the law on the Modernization of the Economy (LME).

To limit the risk of late payment of its suppliers' invoices, Thales has introduced:

- "supplier accounting expertise centers" distributed by major geographical areas, ensuring the standardization of payment processes and business continuity in payment flows;
- monthly settlement campaigns.

Encouraging suppliers to take environmental, social and governance criteria into account

Thales promotes demanding ethical values in the selection of its suppliers and subcontractors. By emphasizing these values, the Group ensures that its partners adopt compliant conduct, thereby limiting the risk of sanctions. This proactive approach ensures compliance while enhancing the reputation and reliability of the value chain. Thales pays particular attention to the following values:

Prevention of corruption and influence peddling

A supplier's risk level is assessed according to its country of registration, purchase category and purchase amount. Various preventive measures are applied in accordance with this risk level:

- integration of the standard anti-corruption clause into the purchase contract with the supplier;
- commitment to the principles of the Thales "Partners and Suppliers" Integrity and Corporate Responsibility Charter (ICR Charter), updated in 2025;
- receipt of an analysis report produced by an external service provider.

Compliance with social and environmental legislation

Failure by a Thales supplier to comply with international laws and standards relating to Human Rights, fundamental freedoms, health and safety and the environment may have harmful consequences, particularly for workers in the upstream value chain. Aware of these challenges, the Group's Procurement Department implements a Sustainable Procurement Policy based on specific processes and actions (see section 5.1.3.2).

Compliance with conflict minerals rules

As part of its Sustainable Procurement Policy, Thales applies reasonable due diligence measures concerning minerals from conflict zones (see section 5.1.3.2).

5.1.4.1.7 Payment practices

As part of its commitment to transparency and the continuous improvement of its sustainability practices, Thales has carried out an in-depth analysis of the reporting scope for metrics relating to payment terms.

For the 2025 financial year, the Group takes into account the main European legal entities, which account for around 65% of the amount of supplier payments made by Thales. This scope is considered representative for the calculation of supplier payment metrics.

For 2025, the metrics were as follows:

- the average payment term in Europe was 48 days from the invoice date (1);
- Thales pays 84% of its invoices within the standard payment periods, in Europe (2).

These indicators were respectively 52 days and around 80% for a scope limited to France in 2024.

In a spirit of continuous improvement, Thales regularly analyses the causes of late payments and takes the necessary corrective actions (tool, organization, communication and training).

To calculate the above metrics, Thales has adopted the following methodology:

1. The average payment period in number of days is calculated as the sum of the differences between the actual payment date and the start date of the payment period for each paid invoice, divided by the total number of paid invoices included in the calculation.

   NB: the start date of the payment period is the supplier invoice date. The payment date is the date on which Thales pays the invoice to the supplier.
2. the percentage of invoices paid on time is calculated by dividing the number of invoices paid on time by the total number of invoices paid.

Thales payment terms and SMEs

Thales recognizes the essential role played by SMEs and mid-caps in its upstream value chain, accounting for nearly two-thirds of its French suppliers (1).

As a founding member of the Pacte PME association since 2010, the Group works to support the development of SMEs by promoting sustainable and balanced relationships, respect for their interests, and the implementation of best practices in terms of financial equity.

In addition, Thales' "Responsible Supplier Relations and Procurement" label reinforces this commitment by guaranteeing transparent and fair relations with all suppliers, thereby contributing to the economic sustainability of partner SMEs.

Legal proceedings for late payment

In 2025, to Thales' knowledge, only one legal proceeding relating to late payment was still ongoing in France and the related financial risk is considered to be non-material (procedure identical to that in 2024).

(1) *Percentage expressed in relation to the volume of purchases made.*

5.1.4.2 Data protection and cybersecurity

DATA PROTECTION AND CYBERSECURITY		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Data protection and cybersecurity	• **Positive impact** related to the protection of customers' IT infrastructure. • **Risk** of cyber-attack on an element of the Group's IT system. • **Risk** of a data breach or cyber-attack at a supplier.	• **Society**: contributing to more responsible and sustainable societies thanks to technology.
Main policies	• Personal data protection policy. • Binding Corporate Rules (BCR) on personal data. • Information Systems Security Policy (ISSP). • Cyber crisis management policy. • Integrity and Corporate Responsibility (ICR) Charter.	
Levers for action	• Training program including e-learning modules and face-to-face training sessions covering cybersecurity and the GDPR.	
Main targets	• To date, the Group has not set any specific targets in this area: it is currently working on compliance with upcoming European cybersecurity legislation and regulations.	

Cybersecurity policies apply to the entire Group and are made available to all employees via an internal repository. The implementation of these policies is verified through security committees, networks of cybersecurity managers, and compliance audits.

Cybersecurity: a strategic pillar for protecting the IT infrastructures of Thales and its customers

The security of Thales' information systems, products and services is based on a governance system taking the form of security policies applying to the entire Group (including Group ISSP and Crisis Management) as well as a robust organization, supported by multidisciplinary teams with expertise in security auditing, risk and vulnerability management, awareness and training, incident response, and crisis management. This approach is structured around centralized governance, supported by a network of cybersecurity experts. The effective coordination of this community, comprising several hundred specialists, ensures the protection of solutions throughout their life cycle.

The organization relies on Information Systems Security Managers (ISSMs) and product and service security managers, who work closely together. Together, they apply standardized methods tailored to the specific characteristics of each activity and use high-performance monitoring and control tools to guarantee an optimal level of safety.

Policy and actions

The Group designs, develops and delivers, alone or with its partners, numerous products and systems that are mission-critical and exposed to cyber threats. Thales also designs, develops, and supplies systems, products or services with in-built cyber-protection capabilities such as monitoring systems to detect cyberattacks on customers' systems.

Failure of these products and systems could affect the Group's operational activity, reputation and financial results. In response, the "Cyber-secured in Thales" project aims to guarantee a level of cybersecurity appropriate for all systems and products, in service or under development.

The Thales Cybersecurity organization ensures the protection of information systems, products and services, as well as data exchanges with all its stakeholders: customers, suppliers and partners. This mission is part of a global risk management approach taking into account the Group's digital environment and the increasing complexity of its external interactions.

It is reflected in several strategic activities, such as:

- updating and supervision of ISS policy and governance in compliance with ISO 27001;
- periodic in-depth security audits to assess the resilience of infrastructures in the face of threats;
- assessing the cybersecurity maturity of the supply chain and key industrial partners;
- assessing the security maturity of Business Managed Networks (development and production platforms) in line with security requirements, including national ones;
- proactive identification of vulnerabilities and risks, followed by implementation of preventive and corrective measures.

In addition, the majority of cyber-protection products developed by Thales are subject to qualifications by third-party organizations, such as ANSSI, the French agency for information systems security, in France. These qualifications rely on assessments based on a security target approved by the regulator.

Thales also adapts its products and services on an ongoing basis in response to emerging cyber threats. In France, this approach is led jointly with the Ministry of the Armed Forces and is reflected in the signing of "Cybersecurity Agreements" with major industrial contractors, and in the creation of a *"Conseil pour la Cybersécurité des Industries de l'Armement"* (Council for the Cybersecurity of Defence Industries).

Protection against the risk of suppliers suffering cyberattack

Policy

The protection of sensitive and personal data exchanged with suppliers is a major challenge for Thales.

Against a backdrop of geopolitical instability and an upsurge in cyberattacks targeting its supply chain, Thales has over the last three years been developing a program to strengthen the resilience of its global supply chain, the result of close collaborative work between the Cybersecurity, Legal and Procurement functions.

This program is based on risk mapping, taking into account the types of products/solutions purchased, the sensitivity of the data exchanged and the delivery method. It makes it possible to identify the most exposed suppliers and to apply appropriate assessment methods based on ISO 27001 (self-assessment questionnaires and on-site audits). This assessment program provides a methodical framework for identifying, mitigating and reducing risks.

To strengthen the resilience of its supply chain, Thales has also implemented a policy compliant with the General Data Protection Regulation (GDPR), aimed at securing the processing of personal data through a global program of evaluation of compliance, implemented before contracts are entered into with suppliers. This policy is overseen by the Data Protection Officer (DPO), who oversees a network of 60 correspondents, including a Procurement correspondent, tasked with coordinating a network of points of contact present in all entities and regions.

The Group's personal data protection policy is specified in the Binding Corporate Rules (BCRs), approved by the French Data Protection Authority (CNIL) in December 2023 and updated annually.

These rules define the principles and procedures that each Group company applies, and that each employee undertakes to respect in the course of his or her duties, in order to ensure the security of the personal data processed, in compliance with applicable legislation. The commitments made by the Group under the BCRs cover in particular:

- governance structured around the DPO, supported by a global network of correspondents;
- the deployment of the Group personal data protection policy applicable to all controlled entities worldwide, formalized by an intra-Group agreement incorporating the BCRs, which now constitutes the tool for transferring personal data between Group companies;
- the personal data processing register managed, via a global compliance tool, making it possible to list all the processing of personal data and their characteristics, to analyze and manage requests to exercise the rights of data subjects and any personal data breaches;
- impact analyses of the processing of personal data carried out for the Group and its customers as controller or processor;
- the global e-learning training campaign, launched in 2023 to raise awareness among all Group employees of personal data protection under the GDPR, continued in 2025. This new phase targeted over 14,000 employees, selected according to their level of responsibility and their professional exposure;
- the performance of internal controls and audits to guarantee the effectiveness of the compliance program.

Actions

Thales' cybersecurity policy is based on concrete measures carried out within a continuous improvement loop, particularly focusing on the level of maturity of the supply chain and reducing processing times for incidents likely to affect business continuity or the security of data exchanged with suppliers. These actions are based on security audits, self-assessments and recommendations from certifying bodies such as ISO 27001.

The contractual requirements in terms of cybersecurity are adapted to the level of risk identified prior to any business relationship. The general procurement conditions have also been revised to include specific clauses concerning cybersecurity. These measures are accompanied by a tutorial for the procurement function to help its employees understand the contractual clauses and risks covered.

Suppliers undertake, via the Thales Integrity and Corporate Responsibility Charter ("ICR" Charter), to protect confidential information against any unauthorized access, misuse, alteration, destruction, modification or disclosure, by implementing appropriate technical, physical, organizational and electronic security measures, which will be periodically reviewed to reflect, at all times, as a minimum, industry standards. To date, 90% of active suppliers and 100% of new suppliers have signed this charter or provided an equivalent code of conduct.

A cyber crisis management process has also been defined, including an alert service and a single global point of contact, Thales CERT (Company Emergency Response Team), enabling suppliers to report any cybersecurity incidents. Each alert received is subject to an impact analysis.

Metrics such as the number of cybersecurity incidents processed by CERT, the monitoring of action plans and the rate of employees trained on cybersecurity make it possible to assess the effectiveness of measures taken. Thales also incorporates predictive risk scenarios to anticipate future threats and tailor its actions according to the type of companies targeted.

The annual monitoring of progress and cyber maturity levels is part of a continuous improvement approach, supported by action and monitoring plans, audits and oversight tailored to the identified risks.

In addition, Thales has introduced a training program for the Procurement teams combining e-learning modules and face-to-face training sessions on cybersecurity and the GDPR.

As part of its Cyber resilience policy, Thales is contributing to the development of a sector-based approach with Dassault Aviation, Safran and Airbus through the Aircyber program supported by the BoostAerospace initiative. This initiative aims to harmonize assessment methods and share best practices within the Aeronautics and Defence sector supply chain.

Lastly, to raise awareness and support suppliers in increasing their maturity, Thales has posted a brochure on its website: Supplier | Thales Group and an educational motion design on current cybersecurity challenges.

5.1.4.3 Security of digital and physical institutions and infrastructures

SECURITY OF DIGITAL AND PHYSICAL INSTITUTIONS AND INFRASTRUCTURES		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Security of digital and physical institutions and infrastructures	• **Positive impact** of helping maintain the peace and stability necessary to achieve prosperity and protect sovereignty. • **Positive impact** of helping protect the critical infrastructures and systems that are essential for human organizations to function.	• **Society**: contributing to more responsible and sustainable societies thanks to technology.
Main commitments	• Securing the most critical digital assets. • Protecting and strengthening sovereignty.	
Levers for action	• Various actions organized around the Group's three areas of activity: Defence, Aerospace, Cybersecurity and Digital Identity.	
Main targets	• Providing cyberattack protection for twice as many large firms and governments by 2030.	

Security of digital and physical institutions and infrastructures

As a global player in advanced technologies, Thales aims to create a world of trust by protecting critical digital assets and strengthening the sovereignty of its customers, which are two key drivers of sustainable societal and economic development.

One of the main aims of the Group's CSR strategy is *"contributing to more responsible and sustainable societies through technology"*. Thales places sovereignty at the heart of its sustainable development policies, considering it as a key factor of strategic autonomy for companies and nations.

The Group has identified two positive impacts, one from helping maintain the peace and stability necessary to achieve prosperity and the other from protecting the infrastructures and critical systems essential to the functioning of human organizations.

Strategic commitments

Thales supports its customers in making informed decisions to deal with threats and preserve their autonomy, in line with its societal and environmental commitments

To fulfill this ambition, Thales contributes to the security and stability of physical and digital institutions and infrastructures and relies on various policies aimed at:

- **Protecting and strengthening sovereignty**

  Each sovereign state has the task of guaranteeing the stability of its institutions and providing citizens and economic players with a secure environment. Thales actively contributes to this objective by supporting its customers in the protection of their sovereignty, through advanced technological solutions to detect, understand and counter threats.

  With a sustained commitment to research and development, the Group anticipates changes in risks and designs innovative solutions adapted to current and future challenges. Its technologies secure land, sea and air space, both civil and military, thereby responding to growing needs in terms of national and economic security.

  Similarly, Thales also supports governments in issuing trusted digital identities, through highly secure identity documents, in order to strengthen the protection of identities, citizenship and borders (PARAF system), and to promote the sharing of information on threats and the strengthening of collective defences.

- **Securing the most critical digital assets**

  As a leader in securing the identities of people and objects, sensitive data and applications, Thales places data protection and access channels at the heart of its mission, constituting the cornerstone of the digital trust established with its customers. The Group is one of the rare global players capable of offering comprehensive digital sovereignty solutions: network and data protection, access control, biometrics, cybersecurity intelligence and consulting, among others.

Actions

These commitments are implemented through various concrete actions in the Group's three areas of activity.

- **Defence**
  - development of on-board and tactical radio communication solutions and identification systems for all three environments – land, air and sea – as well as radio navigation systems for aeronautics;
  - development of collaborative combat systems and information, command and intelligence systems for the armed forces, responding to the growing security needs of airports, critical infrastructures and other particularly sensitive sites;
  - technological support for air traffic control and management, with conventional navigation assistance equipment, radars and air traffic control centers, and satellite surveillance and navigation systems;
  - design of components and systems ensuring surveillance, reconnaissance, protection, threat detection, and target acquisition on all types of land, sea and air platforms.
- **Cybersecurity and Digital Identity**
  - data security for many companies and government organizations around the world, thus strengthening digital trust and state sovereignty;
  - development of post-quantum encryption to support Thales' customers in preparing for future threats related to the emergence of quantum computing;
  - strengthening the security of artificial intelligence, and guaranteeing the protection of intelligent systems against manipulation and sophisticated attacks;
  - implementation of health data protection systems, guaranteeing the confidentiality of medical information and compliance with current regulations;
  - implementation of advanced cybersecurity solutions to protect air traffic control systems, thus ensuring the safety of travelers and the continuity of operations.
- **Aerospace**
  - support for aircraft manufacturers, armed forces, airlines, operators, crews and passengers to make flights more connected, safer, and more eco-friendly;
  - implementation of cyber-secured and connected systems that enable aircraft to operate in all circumstances and all the players in the aeronautical ecosystem to collaborative effectively, on the ground or in flight;
  - supply of space technologies dedicated to telecommunications, space exploration, navigation, Earth observation and environmental management, including the protection of maritime resources, such as fish, mineral and energy resources.
- **Targets**

  Thales is continuing its commitment to create a safe and reliable digital environment, essential for societal and economic development.

  By strengthening digital security and providing solutions that guarantee sovereignty, the Group contributes to the protection of its customers' assets while promoting a safer, more inclusive and sustainable society.

  To that end, at the end of 2024, Thales set itself the objective of doubling between now and 2030 the number of large companies and governments protected against cyberattacks.

5.1.5 Notes to the Sustainability Report

5.1.5.1 List of disclosure requirements with which Thales has complied in its Sustainability Report

DR	Section No.	Section title
ESRS 2 BP-1	5.1.1.1 5.1.1.1.3	General basis for preparation of the Sustainability report Transitional provisions applied
ESRS 2 BP-2	5.1.1.1.1 5.1.1.1.2	Disclosures in relation to specific circumstances Incorporation of information by reference
ESRS 2 GOV-1	5.1.1.2.1 (a, b, d)	Role of the administrative, management and supervisory bodies in the governance of sustainability matters, oversight of impacts, risks and opportunities, monitoring of material sustainability matters and preparation of the Sustainability Report
ESRS 2 GOV-2	5.1.1.2.1 (c)	Monitoring of material IRO, action plans and associated objectives
ESRS 2 GOV-3	5.1.1.2.2	Integration of sustainability-related performance in incentive schemes for the administrative, management and supervisory bodies
ESRS 2 GOV-4	5.1.1.2.3	Statement on due diligence
ESRS 2 GOV-5	5.1.1.2.4	Risk management and internal controls over sustainability reporting
ESRS 2 SBM-1	5.1.1.3.1	Strategy, business model and value chain
ESRS 2 SBM-2	5.1.1.3.2	Interests and views of stakeholders
ESRS 2 SBM-3	5.1.1.4.2	Specific description of the elements used to identify and assess material impacts, risks and opportunities (IRO) and their interaction with strategy and business model
ESRS 2 IRO-1	5.1.1.4.1	Description of the processes to identify and assess material IRO
ESRS 2 IRO-2	5.1.1.4.3	Disclosure requirements in ESRS covered by Thales' sustainability statement
ESRS 2 GOV-3 for ESRS E1	5.1.1.2.2	Integration of sustainability-related performance in incentive schemes for the administrative, management and supervisory bodies
ESRS E1-1	5.1.2.4	Transition plan for climate change mitigation
ESRS 2 SBM-3 for ESRS E1	5.1.2.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1 for ESRS E1	5.1.2.1	Identification of material climate-related impacts, risks and opportunities
ESRS E1-2	5.1.2.3	Policies related to climate change mitigation
ESRS E1-3	5.1.2.4.4	Decarbonization actions and levers
ESRS E1-4	5.1.2.4.2	Decarbonization targets and pathway
ESRS E1-5	5.1.2.5.1	Energy consumption and mix
ESRS E1-6	5.1.2.5.2	Gross scopes 1, 2 and 3 GHG emissions
ESRS E1-7	5.1.2.5.3	GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-8	5.1.2.5.4	Internal carbon pricing
ESRS E1-9	5.1.1.1.3	Transitional provisions applied
ESRS 2 SBM-2 for ESRS S1	5.1.3.1.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ESRS S1	5.1.3.1.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S1-1	5.1.3.1.5	3 major challenges for Thales: respect for Human Rights, diversity, equity and inclusion, training and skills development
ESRS S1-2	5.1.3.1.3	Processes for engaging with own workforce and workers' representatives about impacts
ESRS S1-3	5.1.3.1.4	Processes to remediate negative impacts and channels for own workforce to raise concerns
ESRS S1-4	5.1.3.1.5 (b, c)	Policies, actions and indicators on equal treatment, the prevention of discrimination and harassment, and diversity, equity and inclusion Training and skills development policy, actions and indicators
ESRS S1-5	5.1.3.1.5 (b)	Policies, actions and indicators on equal treatment, the prevention of discrimination and harassment, and diversity, equity and inclusion
ESRS S1-6	5.1.3.1.6	Characteristics of the undertaking's employees
ESRS S1-7	5.1.3.1.7	Characteristics of non-employee workers in the undertaking's own workforce
ESRS S1-9	5.1.3.1.5 (b)	Diversity metrics
ESRS S1-12	5.1.3.1.5 (b)	Diversity metrics
ESRS S1-13	5.1.3.1.5 (c)	Training and skills development policy, actions and indicators
ESRS S1-16	5.1.3.1.5 (b)	Policies, actions and indicators on equal treatment, the prevention of discrimination and harassment, and diversity, equity and inclusion
ESRS S1-17	5.1.3.1.5 (a)	Human Rights policies in place
ESRS 2 SBM-2 for ESRS S2	5.1.3.2.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ERS S2	5.1.3.2.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1	5.1.3.2.3	Policies related to upstream value chain workers
ESRS S2-2	5.1.3.2.4	Processes for engaging with value chain workers about impacts

DR	Section No.	Section title
ESRS S2-3	5.1.3.2.5	Processes to remediate negative impacts and channels for value chain workers to raise concerns
ESRS S2-4	5.1.3.2.6	Actions related to material impacts on value chain workers and effectiveness of those actions
ESRS S2-5	5.1.3.2.7	Metrics and targets related to workers in the value chain
ESRS 2 SBM-2 for ESRS S3	5.1.3.3.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ESRS S3	5.1.3.3.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S3-1	5.1.3.3.3	Policies related to affected communities
ESRS S3-2	5.1.3.3.4	Processes for engaging with affected communities about impacts
ESRS S3-3	5.1.3.3.5	Processes to remediate negative impacts and channels for affected communities to raise concerns
ESRS S3-4	5.1.3.3.6	Actions related to material impacts and opportunities on affected communities and effectiveness of those actions
ESRS S3-5	5.1.3.3.7	Targets related to affected communities
ESRS 2 SBM-2 for ESRS S4	5.1.3.4.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ESRS S4	5.1.3.4.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S4-1	5.1.3.4.3	Policies related to consumers and end-users
ESRS S4-2	5.1.3.4.5	Processes for engaging with consumers and end-users about impacts
ESRS S4-3	5.1.3.4.6	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4-4	5.1.3.4.4	Actions related to material risks and impacts on consumers and end-users
ESRS S4-5	5.1.3.4.7	Targets related to consumers and end-users
ESRS 2 GOV-1	5.1.4.1.1	Role of administrative bodies and description of the processes to identify and assess material impacts, risks and opportunities
ESRS 2 IRO-1 for G1	5.1.4.1.2	Process to identify and assess material impacts, risks and opportunities
ESRS G1-1	5.1.4.1.3	Corporate culture and business conduct policies
ESRS G1-2	5.1.4.1.6	Management of relationships with suppliers
ESRS G1-3	5.1.4.1.4	Prevention and detection of corruption and bribery
ESRS G1-4	5.1.4.1.5	Alleged or recorded cases of corruption
ESRS G1-6	5.1.4.1.7	Payment practices

5.1.5.2 Indicators applicable to investments in investee companies

The Group also includes a table of requirements that derive from other European Union legislation, as listed in Appendix B of ESRS 2.

Applicable indicators

			European legislation		
Topic	**Adverse sustainability indicator**	**Section of the Sustainability Statement**	**Applicable European SFDR legislation**	**Pillar 3 reference**	**European Climate law reference**
	Transition plan (ESRS E1-1)	section 5.1.2.4			Applicable
	Paris Agreement benchmarks (ESRS E1-1)	section 5.1.2.4		Applicable	
GHG emissions	Greenhouse gas (GHG) emissions (ESRS E1-6)	section 5.1.2.5.2	Material	Material	
	Greenhouse gas (GHG) emissions intensity of investee companies (ESRS E1-6)	section 5.1.2.5.2	Material	Material	
	GHG removals and carbon credits paragraph 56 (ESRS E1-7)	section 5.1.2.5.3			Not material
	Exposure to fossil fuel companies (ESRS 2 SBM-1)		Not applicable		
	Share of non-renewable energy consumption and production (ESRS E1-5)	section 5.1.2.5.1	Material		
	Energy intensity by sector with a high climate impact (ESRS E1-5)	section 5.1.2.5.1	Material		
Biodiversity	Activities negatively affecting biodiversity-sensitive areas (ESRS 2 IRO-1 – E4)		Not material		
Water	Releases to water (ESRS E2-4)		Not material		
Waste	Hazardous waste and radioactive waste ratio (ESRS E5-5)		Not material		
Social and employee matters	Violations of the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises (ESRS S1-17), (ESRS S2-1) (ESRS S3-1), (ESRS S4-1)	section 5.1.3.1.5a) section 5.1.3.2.3 section 5.1.3.3.3 section 5.1.3.4.3	Material		
	Lack of compliance processes and mechanisms to monitor compliance with the principles of the United Nations Global Compact and the OECD Guidelines for Multinational Enterprises (ESRS S1-1) (ESRS S2-1) (ESRS S3-1) (ESRS S4-1)	section 5.1.3.1.5 section 5.1.3.2.3 section 5.1.3.3.3 section 5.1.3.4.3	Material		
	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c) (ESRS E1-9)	Phase-in		Phase-in	
	Breakdown of the carrying amount of the undertaking's real estate assets by energy-efficiency classes paragraph 67 (c) (ESRS E1-9)	Phase-in		Phase-in	
	Unadjusted gender pay gap (ESRS S1-16)	section 5.1.3.1.5b)	Material		
	Board gender diversity (ESRS 2 GOV-1)	section 5.1.1.1.2	Material		
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons or biological weapons) (ESRS 2 SBM-1)	section 5.1.3.3.2	Not applicable		
GHG	Emissions of inorganic pollutants (ESRS E2-4)		Not material		
	Emissions of air pollutants (ESRS E2-4)		Not material		
	Emissions of ozone-depleting substances (ESRS E2-4)		Not material		
	Initiatives taken to reduce the carbon emissions of Group entities (ESRS E1-4)	section 5.1.2.4.2	Material		
Energy performance	Breakdown of energy consumption by type of non-renewable sources of energy (ESRS E1-5)	section 5.1.2.5.1	Material		

Water, waste and other materials	Water usage and recycling (ESRS E3-4)		Not material
	Total water consumption in m^3 per net sales on own operations (E3-4)		Not material
	Policies related to water and marine resources (ESRS E3-1)		Not material
	Exposure to areas of high water stress (ESRS E3-1)		Not material
	Investments in companies producing chemicals (ESRS 2 SBM-1)		Not applicable
	Land degradation, desertification, soil sealing (ESRS 2 IRO-1 – E4)		Not material
	Investments in companies without sustainable land/ agriculture practices (ESRS E4-2)		Not material
Topic	Investments in companies without sustainable oceans/seas practices (ESRS E3-1) (ESRS E4-2)		Not material
	Non-recycled waste ratio (ESRS E5-5)		Not material
	Natural species and protected areas (ESRS 2 – IRO 1 – E4)		Not material
	Deforestation (ESRS E4-2)		Not material
Social and employee matters	Workplace accident prevention policy (ESRS S1-1)		Not material
	Number of fatalities and number and rate of work-related accidents (ESRS S1-14)		Not material
	Number of days lost to injuries, accidents, fatalities or illness (ESRS S1-14)		Not material
	Lack of a supplier code of conduct (ESRS S2-1)	section 5.1.3.2.3	Material
	Lack of a grievance/complaints handling mechanism related to employee matters (ESRS S1-3)	section 5.1.3.1.4	Material
	Insufficient whistleblower protection (ESRS G1-1)	section 5.1.4.1.3	Material
	Incidents of discrimination (ESRS S1-17)	section 5.1.3.1.5a)	Material
	Excessive CEO pay ratio (ESRS S1-16)	section 5.1.3.1.5b)	Material
Human rights	Lack of a Human Rights policy (ESRS S1-1) (ESRS S2-1) (ESRS S3-1) (ESRS S4-1)	section 5.1.3.1.5 section 5.1.3.2.3 section 5.1.3.3.3 section 5.1.3.4.3	Material
	Lack of due diligence (ESRS 2 GOV-4)	section 5.1.1.2.3	Material
	Lack of processes and measures for preventing trafficking in human beings (ESRS S1-1) (ESRS S2-1)	section 5.1.3.1.5 section 5.1.3.2.3	Material
	Operations and suppliers at significant risk of incidents of child labour (ESRS 2 SBM3-S1) (ESRS 2 SBM3-S2)		Not material
	Operations and suppliers at significant risk of incidents of forced or compulsory labour (ESRS 2 SBM3-S1) (ESRS 2 SBM3-S2)		Not material
Number of identified cases of severe Human Rights issues and incidents	Number of cases of severe Human Rights issues and incidents connected to investee companies on a weighted average basis (ESRS S1-17) (ESRS S2-4) (ESRS S3-4) (ESRS S4-4)	section 5.1.3.1.5a) section 5.1.3.2.6 section 5.1.3.3.6 section 5.1.3.4.4	Material
Anti-corruption	Lack of an anti-corruption and anti-bribery policy (ESRS G1-1)	section 5.1.4.1.3	Material
	Insufficient measures taken to address non-compliance with standards of anti-corruption and anti-bribery (ESRS G1-4)	section 5.1.4.1.5	Material
	Number of convictions and the amount of fines for violation of anti-corruption and anti-bribery laws (ESRS G1-4)	section 5.1.4.1.5	Material

5.2 Sustainability auditors' Report

This is a translation into English of the statutory auditor report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

Report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852

Year ended December 31, 2025

To the General Meeting,

This report is issued in our capacity as statutory auditor of Thales. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2025 and included in section 5.1 "Sustainability Report" of the chapter 5 "Social and environmental responsibility" of the 2025 Universal Registration Document (hereafter the "Sustainability Report").

Our procedures, which relate to this information, have been performed in an evolving context characterized by uncertainties regarding the interpretation of the laws and regulations, and the development of established practices.

Pursuant to Article L. 233-28-4 of the French Commercial Code, Thales is required to include the above-mentioned information in a separate section of the group management report.

This information enables an understanding of the impact of the activity of the group on sustainability matters, as well as the way in which these matters influence the development of the business of the group, its performance and position. Sustainability matters include environmental, social and corporate governance matters.

Pursuant to Article L.821-54 paragraph II of the aforementioned Code our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the requirements set out in the sustainability reporting standards adopted by the European Commission pursuant to Article 29 ter of Directive (EU) 2013/34 of the European Parliament and of the Council of June 26, 2013, as amended by Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022 (hereinafter ESRS for *European Sustainability Reporting Standards*) of the process implemented by Thales to determine the information reported, including, where applicable, the obligation to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labour Code;
- compliance of the sustainability information included in the Sustainability Report with the provisions of Article L. 233-28-4 of the French Commercial Code, including ESRS; and
- compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on *"Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852"*.

In the three separate sections of the report that follow, we present, for each of the sections of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken individually and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three sections of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by Thales in the Sustainability Report, we have included an emphasis of matter paragraph hereafter.

Limits of our engagement

As the purpose of our engagement is to express limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

This engagement does not provide guarantee regarding the viability or the quality of the management of Thales, in particular it does not provide an assessment, of the relevance of the choices made by Thales in terms of action plans, targets, policies, scenario analyses and transition plans, which would go beyond compliance with the ESRS reporting requirements.

In addition, the comparative information relating to fiscal year 2023 and prior years was not subject to a certification report on sustainability information within the meaning of Article L.821-54 of the French Commercial Code.

Furthermore, as forward-looking information is inherently uncertain, actual future outcomes may differ, sometimes significantly, from the forward-looking information presented in the Sustainability Report.

Our engagement does, however, allow us to express conclusions regarding the entity's process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Sustainability information and the information required under Article 8 of Regulation (EU) No 2020/852 may be subject to inherent uncertainty arising from the state of scientific knowledge and from the quality of the external data used. Certain information is sensitive to the methodological choices, assumptions and/or estimates applied in preparing it and presented in the Sustainability Report.

Compliance with the requirements set out in the ESRS of the process implemented by Thales to determine the information reported, including the obligation to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labour Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by Thales including the obligation to consult the social and economic committee provided for in the sixth paragraph of Article L.2312-17 of the French Labour Code, has enabled it, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities, that lead to the publication of information disclosed in the Sustainability Report; and
- the information provided on this process also complies with the ESRS.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by Thales with the ESRS.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention on our part as regards the compliance with the ESRS of the process implemented by Thales to determine the information reported.

Information regarding how the entity has updated its double materiality assessment is provided in section 5.1.1.4.1 « Description of the processes to identify and assess material IRO » of the Sustainability Report.

Through interviews with individuals we deemed appropriate and by reviewing the available documentation, we obtained an understanding of:

- analyses conducted by the entity, particularly the evaluation of internal and external factors considered to assess the absence of changes to the double materiality assessment and to the actual and potential impacts, risks, and opportunities identified by the entity. These include, notably, changes in the reporting scope, developments in stakeholder interests and views, and the evolution of the entity's ESG commitments;
- changes made, compared to the previous financial year, to the formulation of certain impacts (negative or positive), risks and opportunities (« IRO »), actual or potential, identified by the entity;
- decision-making process and assessed the presentation thereof in section 5.1.1.4.1 « Description of the processes to identify and assess material IRO » of the Sustainability Report.

Based on our professional judgement, our procedures notably consisted in:

- applying a critical approach to the documentation of the analyses carried out by the entity, as well as to the approach adopted by the entity for identifying internal and external factors to be considered;
- assessing the appropriateness of the internal and external factors considered by the entity in light of our knowledge of the entity;
- evaluating the appropriatness of the description provided in section 5.1.1.4.1 « Description of the processes to identify and assess material IRO » of the Sustainability Report;
- assessing the appropriateness of the changes made by the entity on the formulation of the actual or potential impacts, risks and opportunities identified by the entity.

Compliance of the sustainability information included in the Sustainability Report with the provisions of Article L.233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided enable an understanding of the general basis for the preparation and governance of the sustainability information included in the Sustainability Report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by Thales for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, that this information does not contain any material errors, omissions or inconsistencies, i.e. that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the Sustainability Report, with the provisions of Article L.233-28-4 of the French Commercial Code, including the ESRS.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention on our part as regards the compliance of the sustainability information included in the Sustainability Report, with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS.

Information provided in application of environmental standard (ESRS E1)

Information reported in relation to climate change (ESRS E1), in particular greenhouse gas emissions as well as the transition plan for climate change mitigation, are mentioned in section « 5.1.2. Environment: climate change » of the Sustainability Report.

We set out below the elements that have been the subject of particular attention on our part as regards the compliance of this information with the ESRS.

With regard to the information published on the greenhouse gas emissions assessment:

- we obtained an understanding of the internal control and risk management procedures implemented by the entity to ensure the compliance of the reported information;
- we assessed the consistency of the scope considered for the greenhouse gas emissions assessment with the scope of the consolidated financial statements, and upstream and downstream value chain;
- we obtained an understanding of the greenhouse gas emissions inventory protocol used by the entity to draw up its greenhouse gas emissions assessment, and checked its application, for a selection of emissions categories and sites, for Scope 1 and Scope 2.
- with regard to Scope 3 emissions, we assessed:
  - the justification for the inclusion and exclusion of the various categories and the transparency of the disclosures provided in this respect;
  - the process of gathering information.
- we assessed the appropriateness of the emission factors used and the calculation of the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data;
- we interviewed management to understand the main changes in activities during the financial year that could have an impact on the greenhouse gas emissions assessment;
- for physical data (such as energy consumption), we reconciled, using sampling techniques, the underlying data used to draw up the greenhouse gas emissions assessment with supporting documents;
- we performed analytical procedures;
- with regard to the estimates that we considered to be critical, used by the entity to prepare its greenhouse gas emissions assessment:
  - through interviews with management, we obtained an understanding of the method used to calculate the estimated data and the information sources on which the estimates were based;
  - we assessed whether the methods were applied consistently or whether there were any changes since the previous period, and whether these changes were appropriate.
- we verified the arithmetic accuracy of the calculations used to prepare this information.

With regard to our procedures regarding the Transition plan for climate change mitigation, our work mainly consisted in assessing whether the information disclosed with respect to the transition plan meets ESRS E1 requirements and provide an appropriate description of the plan's underlying key assumptions, it being specified that we are not required to express an opinion on the appropriateness or the level of ambition of the transition plan's objectives.

Information provided in application of social standard (ESRS S1)

Information reported in relation to own workforce (ESRS S1), in particular, employee characteristics (number, gender, level of responsibility) as well as information regarding diversity are presented in section 5.1.3.1 « Own workforce » of the Sustainability Report.

Our main procedures regarding this information consisted in:

- reviewing the process for collecting and compiling quantitative data aimed at the publication of material information in the Sustainability Report and assess its correct application across a selection of countries;
- examining the available underlying documentation;
- implementing procedures to verify the accurate consolidation of this data;
- assessing the appropriateness of the information presented in the paragraphs « The accession of women to the most senior positions » and « Breakdown of the workforce by gender » in section 5.1.3.1.5, as well as in section 5.1.3.1.6 « Characteristics of the undertaking's employees » of the Sustainability Report, and their overall consistency with our knowledge of the entity.

We have also:

- obtained an understanding of internal control and risk management procedures implemented by the entity to ensure the compliance of the published information, noting that we have not assessed the operational effectiveness of these controls;
- examined the scope considered for the preparation of the information;
- assessed whether the methods and assumptions used by the entity to determine the published information are appropriate with regard to ESRS S1;
- defined and performed analytical procedures suited to the information reviewed, in line with the business changes;
- examined, on a sampling basis, supporting documentation alongside the corresponding information;
- verified the arithmetic accuracy of the calculations used to prepare this information, where applicable, after applying rounding rules.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by Thales to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- the compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e. information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention on our part as regards the compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

Concerning the key performance indicators and accompanying information

The key performance indicators and accompanying information are set out in section 5.1.2.6. « European Environmental Taxonomy » of the Sustainability Report.

With regard to total turnover, CAPEX and OPEX (the denominators) presented in the regulatory tables, we verified Thales' reconciliations with the accounting data used to prepare the financial statements.

With regard to the other amounts composing the various indicators of eligible activities (the numerators), we:

- performed analytical procedures;
- assessed these amounts based on a selection of activities, that we determined based on their contribution to the indicators.

Lastly, we assessed the consistency of the information set out in section 5.1.2.6. « European Environmental Taxonomy » of the Sustainability Report with the other sustainability information in this report.

Neuilly-sur-Seine, March 2, 2026,

The statutory auditor

PricewaterhouseCoopers Audit

Cédric HAASER Marion HORY

5.3 Non-financial disclosures required under legal provisions other than those applicable to the Sustainability Report

Parts 1 to 3 of this section III meet the consolidated reporting requirements of the management report as stipulated in L. 22-10-35 and L. 225-102-1 of the French Commercial Code.

Section 5.1.5.2 of the Sustainability Report contains information that may be incorporated by reference in disclosures in the financial services sector, in accordance with European Union legislation listed in Appendix B of ESRS 2.

The disclosures in this section III are not covered by the due diligence and opinion of the independent third party responsible for auditing the sustainability-related disclosures.

5.3.1 Vigilance Plan

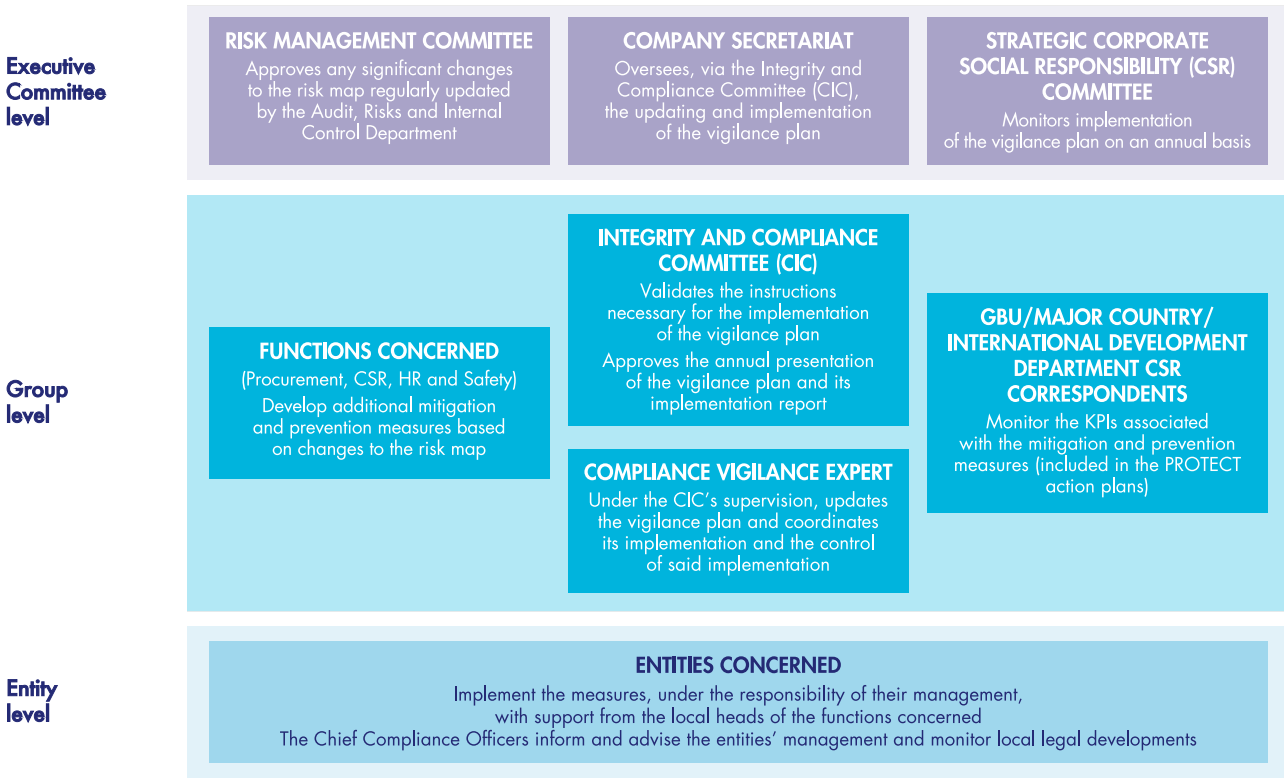
Thales has established a vigilance plan in compliance with Article L. 225-102-1 of the French Commercial Code on the Duty of Vigilance of parent companies and contracting companies ("Vigilance Plan").

The plan consists of the reasonable vigilance measures aimed at identifying risks and at preventing severe adverse impacts on Human Rights and fundamental freedoms, health and safety, and the environment.

This plan covers the activities of companies controlled either directly or indirectly by Thales S.A. (regardless of their location) and those of subcontractors and suppliers with which these companies have an established commercial relationship (when these activities are linked to this relationship) (hereinafter collectively, the "Suppliers").

5.3.1.1 Governance

The diagram below summarizes the governance structure in place within the Group to ensure that the Vigilance Plan is exercised effectively.



The Integrity and Compliance Committee oversees the implementation and updating of the Vigilance Plan. It is chaired by the Group Secretary and is made up of the directors of the Ethics and Integrity Department, the Legal, Contracts and Compliance Department, and the Audit, Risks and Internal Control Department. The director of the CSR Department participates in meetings whenever Vigilance Plan matters are on the agenda. If necessary, the representatives of the other functions concerned are invited to participate.

Under the Integrity and Compliance Committee's supervision, the Compliance Vigilance Expert updates the Vigilance Plan and also coordinates and oversees its application. The *Compliance Vigilance Expert* is the Group's CSR Legal Director.

5.3.1.2 Risk map

The risk map was updated in 2024 by the Audit, Risks and Internal Control Department.

5.3.1.2.1 Scope and methodology

The map is drawn up based on two distinct analyses: one covers the Group's own operations, the other the activities of Suppliers.

These analyses were performed based on the same methodology. Each risk was analyzed taking into account the degree of severity in the event of a breach of Human Rights and fundamental freedoms, the health and safety of individuals, or the environment. The gross risks were then assessed and prioritized. A gross risk is determined, without taking into account prevention and mitigation measures, according to the probability of occurrence of the risk (gross frequency) and the severity of the impact should the risk materialize (gross severity). Gross frequency was assessed mainly by using "country" databases published by renowned independent bodies and specific to each type of risk [1]. Gross severity, meanwhile, was assessed according to the scale of the real or potential impact and the degree to which this impact is remediable. The gross risks identified as the highest allow to determine the priority areas of vigilance.

Net risk was then determined based on the maturity of the measures in place to prevent or mitigate this risk (i.e. governance, processes, concrete actions, targets, metrics).

a) Analysis and assessment of the Group's own operations

The three major themes covered by the Duty of Vigilance (Human Rights and fundamental freedoms, health and safety, environment) were split into sixteen sub-themes (child labor, forced labor, adequate wages, discrimination, freedom of association, psychosocial risks, rights of local communities, disclosure of personal data, health and safety in the workplace, personal safety in high-risk countries, contribution to climate change, environmental pollution, inadequate waste management, water consumption and water stress, biodiversity degradation and industrial accidents).

Gross risks associated with the Group's own operations were assessed according to the geographical location of the Group's entities and the type of activities operated there. The gross frequency of each risk was assessed by (i) assigning an index to each country where Thales operates on the basis of "country" data specific to the risk assessed and (ii) considering, for each risk, contextual elements specific to Thales' activity. This gross frequency allow to measure the likelihood of a risk occurring at Thales. The gross frequency of risk used at Group level is deemed the most representative in terms of the number of countries and/or employees concerned or the proportion of industrial activities. The gross severity of the risk was assessed by considering (i) the impact or magnitude of the risk, if it should occur, (ii) the degree to which this impact can be remediated, and (iii) where relevant, the industrial nature of the activity and the number of employees concerned.

Gross risks and net risks were analyzed for each sub-theme and prioritized during workshops involving representatives from the functions concerned (in particular, the Human Resources, Legal, Contracts and Compliance, CSR and Safety Departments). These workshops were supplemented with in-depth interviews held with operational, functional and regional managers and with representatives of the Group's social partners and occupational health service.

b) Analysis and assessment of Suppliers' activities

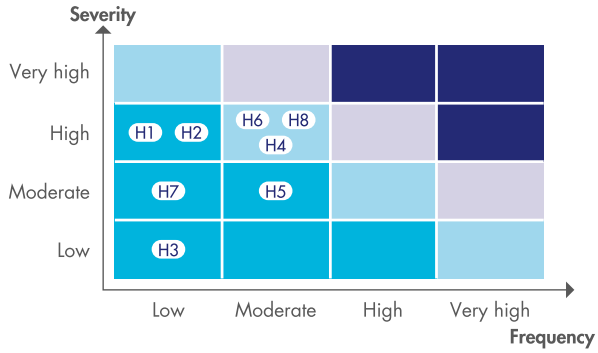
The analysis was broken down into three sub-themes (violations of Human Rights or fundamental freedoms, violations of social rights or personal health and safety, environmental violations).

Gross risks associated with Suppliers'activities were assessed according to the geographical location of Suppliers and the types of services they provide for the Group. The gross frequency of each risk category was assessed according to the level of risk associated with their geographical location and defined on the basis of "country" data specific to each risk category. Gross severity was assessed according to the level of risk attached to the categories of procurement made by Thales.

Gross risks and net risks were analyzed and prioritized during workshops involving representatives from the functions concerned (in particular, the Procurement, CSR and HR Departments). These workshops were supplemented with in-depth interviews held with operational, functional and regional managers.

5.3.1.2.2 Results

a) Gross risks of severe violations of Human Rights and fundamental freedoms arising from own operations



H1: Child labor	H5: Freedom of association
H2: Forced labor	**H6: Psychosocial risks**
H3: Adequate wages	H7: Rights of local communities
H4: Discrimination	**H8: Disclosure of personal data**

[1] *See section 5.3.1.11 "Additional information".*

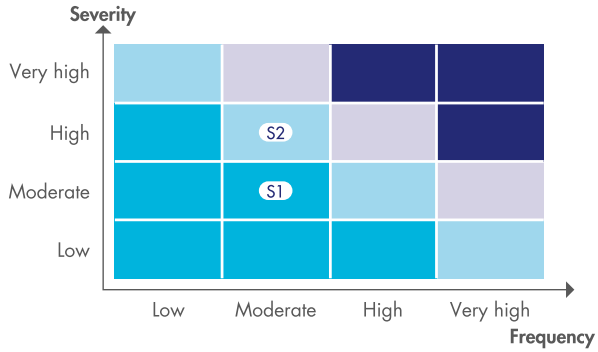
The gross risks identified as the highest (moderate frequency, high severity) are described below:

Risk	Description of the risk	Risk factors
Discrimination – H4	Unequal treatment of a person with the effect of compromising equal opportunities or treatment in employment due to gender, sexual orientation, age, origin, political, trade union or religious beliefs, disability, etc., with a significant number of potentially affected persons in countries where local regulations do not expressly prohibit discrimination.	The geographical footprint of the Group, present in 73 countries, with the possibility of conflict of laws or local tolerance due to the cultural and/or geographical context.
Psychosocial risks – H6	Exposure of employees to situations of stress, harassment, conflict, insults, threats, or assaults, combined or otherwise.	Context of particularly critical or complex projects (high financial or contractual stakes, a high level of expected performance, tight deadlines, etc.) that may lead to situations of excessive tensions or stress.
Disclosure of personal data – H8	Disclosure of personal data without the prior consent of the data subjects, with the possibility of unlawful interference with privacy, family or correspondence.	Use of personal data processing tools against the backdrop of a sharp increase in cybersecurity attacks and high business sensitivity.

These risks were then assessed taking into account the maturity's level of the measures in place to prevent and mitigate them (i.e. governance, processes, concrete actions, objectives, metrics).

The assessment of these net risk shows that the preventive measures currently in place at the Group allow to limit the probability of occurrence and mitigate their impacts if they do occur. The Group is pursuing prevention and mitigation measures with a view to continuous improvement.

b) Gross risks of severe health and safety violations arising from own operations



S1: Health and safety in the workplace	S2: Personal safety in high-risk countries

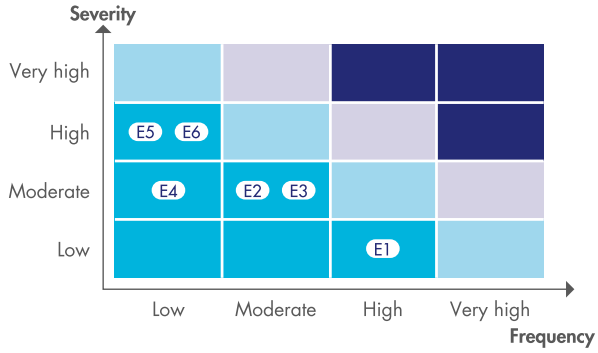
The gross risk of severe threats to personal safety in high-risk countries was identified as the highest (moderate frequency, high severity). The analysis of the gross risk of severe health and safety violations in the workplace shows that some sites have a specific risk related to the handling of pyrotechnic products.

Risk	Description of the risk	Risk factors
Personal safety in high-risk countries (S2)	Damage to the physical or psychological integrity of an employee.	Activities involving business travel to high-risk or highly sensitive countries depending on the geopolitical context.
	Specific localized risk	
Handling of pyrotechnic products	Harm to the physical integrity of employees.	Industrial activities including the handling of pyrotechnic products.

These risks were then assessed taking into account the maturity of the measures in place to prevent and mitigate them (i.e. governance, processes, concrete actions, objectives, metrics).

The assessment of these net risk shows that the preventive measures currently in place at the Group allow to limit the probability of occurrence and mitigate their impacts if they do occur. The Group continues to pay particular attention to these risks with a view to continuous improvement.

c) Gross risks of severe environmental violations arising from own operations



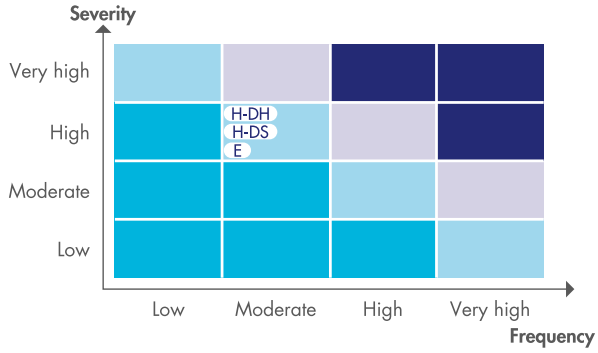
E1: Contribution to climate change	E4: Water consumption and water stress
E2: Environmental pollution	E5: Biodiversity degradation
E3: Waste management	E6: Industrial accidents

The analysis of gross risks of severe environmental violations shows, on some sites, that there is a specific risk related to the use of pyrotechnic products.

Risk	Description of the risk	Risk factors
	Specific localized risk	
Industrial accidents related to the use of pyrotechnic products	Accidents that may cause serious harm to the environment (degradation of soil, water and air).	Industrial activities involving the use of pyrotechnics components, which may generate, in case of technical failure or human error, explosions, fires or accidental releases affecting soil, water or air.

The assessment of the net risk shows that the preventive measures currently in place within the Group allow to limit the probability of occurrence and mitigate their impacts if they do occur. The Group continues to pay particular attention to these risks with a view to continuous improvement.

d) Gross risks of severe violations arising from Suppliers' activities



H-DH: violations of Human Rights or fundamental freedoms	**E: environmental violations**
H-DS: violations of social rights or personal health and safety	

The gross risks identified as the highest (moderate frequency, high severity) relate to the three vigilance issues (Human Rights, health and safety, and the environment) due to the variety of Supplier profiles.

For each of these three risks, severe violations are likely to occur notably due to the location of the supplier in a country whose legal or cultural context is insufficient to prevent the occurrence of the risk (absence of an explicit prohibition) or the nature of its activity.

However, the analyses carried out show that 92% of the Group's purchases were made from suppliers located in Europe, North America, Australia and Singapore.

Furthermore, the net risk assessment shows that the prevention measures currently in place within the Group allow to limit the probability of occurrence and mitigate their impacts if they occur. As part of a policy of continuous improvement, the Group continues to work to improve the effectiveness of these measures.

5.3.1.3 Regular assessment procedure for subsidiaries and Suppliers

5.3.1.3.1 Internal control questionnaires

The YAL (Yearly Attestation Letter) is an annual self-assessment questionnaire filled in by each operating entity with over 100 employees under the responsibility of its management. The YAL includes around 100 control points, organized by operational, compliance, or financial risk scenarios, taking into account the risks covered by the Duty of Vigilance.

For each risk scenario, the questions enable the entity to assess its risk exposure in light of the laws in force and the Group's rules and best practices.

The Audit, Risks & Internal Control Department (DARCI) analyzes the content of the YALs annually.

5.3.1.3.2 Suppliers Assessment Procedure

The Suppliers assessment procedure is detailed in paragraph 5.1.3.2.5 of the Sustainability Report. The assessments carried out cover the three categories of risk of severe violations.

5.3.1.4 Measures to prevent and mitigate the risks arising from own operations

The measures taken to prevent and mitigate the gross risks arising from own operations and identified as being the highest are summarized below.

5.3.1.4.1 Measures to prevent and mitigate the main risks of violations of Human Rights and fundamental freedoms arising from own operations

a) Risk of discrimination

Thales is resolutely committed to fighting all forms of discrimination and applies a zero tolerance principle in this area. The teams at Thales attend training on the principles of non-discrimination, as well as on stereotypes and unconscious bias, through various formats (including surveys, e-learning, conferences, awareness workshops, and a diversity mural).

Thales is a partner in the #StOpE inter-company initiative, which brings together 199 organizations committed to combating routine sexism in the workplace. In France, 52 disability points of contact and the "sexual harassment and sexist behavior" points of contact also actively contribute to preventing discrimination.

The measures in place to prevent and mitigate the risks of discrimination are described in section 5.1.3.1.5 of the Sustainability Report.

Lastly, this risk falls within the scope of the Group's whistle-blowing system and is included in the internal control questionnaire (YAL).

b) Psychosocial risks

The Human Resources Department is responsible for assessing and preventing psychosocial risks, with the help of the prevention and occupational health services.

Psychosocial risks are prevented primarily by promoting quality of life and well-being in the workplace, providing training for managers, upholding the freedom of expression of employees, and tackling sexist behavior, harassment and all forms of discrimination.

Measures to promote a work-life balance

Thales took further action in 2025 to promote the work-life balance of its employees and to improve their well-being and quality of life in the workplace.

Awareness-raising sessions on the right to disconnect are open to Group employees. By means of a training program entitled "The manager, a key player in the quality of life at work", managers are made aware of their leading role in the quality of working life.

Measures to combat harassment and stress at work

Thales strives to ensure a safe and healthy working environment for its employees by establishing ethical rules of conduct common to the entire Group. These rules are included in the Group's Code of Ethics. Thales also provides its managers and human resources personnel with a guide setting out the procedure for dealing with reports of situations that may indicate harassment or violence in the workplace.

Employee views about their working environment

Quality of life in the workplace is one of the main themes covered by the engagement survey conducted by Thales every two years. The survey gives the Group's employees an opportunity to express their views about their working environment. It enables the Group to measure employee engagement over time, to assess changes in their perception of the issues addressed, and also to benchmark its performance against the average responses of companies in the same sector or country. The latest Group employee engagement survey was conducted in June 2025 (covering those on permanent contracts and fixed-term contracts having worked in the Group for at least three months), with employees responding anonymously. Using the results of this survey, managers, along with personnel from the Human Resources Department, can discuss the concerns of their teams in the most specific manner, identify areas for improvement at every level of the company, and implement the necessary action plans and corrective measures.

Lastly, psychosocial risks fall within the scope of the Group's whistle-blowing system and are included in the internal control questionnaire (YAL).

c) Risk of disclosure of personal data

Thales has set up a governance process overseen at Group level by the Group Data Protection Officer (DPO). It is based on a global network of correspondents from different functions, countries and entities within Thales. The DPO reports to the head of the Group's Legal, Contracts and Compliance Department and establishes the personal data compliance program under the Integrity and Compliance Committee's supervision. The DPO and their team work closely with the Group's other functions, such as the head of information systems security and engineering, to ensure that the protection of personal data is addressed both from a legal perspective as well as from technical and organizational perspectives.

The commitments made by the Group in the area of personal data protection cover in particular:

- the deployment of a personal data protection policy applicable to Group's entities worldwide. Thales stepped up its commitments to personal data protection in 2024 by adopting a new standard: the Thales Binding Corporate Rules (BCR) for personal data. The Thales BCR were approved in 2023 by the French Data Protection Authority (CNIL).
- the personal data processing register, deployed throughout the Group via a global compliance tool. It is used to list all personal data processing operations and their characteristics, and to analyze and manage requests to exercise the rights of data subjects and any personal data breaches.
- impact analyses of the processing of personal data carried out on behalf of the Group and of its customers as controller or processor.
- training: the e-learning campaign for Group employees on how to approach personal data protection under the GDPR was initiated in 2023 and continued in 2024-2025. The 2025 campaign targeted over fourteen thousand employees, selected according to their level of responsibility and their professional exposure.
- internal controls and audits to ensure the compliance program is effectively deployed.

Lastly, this risk falls within the scope of the Group's whistle-blowing system and is included in the internal control questionnaire (YAL).

5.3.1.4.2 Measures to prevent and mitigate the main risks of health and safety violations arising from own operations

a) Risks of personal safety violations in high-risk countries

The Group's Safety Department reports to the Group Secretary's office. The Director of the Safety Department oversees a Management Committee made up of the heads of safety in the main countries and regions where the Group operates and which meets every quarter since 2025 (every six months before 2025). The Director of the Safety Department relies both on a central team (responsible, for instance, for monitoring travel in high-risk countries) and an international network of correspondents (with local authority over the entire spectrum of issues regarding the protection of Group employees, property and data). This network provides close coverage of employees working on-site and when traveling abroad.

The Group Safety Department has established a set of instructions that make up the overall framework governing the protection of Group employees, property and data. These instructions apply according to the type of activity and the local security environment and are supplemented with instructions adapted to local circumstances. They cover (i) the management of access controls and the movement of people around the Group's sites, (ii) the identification, processing and reporting of safety-related incidents, (iii) the safety of travel off-site, such as business travel to and within sensitive countries, and (iv) the safety of events held off-site.

Where training is concerned, the Group Safety Department has set up an initial training course in material and data security and personal safety. It is mandatory for all new arrivals joining the Group, regardless of the country of residence. This mandatory initial training course may be supplemented with specific local training provided to some or all employees. These supplementary training courses are provided at the discretion of the local safety correspondents based on a principle of subsidiarity. Expatriate safety, meanwhile, is addressed with awareness and training sessions provided by the Group Safety Department or its local units. Those on assignment in countries at war receive specific safety training from the Group Safety Department and/or the Country Director concerned.

Lastly, this risk falls within the scope of the Group's whistle-blowing system and is included in the internal control questionnaire (YAL).

b) Specific risk related to the handling of pyrotechnic products

Issues regarding health and safety in the workplace are overseen at the operational level by the HSE (Health, Safety, Environment) division of the CSR Department.

The HSE division is tasked with drawing up an official Thales policy and associated action plans in the area of health and safety. It is also responsible for ensuring that they are effectively applied within the Group's entities.

This division is supported by a network of HSE Sites and Operations heads and coordinators with points of contact in the countries and entities where Thales has operational activities (including outdoor work sites).

HSE policy is deployed by HSE steering committees. These Committees define the guidelines and annual action plans to be implemented and allow experiences to be capitalized on to improve Thales' HSE culture. The Group's operational and cross-company functions are involved in overall coordination if necessary, to ensure that the HSE risk prevention policies are coherent.

The system for managing health and safety risks in the workplace is incorporated into the Group's management frame of reference (Chorus), which is accessible by its employees. The Group's sites are required to apply this management system.

HSE managers provide their support to the operational teams to ensure that this management system is applied in a coherent manner and to oversee its application on the ground, with reference to the ISO 45001 management standard. Thales has set up an HSE maturity assessment system called the Thales Integrated Maturity System in the Group's entities.

Thales provides regulatory training in health and safety in the workplace to the employees concerned, as well as targeted training to meet the specific needs of the Group's different industrial sites. Awareness and communication initiatives are held regularly. They are defined and disseminated locally, making it possible to keep employees aware of health and safety risks.

Lastly, the internal control questionnaire (YAL) as well as the whistle-blowing system include health and safety risks arising from own operations.

5.3.1.4.3 Measures to prevent and mitigate the main risks of environmental violations arising from own operations

Issues regarding the environment are overseen at the operational level by the HSE (Health, Safety, Environment) division of the CSR Department.

The HSE division is tasked with drawing up an official Thales policy and associated action plans in the area of the environment. It is also responsible for ensuring that they are effectively applied within the Group's entities.

This unit is supported by two operational networks within the Group:

- the network of HSE Sites and Operations heads and coordinators described in the previous paragraph;
- a network of "Product Sustainability Leader" heads and coordinators with points of contact in the Global Business Units [1] and by product line, including correspondents in transversal functions (in the areas of product policy, engineering, industry, procurement, services, and bids and projects).

The committees that assist it in performing its duties are described in the previous paragraph.

The HSE steering system for managing environmental risks is incorporated into the Group's management frame of reference (Chorus), which is accessible by its employees. The Group's sites and organizations are required to apply this management system.

The eHSE risk management software suite deployed throughout the Group has been adapted to changes in the ISO 14001 standard so as to provide effective support to the Group's sites. It facilitates reporting, the incorporation of environmental risks and opportunities, and the monitoring of the effectiveness of any action taken and associated resources utilized.

Online training modules are available to initiate employees about the fundamentals of environmental risk management, covering either general themes or specific themes such as chemical product management, the labeling of hazardous products and issues surrounding climate change.

The internal control questionnaire (YAL) as well as the whistle-blowing system include environmental risks arising from own operations.

Moreover, each year, audits are performed by external auditors (ISO 14001 certification) and prevention visits are made by insurance companies (in the areas of environmental engineering and fire protection).

Lastly, the Audit, Risks and Internal Control Department has performed internal audits of HSE risks and carries out ad hoc HSE audit assignments.

[1] *Thales has a two-dimensional matrix structure, consisting of Global Business Units and countries. Global Business Units are organized into business lines (BL) that cover a coherent range of products, solutions and services.*

a) Specific risk related to use of pyrotechnic products

Globally, only six of the Group's sites face significant industrial risks: three have Seveso classification in Europe (one in the "upper tier" and the other two in the "lower tier") and three are classified as "high industrial risk" in Australia and the United Kingdom.

Safety management systems are in place (including a major accident prevention policy, an internal operations plan, a study of the risks and management scenarios associated with these risks) and are inspected regularly by the national HSE coordinators and by the supervisory authorities, in accordance with applicable regulations.

These risks are covered by specific procedures for prevention, accident management and complaints handling. Incident and accident reports are examined in order to identify their exact nature, analyze them, take management and preventive measures, and share feedback.

b) Risk of environmental pollution

Thales has set up preventive measures to limit the risks of environmental pollution (industrial wastewater emissions, air emissions, electromagnetic radiation, noise and odor pollution) and continues to work on improving them. For example, Thales is working to recycle water that will then be reused in industrial processes wherever possible. Likewise, in various Thales sites whose operations emit industrial air pollution, the lookout for technical solutions to process these emissions and for lower-impact products to replace the solvents is permanent.

The Group also addresses historical pollution and the associated risks by monitoring and managing them in a responsible manner. Few Thales sites are concerned by such historical pollution, which is due to long-standing industrial operations often external to the Group (a legacy of certain acquisitions it has made).

Pollution management is overseen by the entities concerned, with the support of the HSE division. The operational teams are involved as well, in close coordination with the relevant supervisory authorities (such as environmental agencies, DREALs [1] or prefectures in France).

5.3.1.5 Measures to prevent and mitigate the main risks arising from supplier activities

Thales has defined a series of measures aimed at identifying risks and preventing serious violations resulting from the activities of its suppliers and has incorporated them into its internal processes.

These general measures are described in section 5.1.3.2 of the Sustainability Report and vary depending on the supplier's risk profile (signature of the Integrity and Corporate Responsibility Charter, incorporation of specific contractual clauses, identification and assessment by an independent specialist third party of suppliers requiring special attention, on-site audits, etc.).

Section 5.1.2 of the Report, meanwhile, describes the specific measures introduced to encourage the Group's suppliers to become more involved in efforts to tackle climate change.

Last of all, section 5.1.4.2 of the Report describes the specific measures introduced to improve the way in which personal data are managed and protected by the Group's suppliers.

5.3.1.6 Mechanism for controlling the effectiveness and efficiency of measures

Thales controls the effectiveness and efficiency of its preventive and mitigation measures by making use of key performance indicators (KPI), internal control questionnaires (Yearly Attestation Letters, or YAL) and internal audits. The information obtained from these control mechanisms is used by the Audit, Risks and Internal Control Department to make updates to the risk map.

5.3.1.6.1 Key performance indicators

The functions concerned (CSR, HR, Procurement, Safety) establish KPIs to control the effectiveness and efficiency of the preventive and mitigation measures they have drawn up. The main KPIs are summarized in section 5.3.1.9 below. They are monitored by the CSR correspondents within each GBU, each Major Country and the International Development Department.

5.3.1.6.2 Internal control questionnaires

The YAL, an annual self-assessment questionnaire, is presented in section 5.3.1.3.1 above.

5.3.1.6.3 Internal audits

Each year, the Audit, Risks & Internal Control Department (DARCI) conducts internal control audits that enable to verify the integrity of the responses to the YAL questionnaire. In addition, various audits conducted by DARCI may reveal findings relating to the areas covered by the Duty of Vigilance.

Every year, the Audit, Risks and Internal Control Department prepares a summary of the conclusions reached by the audits performed and presents it to the Audit and Accounts Committee of the Board of Directors.

5.3.1.7 Whistle-blowing system

The Group's whistle-blowing system (Thales Alert Lines), which has been the subject of a consultation with the representative trade union organizations, and the rules for handling whistle-blowing alerts are described in section 5.1.4.1.3 of the Sustainability Report.

A digital platform dedicated to the collection and processing of whistle-blowing alerts ensures the confidentiality, traceability and follow-up of whistle-blowing alerts in a secure space. It can be accessed on the Group's internet site and intranet site.

The whistle-blowing system is open to Group employees as well as third-party individuals.

5.3.1.8 Progress report on the Vigilance Plan in 2025

In 2025, Thales continued to implement the Duty of Vigilance in the Group's processes. Governance instructions related to the Duty of Vigilance were defined. Those instructions apply to Group'entities and Suppliers requiring special attention.

The focus in 2025 was on the engagement and assessment of Suppliers requiring special attention. The results suggest that at this stage commercial partners in the supply chain have a good level of maturity. Given the uncertainty of the regulatory framework pending the transposition of the European Directive on the Duty of Vigilance, the method for targeting Suppliers that require special attention will be further developed with regard to the transposition of the Directive. In addition, to reinforce the impact of Thales' commitments in relations with suppliers, the Integrity and Corporate Responsibility Charter, appended to the contracts, has been translated into eight languages (English, Spanish, Portuguese, German, Italian, Arabic, Chinese and Hindi).

[1] *Regional Directorate for the Environment, Development and Housing.*

In 2025, 79% of respondents of the engagement survey expressed a favorable opinion of the Group's commitment to diversity, equal opportunity and freedom of expression.

Training on the Duty of Vigilance was developed in 2025 and will be rolled out in 2026 to raise awareness among employees and the functions concerned of internal procedures for identifying and preventing serious violations of Human Rights, health and safety and the environment. These awareness training courses began in 2025 for the Group's buyers. A metric on the number of buyers trained or made aware of the Duty of Vigilance was introduced.

The analysis of the YAL internal control questionnaires and the audits carried out in 2025 does not provide any items likely to modify the 2024 map.

In 2025, Thales recorded two hundred thirty-three reports, via the internal alert system Thales Alert Lines, on issues related to working conditions, equal treatment and Human Rights. Of these reports, one hundred forty-four concerned situations of harassment/discrimination and eighty-nine concerned working conditions and equal treatment. The number of reports made via the Thales Alert Lines tool increased in 2025 relative to 2024. This increase was due to the recording in the tool of facts identified through other channels and having given rise to an investigation.

5.3.1.9 Objectives 2026

Thales has set the following targets for 2026:

- Continuation of the presentation of governance instructions related to the Duty of Vigilance to entity managements, with a view to deepening the culture of reasonable vigilance;
- Raising awareness of the issues related to the Duty of Vigilance for newcomers and employees in the relevant functions through a "Compliance Passport" and an awareness video on the implementation of the Duty of Vigilance within the Group;
- Strengthening of the monitoring of action plans initiated in 2025 with suppliers requiring special attention;
- Discussions on the implementation of additional monitoring indicators related to the Duty of Vigilance.

The Group functions involved in exercising the Duty of Vigilance (CSR, HR, Procurement, Safety) will pursue their work to further reinforce the measures in place as part of a continuous improvement approach.

5.3.1.10 Summary of the key monitoring indicators in the Vigilance Plan

5.3.1.10.1 Own operations

a) Human Rights & fundamental freedoms

Proportion of women in senior management (grades LR10 to 12)	Sustainability Report, section 5.1.3.1.5
Proportion of Management Committees with at least three female members (2023 target)	Sustainability Report, section 5.1.3.1.5
Proportion of Management Committees with at least four female members (as from 2024)	Sustainability Report, section 5.1.3.1.5
Percentage of employees with disabilities	Sustainability Report, section 5.1.3.1.5

b) Health & Safety

	2018	2023	2024	2025	2025 vs. 2024	2025 vs. 2018
Lost time injury frequency rate*	2.19	1.38	1.47	1.49	+1%	-32%
Severity rate of accidents at work*	0.0545	0.0450	0.0406	0.0649	+60%	+19%

* *2025 figures currently under consolidation.*

c) Environment

	Unit	2018	2023	2024	2025	2025 vs. 2024	2025 vs. 2018
Percentage of employees working at an ISO 14001 certified site	%	—	78.2	76.8%	75.0	-1.8 pts	— %

5.3.1.10.2 Supplier activities

Percentage of new suppliers committed to the principles laid down in Thales' Integrity and Corporate Responsibility Charter	Sustainability Report, section 5.1.3.2.7
Percentage of suppliers requiring special attention assessed by an independent expert body	Sustainability Report, section 5.1.3.2.7
Percentage of buyer profiles trained in or made aware of the Duty of Vigilance	77%

5.3.1.11 Additional information

Gross frequency scale used for mapping the risks of serious harm is as follows:

Frequency	Description
Very high	Probability of occurrence of more than a few cases per month
High	Probability of occurrence of a few cases per month
Moderate	Probability of occurrence of a few cases per year
Low	Probability of occurrence of materialization less than or equal to once a year

Gross severity scale used for mapping the risks of serious harm is as follow:

Severity	Description
Very high	Consequences whose scale (extent of the affected scope or number of people impacted) is very significant and/or whose impact is not remediable. Examples: loss of human life, disappearance of flora and fauna.
High	Consequences whose scale (size of the affected scope or number of people impacted) is significant and/or whose impact is partially not remediable. Examples: serious injuries, serious psychological harm, damage to fauna or flora that is difficult to remediate.
Moderate	Consequences whose scale (extent of the affected scope or number of people affected) is moderate and/or whose impact is largely remediable. Examples: temporary psychological or physical harm, significant but temporary and remediable damage to fauna or flora.
Low	Consequences whose scale (extent of the affected scope or number of people affected) is small and/or whose impact is rapidly remediable. Examples: low impact on psychological well-being, superficial wound, minor impact on fauna and flora remediable in a short period of time.

The list of the main databases used, within the framework of the mapping of risks of severe violations, for the Group's own activities and suppliers is as follows:

Issuer	Name of database
CNIL	Data protection around the world
International Trade Union Confederation*	ITUC Global Rights Index
UN	Labor Share of GDP
UNICEF	Children's Rights in the Workplace Index
World Health Organization	Occupational Burden of Disease
World Justice Project	WJP Rule of Law Index – Factors used: • Fundamental Rights • Regulatory Enforcement
World Resources Institute	Aqueduct Tool
Yale & Columbia Universities*	Environmental Performance Index – Metrics used: • Air Quality • Biodiversity & Habitat • Climate Change • Waste Management • Water Resources

* *Also used for suppliers.*

Walk Free *For suppliers only*	Global Slavery Index

5.3.2 Policy related to the fight against tax evasion

Thales pays substantial taxes and duties in many countries.

Governance

The Group's Tax Department reports to the Senior Executive Vice President for Finance and Information Systems.

It is tasked with:

- ensuring that current tax rules are strictly applied in all the countries in which Thales operates, in accordance with local regulations, international treaties and the directives of international organizations;
- monitoring any changes to tax regulations and overseeing their application, particularly where international taxation is concerned.

Where necessary, the Group draws on the expertise of specialist consultancies.

Policies, action plan and indicators

Thales' tax policy is global and applicable to all countries where the Group operates; it complies with the Group's ethical rules, including the fight against tax evasion.

The Group's taxation is directly linked to its business strategy and activities:

- the only purposes of the Group's establishments abroad are to develop its business or meet operational requirements;
- the Group complies with the transfer pricing principles laid down by the OECD.

Thales signed a partnership agreement with the French tax authorities in 2022 under which the tax implications of economic and financial events concerning the Group are shared continuously and transparently.

Lastly, tax risk is addressed in the YAL and ICQ international control questionnaires carried out and regularly audited by Thales' Audit, Risks and Internal Control Department.

5.3.3 Civilian and military reserves

As a National Defence partner, the Group actively supports the engagement of its reservist employees. In France, an agreement with the Ministry of the Armed Forces to support the military reserve policy was renewed in 2024: the Group grants the 200 employees concerned 20 days a year to devote to their reservist activities without deduction of salary and with special social protection. In addition, special arrangements are made for operations to reinforce internal security or military operations.

5.3.4 Civic engagement

Following the adoption of Act No. 2025-1249 of December 22, 2025, on the creation of a status for local elected representatives, Thales is conducting an inventory of the actions currently being taken in France and examining those that could be developed to promote civic engagement in local democracy, in strict compliance with the Group's rules on integrity and the prevention of conflicts of interest.


THALES

6

Company and share capital

6.1 General information about the company 234

6.2 Share capital and shareholders 235

6.2.1 Information on the issued capital and its allocation 235

6.2.2 Potential capital 237

6.2.3 Shareholders 237

6.3 Related-party agreements 246

6.3.1 Commitments and agreements authorized after year-end 246

6.3.2 Commitments and agreements authorized in 2025 246

6.3.3 Agreements authorized during previous financial years 246

6.3.4 Statutory auditors' report on related-party agreements 247

6.4 Stock market information and financial communication 248

6.4.1 Thales shares 248

6.4.2 Financial communication policy 251

6.4.3 Other market securities 251

6.5 History 252

6.1 General information about the company

Company name

Thales

Legal structure

Thales is a public limited company with a Board of Directors. It is governed by French law, particularly the French Commercial Code and certain provisions of the amended law on privatization of August 6, 1986, as the French State owns more than 20% of the share capital.

Registered office

4, rue de la Verrerie – 92190 Meudon – France.
Phone number: +33 (0)1 87 72 36 30.

Internet Website

The information available on Thales' website (www.thalesgroup.com) is not part of the prospectus, unless such information is incorporated by reference in the prospectus.

Registration

No. 552 059 024 in the Nanterre Trade and Companies Register; APE Code: 7010 Z.

Legal Entity Identifier (LEI): 529900FNDVTQJOVVPZ19.

Term

Initially incorporated on February 11, 1918 for 99 years, the Company's term was extended by the Annual General Meeting of May 24, 2013. The expiration date is now May 23, 2112.

Thales' objects and purposes

The object of the company, both directly and indirectly, and applicable in all countries of the world, is as follows:

1. Design, construction, installation, maintenance, operation, manufacture, purchase, sale, exchange, contribution or hire of all equipment, tooling, workstations, devices, finished or semi-finished articles, materials, components, systems, processes, and generally any products concerning applications of electronics in all areas;

   For this purpose, the registration, purchase, sale, exchange, contribution, franchise or utilization of any patents, licences and manufacturing or trade marks;
2. Identification, acquisition, purchase, transfer, exchange, contribution, rental or operation of any franchises or public or private companies, training of personnel, and provision of any services relating to the above purposes;
3. Formation of any companies or associations, or acquisition of an interest, in whatever form, in any companies or undertakings having an object similar to, or connected with that of the Company;
4. Generally, any commercial, industrial, financial, movable asset and real estate transactions and activities, connected, directly or indirectly, with the object listed above.

Financial year

The Company's financial year covers a period of 12 calendar months from January 1 to December 31.

Corporate documents and information about the Company can be consulted at the Group Secretary and General Counsel's office at the Company's registered office.

Distribution of profits as per the Articles of Association

Profits are distributed in compliance with current legislation. Under the Articles of Association, the Annual General Meeting called to approve the financial statements for the previous financial year is empowered to grant each shareholder the option to receive payment of all or part of the dividend distributed, either in cash or in shares.

Notifications concerning the crossing of statutory thresholds

Any individual or legal entity that comes to own a number of shares equal to or greater than 1% of the number of shares making up the share capital (but not of voting rights) and any multiple of this percentage must inform the Company of the number of shares they hold within the timeframe laid down for crossing legal thresholds.

This obligation to inform the Company applies under the same conditions when the number of shares held falls below one of the thresholds mentioned in the previous paragraph.

Article L. 233-9 of the French Commercial Code applies to determine these thresholds.

In the event of failure to comply with this obligation, the shareholder shall be deprived of the voting rights attached to any shares exceeding the threshold in question, subject to the conditions and limitations defined by law.

As part of the publication of its regulated information, the Company publishes every month on its website the number of shares comprising the capital and the total number of voting rights attached – based on all threshold excesses (statutory and legal).

Annual General Meeting: notice of meetings and conditions for attendance, double voting rights and exercise of voting rights

Information on these sections can be found in chapter 4 – Governance and compensation, section 4.2.6.4.

6.2 Share capital and shareholders

6.2.1 Information on the issued capital and its allocation

As of December 31, 2025, the share capital was equal to €617,825,739, divided into 205,941,913 shares with a nominal value of €3.

Under the applicable regulations, the Company publishes on its website (www.thalesgroup.com) each month the information about the total number of voting rights (theoretical and exercisable) and the number of shares making up the share capital. It forwards this information to a press agency.

Applicable laws govern changes in share capital and shareholders' rights.

Shares in the Company may be held in either registered or bearer form at the shareholder's discretion. The share register is maintained by Société Générale (Securities and Exchange Department – 32 rue du Champ de Tir – BP 81 236 – 44312 Nantes Cedex – France).

The share capital is fully paid up. It includes a golden share resulting from the conversion of an ordinary share belonging to the French State, decided by Decree No. 97-190 of March 4, 1997, under the privatization law of August 6, 1986 (see page 241).

6.2.1.1 Changes in the share capital over the last five financial years

Date	Type of transaction	Acquisition, issue and merger premiums *(€)*	Number of shares created/ canceled	Nominal amount of the changes in capital *(€)*	Amount of share capital *(€)*	Aggregate number of shares making up the capital
December 31, 2020		**4,075,469,331**			**640,097,874**	**213,365,958**
Financial year 2021	Exercise of stock subscription options	1,058,492	45,351	136,053		
December 31, 2021		**4,076,527,823**			**640,233,927**	**213,411,309**
Financial year 2022	Exercise of stock subscription options	—	—	—		
December 31, 2022		**4,076,527,823**			**640,233,927**	**213,411,309**
Financial year 2023	Capital reduction by cancellation of shares	-370,950,601	-3,201,169	-9,603,507		
December 31, 2023		**3,705,577,222**			**630,630,420**	**210,210,140**
Financial year 2024	Capital reduction by cancellation of shares	-573,008,474	-4,268,227	-12,804,681		
December 31, 2024		**3,132,568,748**			**617,825,739**	**205,941,913**
December 31, 2025		**3,132,568,748**			**617,825,739**	**205,941,913**

6.2.1.2 Changes in the allocation of capital and voting rights over the last three financial years

As of December 31, 2025, the total number of exercisable voting rights amounted to 301,458,941. This includes double voting rights attached to shares that have been registered for at least two years under the conditions set out in the Articles of Association (see section 4.2.6.5).

As previously mentioned, the number of shares and voting rights (theoretical and exercisable) is published monthly on the Company's website (www.thalesgroup.com, "Investors/Regulated information").

	Situation as of 12/31/25			Situation as of 12/31/24			Situation as of 12/31/23		
	Shares	% of capital	% of voting rights	Shares	% of capital	% of voting rights	Shares	% of capital	% of voting rights
Public sector [a]	54,788,714	26.60%	36.35%	54,788,714	26.60%	36.37%	54,788,714	26.06%	36.09%
French state (including 1 golden share)	*2,060*	*—%*	*—%*	*2,060*	*—%*	*—%*	*2,060*	*—%*	*—%*
TSA	*54,786,654*	*26.60%*	*36.35%*	*54,786,654*	*26.60%*	*36.37%*	*54,786,654*	*26.06%*	*36.09%*
Dassault Aviation [b]	54,750,000	26.59%	29.91%	54,750,000	26.59%	29.89%	54,750,000	26.05%	29.92%
Thales	464,490	0.23%	—%	628,731	0.31%	—%	3,541,786	1.68%	—%
Employees [c]	6,164,289	2.99%	3.81%	6,558,307	3.18%	3.98%	6,109,028	2.91%	3.84%
Other shareholders	89,774,420	43.59%	29.93%	89,216,161	43.32%	29.76%	91,020,612	43.30%	30.15%
TOTAL	**205,941,913**	**100%**	**100%**	**205,941,913**	**100%**	**100%**	**210,210,140**	**100%**	**100%**

(a) Under the terms of the Shareholders' Agreement with Dassault Aviation (the "Industrial Partner"), the "Public Sector" is represented by TSA, excluding the French State directly. All Thales shares held directly and indirectly by the French State have been registered in pure registered form for more than two years and thus have a double voting right as at December 31, 2025.

(b) Dassault Aviation holds 42,905,666 directly registered shares, of which 35,419,349 have been held for more than two years and therefore have double voting rights as of December 31, 2025, and also holds 11,844,334 bearer shares.

(c) This line shows total employee share ownership. For information purposes, since Law no. 2019-486 of May 22, 2019, employee share ownership within the meaning of the French Commercial Code (Article L. 225-102) excludes shares granted free of charge under the LTI Plans prior to 2016 (in the absence of an amendment to the bylaws to include such shares) and amounted, as of December 31, 2025, to 4,942,793 shares and 9,240,867 voting rights, i.e., 2.40% of the capital and 3.07% of the exercisable voting rights, respectively.

6.2.1.3 Main transactions that changed the allocation of capital over the last five years

During the year 2021, the number of treasury shares was reduced by the following transactions:

- 790,000 shares were purchased on the market;
- 1,413,610 shares were purchased under a liquidity contract;
- 1,494,365 shares were sold under a liquidity contract;
- 150,130 shares were assigned as Free shares;
- 563,536 shares were sold to employees under the 2021 employee shareholding plan.

As of December 31, 2021, the company held 493,175 treasury shares, representing 0.23% of the capital.

During the year 2022, the number of treasury shares was reduced by the following transactions:

- 2,995,104 shares were purchased on the market;
- 735,314 shares were purchased under a liquidity contract;
- 781,117 shares were sold under a liquidity contract;
- 129,067 shares were assigned as Free shares;
- 36,106 shares were sold to employees under the 2021 employee shareholding plan.

As of December 31, 2022, the company held 3,277,303 treasury shares, representing 1.53% of the capital.

During the year 2023, the number of treasury shares increased as a result of the following transactions:

- 3,713,535 shares were purchased on the market;
- 591,432 shares were purchased under a liquidity contract;
- 621,129 shares were sold under a liquidity contract;
- 218,186 shares were assigned as Free shares;
- 3,201,169 shares were cancelled as part of the capital reduction.

As of December 31, 2023, the company held 3,541,786 treasury shares, representing 1.68% of the capital.

During the year 2024, the number of treasury shares was reduced by the following transactions:

- 2,120,757 shares were purchased on the market;
- 603,565 shares were purchased under a liquidity contract;
- 564,071 shares were sold under a liquidity contract;
- 352,731 shares were assigned as Free shares;
- 452,348 shares were sold to employees under the 2024 employee shareholding plan;
- 4,268,227 shares were cancelled as part of the capital reduction.

As of December 31, 2024, the company held 628,731 treasury shares, representing 0.31% of the capital.

During the year 2025, the number of treasury shares decreased given the following transactions:

- 165,000 shares were purchased on the market;
- 1,023,742 shares were purchased under a liquidity contract;
- 1,034,176 shares were sold under a liquidity contract;
- 286,500 shares were assigned as Free shares;
- 32,307 shares were sold to employees under the 2024 employee shareholding plan.

As of December 31, 2025, the company held 464,490 treasury shares, representing 0.23% of the capital.

6.2.2 Potential capital

6.2.2.1 Maximum potential capital as of December 31, 2025

As of December 31, 2025, there were no outstanding securities giving immediate or future access to the share capital. The maximum potential capital on December 31, 2025 was therefore equal to the outstanding share capital of 205,941,913 shares.

6.2.2.2 Outstanding securities giving access to share capital (bonds, warrants, and options)

Share purchase and subscription options (stock options)

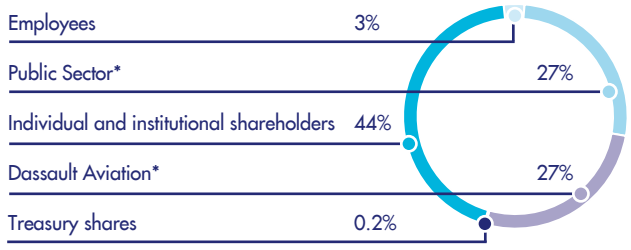
As of December 31, 2025, all share purchase and subscription option plans have expired.

Thales decided to stop granting options in 2012.

6.2.3 Shareholders

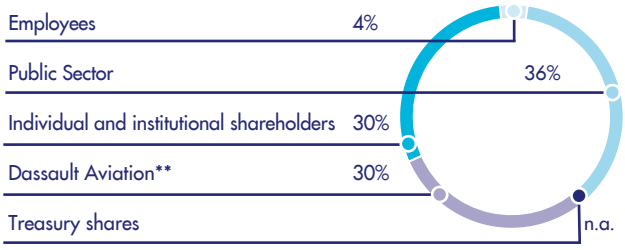
6.2.3.1 Breakdown at December 31, 2025

Breakdown of share capital



** The Public Sector stake (26.60%) is slightly higher than that of Dassault Aviation (26.59%).*

Distribution of voting rights



*** Dassault Aviation's stake in terms of voting rights is just under 30%.*

6.2.3.2 Shareholders acting in concert

6.2.3.2.1 "Public Sector" (TSA)

TSA is a holding company whose capital was, at December 31, 2025, fully owned by the French State. TSA directly holds 54,786,654 Thales shares.

The French State directly owns 2,060 shares, including one "golden share", which gives it the main rights [1] described in section 6.2.3.3.5.

6.2.3.2.2 "Industrial Partner" (Dassault Aviation)

Dassault Aviation, whose shares are listed on the Euronext Paris stock market, is a public limited company that holds 26.59% of the share capital of Thales, i.e., 54,750,000 Thales shares as of December 31, 2025.

Dassault Aviation is controlled by Groupe Industriel Marcel Dassault (GIMD), which, at December 31, 2025, held 66.28% of the share capital and 80.12% of the exercisable voting rights of Dassault Aviation.

6.2.3.3 Shareholders' agreement, agreement on the protection of strategic national interests, specific agreement, and golden share

Through the signature of an "endorsement agreement" concluded with the French State in the presence of Alcatel-Lucent, in 2009, Dassault Aviation assumed the rights and obligations of Alcatel-Lucent, subject to certain adaptations, by endorsing the agreements concluded on December 28, 2006 – namely the shareholders' agreement and the agreement on the protection of strategic national interests in Thales [2].

6.2.3.3.1 Shareholders' agreement between the "Public Sector" and the "Industrial Partner"

The shareholders' agreement governing the relationship between the Public Sector and the Industrial Partner within Thales was concluded on December 28, 2006 by TSA and Alcatel-Lucent and came into force on the date of completion of the Alcatel-Lucent Participations contribution, i.e., January 5, 2007.

[1] *Under Article 3 of Decree No. 97-190 of March 4, 1997.*
[2] *See Decision No. 207C0013 of January 2, 2007 published in the Bulletin des annonces légales obligatoires of January 5, 2007.*

This pact was signed in the application of the cooperation agreement concluded on December 1, 2006, between Thales, Alcatel-Lucent, and TSA, which replaced the previous cooperation agreement concluded on November 18, 1999, between Alcatel, Thales, and GIMD [1]. This agreement essentially adopted the provisions of the shareholders' agreement entered into on April 14, 1998, which it replaced [2].

On May 19, 2009, when Dassault Aviation acquired the Thales shares previously owned by Alcatel-Lucent, an agreement took effect under which Dassault Aviation endorsed the shareholders' agreement existing between Alcatel-Lucent and the Public Sector, subject to amendments. The agreement under which TSA and Dassault Aviation act in concert concerning Thales under Article L. 233-10 of the French Commercial Code, TSA having a majority within the concert, sets out the following provisions [3]:

Members of the executive bodies of Thales

The Thales Board of Directors, composed of 16 members, must, as of December 31, 2025, respect the following distribution:

- 5 members proposed by the Public Sector;
- 4 members proposed by Dassault Aviation;
- 2 employee representatives;
- 1 employee shareholder representative;
- 4 External directors selected jointly by the Public Sector and Dassault Aviation.

The number of directors appointed upon proposal of Dassault Aviation may not be higher than the number of directors appointed upon proposal of the Public Sector. The number of directors for each shall be at least equal to the greater of the following numbers: (i) the number of directors other than employee representatives and External directors, multiplied by the percentage of Thales shares held by Dassault Aviation, in relation to the sum of the holdings of the Public Sector and Dassault Aviation, and (ii) the number of directors representing employees.

Should Dassault Aviation's shareholding exceed that of the Public Sector, the parties to the agreement will increase the total number of Thales directors from 16 to 17, so as to be represented by five directors each.

The Chairman and Chief Executive Officer is chosen on the basis of a joint nomination by the parties.

Furthermore, the parties have agreed that in the event of a change of Chairman and Chief Executive Officer, in accordance with the terms of the shareholders' agreement, they do not intend to propose as a candidate any employee, manager, or senior executive belonging to the Dassault group or having recently left this Group.

Lastly, it is specified that at least one director representing each of the parties must sit on each of the Committees of the Thales Board of Directors.

Decisions to be submitted to the Thales Board of Directors

The parties undertake to submit for mandatory approval by the majority of the Directors representing Dassault Aviation decisions of the Thales Board of Directors relating, in particular, to the appointment and dismissal of the Chairman and Chief Executive Officer, the adoption of the annual budget and the multi-year strategic plan, and significant acquisitions and disposals of shareholdings or assets (in excess of €150 million), as well as strategic alliance agreements on technological and industrial cooperation.

However, Dassault Aviation has expressly undertaken to forgo the exercise of the veto right under the agreement over some of Thales' strategic operations; this decision concerns a series of potential acquisitions or disposals. In return, the Public Sector has waived its right to terminate the agreement in the event of a persistent disagreement regarding a strategic operation likely to harm its strategic interests [4].

Should Dassault Aviation exercise its veto right with respect the appointment of the Chairman and Chief Executive Officer after a consultation period of three months, either of the parties may terminate the agreement.

Shareholder interests

Dassault Aviation must hold at least 15% of the share capital and voting rights in Thales and remain the largest private shareholder in Thales. The Public Sector must take whatever measures are required to enable Dassault Aviation to comply with this undertaking.

The Public Sector undertakes to restrict its shareholding to 49.9% of Thales' capital and voting rights.

Term of the shareholders' agreement

In the absence of termination, on expiry of the contract on December 31, 2021, the agreement was tacitly renewed for another period of five years, expiring on December 31, 2026. It may be tacitly renewed for five-year periods.

The agreement will be automatically terminated and the concerted action between TSA and Dassault Aviation will also automatically cease should one of the parties commit, without prior consultation with the other party, an action which creates an obligation to make a public offer for Thales.

Option of unilateral termination of the agreement and agreement to sell to the Public Sector

The Public Sector has the option of terminating the agreement and asking Dassault Aviation to suspend the exercise of the voting rights that it holds above a threshold of 10% or to reduce its shareholding to less than 10% of Thales' capital in the event of:

- a serious breach by Dassault Aviation of its obligations, such as to substantially compromise the protection of the strategic interests of the French State, given that said obligations are subject to an "agreement on the protection of strategic national interests in Thales" (see below);
- a change in control of Dassault Aviation.

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[1] *Published in the Journal Officiel de la République Française of December 12, 2006 (see the Journal Officiel website: www.journal-officiel.gouv.fr) in accordance with the provisions of Article 1-1° of Decree 93-1041 of September 3, 1993 and pursuant to the aforementioned law No. 86-912 of August 6, 1986.*

[2] *This shareholders' agreement is presented in the Appendix to the report of Thales' Board of Directors to the Extraordinary Annual General Meeting of January 5, 2007, registered by the AMF on December 19, 2006 under number E.06-194 (available on the AMF website).*

[3] *With respect to the plan to separate the functions of Chief Executive Officer and Chairman, an amendment to the Thales shareholders' agreement was concluded between the Public Sector and Dassault Aviation on April 7, 2015, aimed at modifying the shareholders' agreement such that the Thales Board of Directors has 18 members, including 6 proposed by the Public Sector, 5 by the Industrial Partner (Dassault Aviation), 2 employee representatives, 1 employee shareholder representative, and 4 External directors. As the plan to separate the functions of Chief Executive Officer and Chairman did not succeed, the Shareholders' Agreement was reinstated in its initial version of May 19, 2009, by means of amendment No. 2, signed on May 13, 2015, and the provisions of the Agreement therefore remain unchanged. For more details on these amendments, refer to D&I 215C0404 of April 7, 2015 and D&I 215C0643 of May 15, 2015, published on the AMF's website.*

[4] *Acquisitions or disposals identified by the French State as having potentially significant importance with regard to its strategic defence interests and having the objective of strengthening the industrial and technological defence base in France.*

In this respect, Dassault Aviation irrevocably and definitively grants the Public Sector a promise to sell all of the shares held by Dassault Aviation if it is determined that Dassault Aviation's shareholding in Thales has remained above 10% of Thales' capital within six months of the Public Sector's request to reduce its stake.

The Public Sector [1] was bound by an undertaking to hold a stake in Thales, granting it at least 10% of the voting rights. This commitment expired on December 31, 2014 [2].

6.2.3.3.2 Agreement on the protection of strategic national interests

In addition, on May 19, 2009, Dassault Aviation endorsed the "agreement on the protection of national strategic interests in Thales," concluded on December 28, 2006, between Alcatel-Lucent and the French State, in the presence of TSA. This endorsement gives rise to the following obligations for Dassault Aviation:

- Dassault Aviation's registered office and operational headquarters must remain in France;
- directors of Thales proposed by Dassault Aviation must be nationals of the European Union;
- access to sensitive information concerning Thales is strictly controlled within Dassault Aviation;
- managers who are responsible for Dassault Aviation's holdings in Thales are French nationals;
- Dassault Aviation uses its best endeavors to prevent any action or influence in the governance and businesses of Thales by foreign national interests. In this respect, in the event of (i) a serious and unremedied breach by Dassault Aviation of its obligations under the agreement on the protection of strategic national interests, or if it emerges that the application of a foreign law by Dassault Aviation creates constraints for Thales that substantially compromise the protection of the strategic interests of the French State, or (ii) a change in control within Dassault Aviation contrary to the strategic interests of the Public Sector, the Public Sector may:
  - terminate the rights that Dassault Aviation enjoys under the shareholders' agreement; and if it deems it necessary;
  - ask Dassault Aviation either to suspend the exercise of any voting rights it holds in excess of 10%; or
  - to reduce its shareholding to less than 10% of Thales' capital through the disposal of shares on the market (under conditions consistent with its financial interests and market constraints). At the end of a six-month period from the date on which it was asked to reduce its shareholding, if the shareholding of Dassault Aviation is still in excess of 10% of Thales' capital, the French State may proceed with the aforementioned undertaking to sell.

6.2.3.3.3 Crossing of thresholds and declaration of intent

- Following the substitution of Alcatel-Lucent Participations by Dassault Aviation, within the concert formed with the Public Sector *vis-à-vis* Thales and the disposal of Thales shares owned by GIMD to Dassault Aviation on May 19, 2009, the latter exceeded jointly with the Public Sector the thresholds of 25% of the voting rights, 1/3 of the capital and voting rights, and 50% of the voting rights of Thales, and on May 20, 2009 the threshold of 50% of the capital of Thales.

  On May 20, 2009, the Public Sector together with Dassault Aviation exceeded the threshold of 50% of the capital of Thales.

  These changes were granted dispensation from the obligation to submit a proposal for a public offer. This decision is reproduced in Decision 208C2115 of November 27, 2008, and published in the Bulletin officiel des annonces légales (BALO) of December 1, 2008.

  It is available on the BALO website: https://www.journal-officiel.gouv.fr/balo/index.php.
- Dassault Aviation declared [3] that on July 9, 2012, it had individually exceeded the threshold of 25% of the voting rights and that, on that date, it individually held 52,531,431 Thales shares, representing 86,531,431 voting rights, i.e., 25.96% of the capital and 29.33% of the voting rights.

  This threshold was crossed due to the allocation of double voting rights to Dassault Aviation on a portion of its shareholding.
- Dassault Aviation declared [4] that on January 13, 2016, it "dropped below the threshold of 25% of the Company's capital and that it individually held 52,531,431 Thales shares, representing 87,185,780 voting rights, i.e., 24.90% of the Company's capital and 28.59% of its voting rights".

  Also, Dassault Aviation revealed that it crossed this threshold due to increasing the total number of Thales shares and voting rights. On this occasion, the concert party formed by TSA (Public Sector) and Dassault Aviation had not exceeded any thresholds.
- On January 15, 2018, the State and EPIC Bpifrance entered into an allocation agreement under which the State decided to allocate EPIC Bpifrance with 109,999,999 TSA shares, representing 99.99% of this company's capital (the State retaining one TSA share), it being recalled that TSA holds 54,786,654 Thales shares representing 109,573,308 voting rights.

  This allocation agreement provides, in particular, for EPIC Bpifrance to act in concert with the French State with regard to TSA, and through TSA alongside the French State to act in concert with Dassault Aviation *vis-à-vis* Thales.

  EPIC Bpifrance's exceeding in concert the 30% threshold of Thales' capital and voting rights was the subject of a prior decision by the AMF to waive the obligation to file a public offering. This was reproduced in Decision No. 217C0137 dated January 16, 2018.
- Following the completion of the allocation on January 29, 2018, EPIC Bpifrance declared [5] that it had, in concert with the French State, indirectly exceeded the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 1/3, and 50% of the share capital and voting rights of Thales, through the intermediary of TSA, which acts in concert with Dassault Aviation. On this occasion, EPIC Bpifrance indirectly crossed, on January 29, 2018, via the intermediary of TSA, the thresholds of 5%, 10%, 15%, 20%, and 25% of the capital and voting rights and 1/3 of the voting rights of the Company. The disclosure mentioned, in particular, that this transaction did not modify the terms and conditions of the concert between TSA and Dassault Aviation or the percentages of the joint stake in the capital and voting rights of Thales, that the French State remains the dominant party within this concert, and that, in accordance with the allocation agreement, EPIC Bpifrance will not ask to be represented on the Thales Board of Directors, such that the representation of the French State and Dassault Aviation on said Board will remain unchanged.

(1) *TSA and Sofivision, within the meaning of AMF Decision No. 208C2115. TSA absorbed Sofivision in the second half of 2012.*
(2) *See AMF Decision No. 208C2115, dated November 27, 2008, published in the Bulletin officiel des annonces légales (BALO) of December 1, 2008 and available on the AMF website. "The Public Sector will undertake to retain, after the agreement has reached its normal expiry date, a shareholding in Thales, giving it at least 10% of the voting rights until the earliest of the following three dates: (i) December 31, 2014, (ii) 3 years from the termination of the agreement, (iii) the date on which Dassault Aviation ceases to hold at least 15% of the share capital of Thales."*
(3) *See AMF Decision No. 212C0909 of July 12, 2012, available on the AMF website.*
(4) *See AMF Decision No. 216C0199 of January 20, 2016, available on the AMF website.*
(5) *See AMF Decision No. 218C0345 of February 6, 2018, available on the AMF website.*

- Dassault Aviation declared [1] that on July 25, 2023, it had individually exceeded the threshold of 25% of the Company's capital and that it individually held 52,665,702 Thales shares, representing 91,295,051 voting rights, or 25.05% of the Company's capital and 29.49% of its voting rights. Dassault Aviation also indicated that this threshold crossing was the result of an acquisition of Thales shares on the market and that, on this occasion, the concert formed by (i) EPIC Bpifrance in concert with the French State indirectly through TSA and (ii) Dassault Aviation did not cross any thresholds. In accordance with applicable regulations, the statement mentioned Dassault Aviation's intentions for the following 6 months, and in particular that:
  - Dassault Aviation intended to pursue the acquisition of additional Thales shares depending on market opportunities and, in any event respecting the French State's continued predominance within the concert;
  - Dassault Aviation had no intention of acquiring sole control of Thales, given that the concert already held such control, nor of requesting a change in the distribution of the number of directors within Thales.
- On September 5, 2023, as a result of the French State's taking over all 109,999,999 TSA shares from EPIC Bpifrance, the concert between the French State and EPIC Bpifrance in TSA came to an end. On this occasion, EPIC Bpifrance [2] declared that, on the same date, it had, in concert with the French State and indirectly through TSA, acting in concert with Dassault Aviation *vis-à-vis* Thales, crossed below the thresholds of 50%, 1/3, 30%, 25%, 20%, 15%, 10% and 5% of the Company's capital and voting rights, and no longer held any shares in the Company. On this occasion, EPIC Bpifrance, through the intermediary of TSA, indirectly fell below the thresholds of 1/3 of the voting rights and 25%, 20%, 15%, 10% and 5% of the capital and voting rights of the Company. In particular, the declaration states that this transaction does not modify the terms and conditions of the concert between TSA and Dassault Aviation or the participation of this concert in Thales.
- BlackRock Inc., acting on behalf of the clients and funds that it manages, declared [3] that, on August 26, 2025, it crossed upward the threshold of 5% of the Company's share capital and held, on behalf of said clients and funds, 10,333,481 Thales shares representing the same number of voting rights, i.e., 5.02% of the share capital and 3.42% of the voting rights.
- BlackRock Inc., acting on behalf of the clients and funds that it manages, declared [4] that, on August 27, 2025, it had crossed downward the threshold of 5% of the Company's share capital and held, on behalf of said clients and funds, 10,228,158 Thales shares representing the same number of voting rights, i.e., 4.97% of the share capital and 3.39% of the voting rights.
- BlackRock Inc., acting on behalf of the clients and funds that it manages, declared [5] that, on September 11, 2025, it had crossed upward the threshold of 5% of the Company's share capital and held, on behalf of said clients and funds, 10,426,132 Thales shares representing the same number of voting rights, i.e., 5.06% of the share capital and 3.45% of the voting rights.
- BlackRock Inc., acting on behalf of the clients and funds that it manages, declared [6] that, on September 12, 2025, it had crossed downward the threshold of 5% of the Company's share capital and held, on behalf of said clients and funds, 9,881,126 Thales shares representing the same number of voting rights, i.e. 4.80% of the share capital and 3.27% of the voting rights.
- BlackRock Inc., acting on behalf of the clients and funds that it manages, declared [7] that, on September 24, 2025, it had crossed upward the threshold of 5% of the Company's share capital and held, on behalf of said clients and funds, 10,384,469 Thales shares representing the same number of voting rights, i.e. 5.04% of the share capital and 3.44% of the voting rights.
- BlackRock Inc., acting on behalf of the clients and funds that it manages, declared [8] that, on September 25, 2025, it had crossed downward the threshold of 5% of the Company's share capital and held, on behalf of said clients and funds, 9,776,799 Thales shares representing the same number of voting rights, i.e., 4.75% of the share capital and 3.24% of the voting rights.

6.2.3.3.4 Specific agreement

On December 28, 2006, the French State (the Ministry of Defence and Ministry of the Economy) and Thales signed an agreement to give the French State control not only over the transfer of assets already mentioned in the Appendix to Decree No. 97-190 of March 4, 1997 but also over shares in Thales Alenia Space SAS, (hereinafter referred to as the "Strategic Asset"). The main elements of this agreement are as follows:

a) Where the Strategic Asset is a company (the "Strategic Company")

- Any proposed transfer of shares in the Strategic Company to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.
- Any proposed transfer of shares in the Company that directly or indirectly controls the Strategic Company to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.

b) Where the Strategic Asset is an isolated asset, unincorporated division, or branch of the business (the "Strategic Division")

- Any proposed transfer of shares in the Company that owns the Strategic Division to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.
- Any proposed transfer of shares in the Company that directly or indirectly controls the company referred to in the previous paragraph to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.

c) Any proposed transfer of sensitive assets to a third party

d) And any proposal intended to confer or having the effect of conferring particular rights on a third party

Shall be disclosed to the French State, which undertakes to issue its acceptance or refusal decision within thirty (30) working days from receiving the said notification. Failure by the French State to communicate its decision during said time signifies acceptance of the proposed transaction.

[1] *See AMF Decision No. 223C1198 of July 28, 2023, available on the AMF website.*
[2] *See AMF Decision No. 223C1384 of September 07, 2023, available on the AMF website.*
[3] *See AMF decision No. 225C1445 of August 28, 2025, available on the AMF website.*
[4] *See AMF decision No. 225C1456 of August 28, 2025, available on the AMF website.*
[5] *See AMF Decision No. 225C1549 of September 15, 2025, available on the AMF website.*
[6] *See AMF Decision No. 225C1561 of September 16, 2025, available on the AMF website.*
[7] *See AMF Decision No. 225C1637 of September 25, 2025, available on the AMF website.*
[8] *See AMF Decision No. 225C1647 of September 26, 2025, available on the AMF website.*

6.2.3.3.5 Golden share held by the French State and other restrictions related to foreign investments in France

The golden share held by the French State [1] entitles it to the following rights:

- "Any increase in the direct or indirect holding of securities, irrespective of the nature or legal form, beyond a threshold of one-tenth or a multiple thereof of the capital or voting rights of the Company by any natural person or legal entity, whether acting alone or in concert, must be approved in advance by the Minister for the Economy (…)";
- "Upon the proposal of the Minister of Defence, a representative of the French State appointed by decree sits on the Board of Directors of the Company as a non-voting director";
- "(…) decisions to dispose of or assign by way of guarantee the assets specified in the appendix to this decree may be opposed."

As of December 31, 2025, these assets consisted of the majority of the share capital in the following companies:

Thales DMS France SAS, Thales (Wigmore Street) Ltd, Thales SIX GTS France SAS, Thales LAS France SAS, Thales Nederland BV, Thales AVS France SAS, Thales Underwater Systems NV.

In addition, as a result of some of Thales' activities, particularly in the defence sector, shareholders and investors may be subject to certain restrictions applicable to foreign investments in France in accordance with Article L. 151-3 of the French Monetary and Financial Code and Article 10 of law No. 86-912 of August 6, 1986 on the terms and conditions of privatization.

6.2.3.4 Treasury shares

As of December 31, 2025, Thales held 464,490 of its treasury shares (0.23% of the share capital), i.e. the balance of the shares acquired and sold on the stock market or otherwise, under the authorizations granted to the Board of Directors by the Annual General Meeting, as described below.

Treasury shares are not subject to any restrictions and are freely transferable.

6.2.3.4.1 Authorization to trade in the Company's shares

On March 4, 2024, the Board of Directors decided to set this maximum buyback price to €190 per share as of May 16, 2024, subject to adopting the share buyback resolution by the Annual General Meeting of May 15, 2024. On April 2, 2025, the Board of Directors decided to set this maximum buyback price to €300 per share, subject to adopting the share buyback resolution by the Annual General Meeting of May 16, 2025.

Following the transactions in 2025 described below, the number of treasury shares held by the Company fell by (164,241) shares compared with the situation at December 31, 2024:

- purchase of shares on the market to meet commitments to deliver Free shares (165,000);
- delivery to beneficiaries of Free shares and 2024 employee shareholding transaction in the UK (-318,807);
- liquidity contract, net sales for the period (-10,434 shares).

6.2.3.4.2 Authority to cancel Company shares

The authorization granted to the Board of Directors by the Annual General Meeting of May 16, 2025, for a period of 24 months, to cancel, on one or more occasions, the shares held by the Company, up to a limit of 10% of the share capital, and this, as part of an authorization to buy back its own shares, was not used during the 2025 financial year.

6.2.3.4.3 Share buyback program

6.2.3.4.3.1 Description of the buyback program approved by the Annual General Meeting of May 16, 2025

- Maximum portion of capital subject to repurchase by the Company: 10% of the share capital, on the buyback date.
- Maximum theoretical number of shares that may be repurchased (indicative, given the number of shares making up the share capital as at December 31, 2025): 20,594,191.
- Maximum theoretical amount of the program: €6,178,257,300.
- Maximum unit purchase price: €300.

The objectives of the share buyback program approved by the Annual General Meeting of May 15, 2025 are as follows:

- to sell or allocate shares or rights attached to securities, particularly when share purchase options are exercised or existing shares are allocated for free, or when shares are sold and/or supplemented under an employee shareholding scheme transaction on existing shares, or in the event of allocations in any shape or form, to employees and executives of the Company and/or related companies, and to the Company's executive corporate officer, under the conditions defined by the applicable legal provisions in force;
- to retain shares for later use in connection with external growth transactions, mergers, spin-off or contributions;
- to enable the operations of the Thales share market by an investment services provider under a liquidity agreement that complies with market practice accepted by the French Financial Markets Authority (Autorité des marchés financiers - AMF);
- the cancellation of all or part of the shares thus repurchased.

This program is also intended to enable the implementation of any market practice which shall be accepted by the French Financial Markets Authority, and more generally, the carrying out of any other transaction in accordance with regulations in force, of which the Company shall inform its shareholders by means of a press release.

Duration of the program: 18 months from the Annual General Meeting of May 16, 2025, i.e., no later than November 15, 2026.

Thales has repurchased shares based on the authorization granted by the Annual General Meeting of May 16, 2025, in particular in the context of the liquidity contract described below.

Liquidity contract

In November 2004, Thales entered into a liquidity contract in accordance with the AFEI Code of Conduct, in order to regulate share trading. The contract was amended to comply with the AFEI Code of Conduct appended to the AMF decision of March 22, 2005, and since January 2019 with AMF decision No. 2018-01 of July 2, 2018 establishing liquidity contracts on equity securities as an accepted market practice.

6.2.3.4.3.2 Trading in Company shares during the 2025 financial year

In 2025, Thales traded in Company shares as part of its share buyback program, established in accordance with the AMF General Regulations (Article 241-1 *et seq.*).

These transactions were carried out within the framework of the share buyback program approved by: (i) the Annual General Meeting of May 15, 2024 for transactions carried out between January 1, 2025 and May 15, 2025; (ii) the Annual General Meeting of May 16, 2025 for transactions carried out between May 16, 2025 and December 31, 2025.

As of January 1, 2025, Thales held 628,731 treasury shares, or 0.31% of the capital, and 464,490 shares as of December 31, 2025.

[1] *Under Article 3 of Decree No. 97-190 of March 4, 1997.*

Breakdown of treasury shares by objective at December 31, 2025

The total number of shares held by the Company at this date was 464,490, representing 0.23% of Thales' share capital. The breakdown by objective was as follows:

Disposal or allotment of shares to Group employees and directors as stipulated by law, particularly when share purchase options are exercised or existing Free shares are allotted	391,185
Treasury shares for cancellation	—
Regulation of the market price by a liquidity contract drawn up in accordance with the AFEI Code of Conduct	73,305

Market value of the treasury shares at December 31, 2025

€106,739,802 at the closing price at December 31, 2025, i.e., €229.80.

	Aggregate gross amounts from January 1, 2025 at December 31, 2025	
	Procurement	Sales
Number of shares	1,188,742	1,034,176
Average transaction price *(in euros)* including possible discounts and Free shares	233.85	227.45
Amounts *(in euros)*	277,989,669	235,223,167

Thales did not make use of derivatives (futures sales) as part of this buyback program.

6.2.3.4.3.3 Description of the buyback program proposed to the Annual General Meeting of May 12, 2026

- Maximum portion of capital subject to repurchase: 10% of the share capital, on the buyback date.
- Maximum theoretical number of shares that may be repurchased (indicative, given the number of shares making up the share capital as at December 31, 2025): 20,594,191.
- Maximum unit purchase price: €350.
- Maximum theoretical amount of the program: €7,207,966,850.

The objectives of the share buyback program proposed to the Annual General Meeting of May 12, 2026 are as follows:

- to sell or allocate shares or rights attached to securities, particularly when share purchase options are exercised or existing shares are allocated for free, or when shares are sold and/or supplemented under an employee shareholding scheme transaction on existing shares, or in the event of allocations in any shape or form, to employees and executives of the Company and/or related companies, and to the Company's executive corporate officer, under the conditions defined by the applicable legal provisions in force;
- to retain shares for later use in connection with external growth transactions, mergers, spin-off or contributions;
- to enable the operations of the Thales share market by an investment services provider under a liquidity agreement that complies with market practice accepted by the French Financial Markets Authority (Autorité des marchés financiers - AMF);
- the cancellation of all or part of the shares thus repurchased.

This program is also intended to enable the implementation of any market practice which shall be accepted by the French Financial Markets Authority, and more generally, the carrying out of any other transaction in accordance with regulations in force, of which the Company shall inform its shareholders by means of a press release.

Duration of the program: 18 months from the Annual General Meeting of May 12, 2026, i.e., no later than November 11, 2027.

Subject to the approval by the Annual General Meeting of the above proposed share buyback program, the Company intends to continue the liquidity contract mentioned in section 6.2.3.4.3.1 above.

6.2.3.5 Free share, unit, or phantom share plans subject or not subject to performance conditions

The Group regularly grants its employees and executives Free shares as part of its performance management policy for Group employees. These various plans are described below.

6.2.3.5.1 Allotment of Free shares

Allotments of Free shares and/or performance shares

In 2025, with the approval of the Annual General Meeting, the Board of Directors set up a 17th Free share allotment plan.

The Chairman and Chief Executive Officer (the sole Executive Corporate Officer) is not eligible for this plan.

The allocation of June 26, 2025 is characterized as follows:

Shares subject to performance conditions

- Based on the 2024 plan, five criteria are used: Adjusted EBIT, free operating cash flow, organic sales growth and the reduction rate of scopes 1 and 2 of greenhouse gas emissions, and the proportion of women in positions with pay grades of 10 to 12; each of which accounts for 40%, 20%, 20%, 10% and 10% respectively.
- Performance conditions are calculated in tranches over three consecutive years: 2026, 2027 and 2028.
- Shares may be validated in tranches of one-third once the Board of Directors has approved the Group's consolidated financial statements for the three financial years concerned.
- The number of shares vested will not exceed the number of shares initially awarded.
- All designated beneficiaries of the plan are awarded shares validated at the end of a four-year vesting period subject to compliance with the employment conditions stipulated in the plan's rules.

Date of Board decision	06/26/25	06/25/2024	07/20/2023	06/30/2022
	Performance shares	Performance shares	Performance shares	Performance shares
Number of beneficiaries at grant date [a]	864	876	848	815
Share price at grant date	€242.40	€158.10	€138.55	€116.00
Number of shares awarded [a]	196,597	244,618	286,010	268,555
Number of Free shares at 12/31/2024	—	241,772	282,370	259,795
Cancellation of allotments in the financial year 2025	724	2,206	1,880	2,270
Adjustment	—	—	—	—
Early allotments during the 2025 financial year [b]	—	—	—	—
Number of shares delivered on expiry of the plan	n.a.	n.a.	n.a.	n.a.
Balance of Free shares, net of cancellations and early allotments as of 12/31/2025	195,873	241,772	282,370	259,795
Number of beneficiaries remaining as of 12/31/2025	863	870	835	782
Vesting period	06/26/2025 to 06/26/2029	06/25/2024 to 06/25/2028	07/20/2023 to 07/20/2027	06/30/2022 to 06/30/2026

(a) These figures include 4,648 shares subject to performance conditions allocated to six beneficiaries under the terms and conditions of the June 25, 2024 bonus share plan, and 350 shares also subject to performance conditions allocated to one beneficiary under the terms and conditions of the June 26, 2025 bonus share plan. These two items are carried out pursuant to a delegation of authority from the Board of Directors.

(b) Due to the death of beneficiaries.

Allotment of shares in financial year 2025

Ten largest share awards to employees during the financial year	Number of shares awarded	Share price on the date of award	Plan's date
Shares subject to performance conditions	39,500	€242.40	June 26, 2025

During the financial year 2025, the allotment of shares subject to performance conditions to employees of the Company or its subsidiaries (excluding Thales executive officers) was between 93 and 5,000 shares.

Share grants to the Chairman and Chief Executive Officer are described in section 4.4.1 of this document.

6.2.3.5.2 Allotment of units or units subject to performance conditions indexed to the Thales share price

No plan for the allotment of units was set up for employees in 2025.

6.2.3.5.3 Allotment of phantom shares or phantom shares subject to performance conditions indexed to the Thales share price

In June 2025, two phantom share plans (an international plan and one specific to the United States) based on the Thales share price were implemented for certain international employees. These plans are equivalent to the performance-based Free share plans offered to employees in France.

Through these plans, 292 people received 47,503 phantom shares under the international plan (excluding the United States) under the same performance conditions as the Free shares allocated on the same date.

In addition, 53 people received 8,808 phantom shares under the specific plan applicable in the United States, the performance conditions of which are Adjusted EBIT, free operating cash flow, organic sales growth and the reduction rate of scope 1 and 2 greenhouse gas emissions; each of these criteria accounts for 40%, 20%, 20% and 20% respectively.

6.2.3.5.4 Validation of performance conditions for financial year 2025

Stock option, share, unit and phantom share plans subject to performance conditions	Validation of 1st third of share award		Validation of 2nd third of share award		Validation of 3rd third of share award	
	Reference year	% of performance conditions achieved	Reference year	% of performance conditions achieved	Reference year	% of performance conditions achieved
June 30, 2022	2023	100%	2024	100%	2025	100%
July 20, 2023	2024	100%	2025	100%	2026	—%
June 25, 2024	2025	100%	2026	—%	2027	—%
June 26, 2025	2026	—%	2027	—%	2028	—%

6.2.3.6 Shares owned by the Public

The Company is entitled to obtain information at any time, under the conditions provided for by law, on the identity and quantum of the shareholding of holders of bearer securities representing, immediately or in the future, a fraction of its share capital (the identification procedure under the "Shareholders Rights 2" directive or "SRD 2").

Based on the results of the "SRD 2" surveys carried out at the end of the year with the Central Securities Depository (CSD) France and the information on employee shareholding available to the Company, the breakdown of shares held by the public can be estimated as follows:

(in thousands of shares)	12/31/25	12/31/24
French institutional investors	15,488	14,979
Non-resident institutions	53,151	60,537
Others (brokerage firms, etc.)	7,406	3,459
Employee share purchase plan	6,164	6,558
Individual shareholders and associations [(a)]	11,448	8,725
Not identified	2,281	1,516
Subtotal (all holders)	**95,938**	**95,774**
TOTAL NUMBER OF SHARES	**205,942**	**205,942**

(a) Mainly French residents.

	As a % of total capital		As a % of free-floating capital [(a)]	
	12/31/25	12/31/24	12/31/25	12/31/24
French institutional investors	7.5	7.3	16.1	15.6
Non-resident institutions	25.8	29.4	55.4	63.2
Others (brokerage firms, etc.)	3.6	1.7	7.7	3.6
Employee share purchase plan	3.0	3.2	6.4	6.8
Individual shareholders and associations	5.6	4.2	11.9	9.1
Not identified	1.1	0.7	2.4	1.6
ALL HOLDERS	**46.6**	**46.5**	**100**	**100**

(a) Here, free float is understood as "public" as defined above, i.e., share capital excluding treasury shares and shares held in concert.

• GEOGRAPHIC BREAKDOWN OF INSTITUTIONAL INVESTORS

12/31/25	Number of shares held *(in thousands)*	As a % of total capital	As a % of free-floating capital [(a)]	Number of investors
France	15,488	7.5	17.3	96
Continental Europe (excluding France)	6,941	3.4	7.7	148
North America	30,221	14.7	33.7	150
United Kingdom & Ireland	12,793	6.2	14.3	73
Rest of the world	3,194	1.6	3.6	58
TOTAL	**68,640**	**33.3**	**76.5**	**525**

(a) Here, free float is understood as "public" excluding employees' shareholding; i.e., share capital excluding employees' shareholding, treasury shares and shares held in concert.

6.2.3.7 Employee Shareholdings as of December 31, 2025

As of December 31, 2025, employees and former employees of the Group held 6,164,289 Thales shares, representing 2.99% of the capital (and 3.81% of the exercisable voting rights) [e].

Holding by country	In number of shares	As a % of employee share ownership	As a % of capital	Related voting rights as a % of total exercisable voting rights
Shares held through the Group savings plan PEG in France and worldwide (two dedicated funds [a])	3,871,465	62.80%	1.88%	2.53%
Shares held through the Group savings plan PEG in the Netherlands (one dedicated fund [b])	82,694	1.34%	0.04%	0.05%
Shares held through a trust – SIP [c] – United Kingdom	189,417	3.07%	0.09%	0.06%
Shares held directly – France and world [d]	189,191	3.07%	0.09%	0.11%
Shares held directly through allotments of Free shares (Article L. 225-197-1 of the French Commercial Code) – France and world [f]	1,831,522	29.71%	0.89%	1.06%
Total number of shares held by current or former employees [e]	**6,164,289**	**100.00%**	**2.99%**	**3.81%**
TOTAL SHARE CAPITAL	**205,941,913**	—	—	—

(a) "Actions Thales" and "World Classic" funds.
(b) "Netherlands Classic" funds.
(c) FCPE equivalents.
(d) Including direct USA holdings since October 14, 2024.
(e) This line shows total employee share ownership. For information purposes, since law No. 2019-486 of May 22, 2019, employee share ownership within the meaning of the French Commercial Code (Art. L. 225-102) excludes shares granted free of charge under the LTI Plans prior to 2016 (in the absence of an amendment to the bylaws to include such shares) as well as shares held through the Share Incentive Plan (SIP). At December 31, 2025, this total amounted to 4,942,793 shares and 9,240,867 voting rights, i.e., 2.40% of share capital and 3.07% of exercisable voting rights.
(f) This number of shares includes the 2014 and 2015 LTI unit plans delivered in 2018 and 2019.

6.3 Related-party agreements

6.3.1 Commitments and agreements authorized after year-end

The Board of Directors has not authorized any new commitments or agreements since the closing date.

6.3.2 Commitments and agreements authorized in 2025

No new related-party commitments or agreements were authorized by the Board of Directors pursuant to Article R. 225-30 (1) of the French Commercial Code in 2025.

6.3.3 Agreements authorized during previous financial years

The agreements authorized by the Board of Directors and approved by the Annual General Meeting in previous financial years that continued to be performed in 2025 have been disclosed to the statutory auditors in accordance with the applicable regulations.

GIE Software République (agreement approved by the Annual General Meeting of May 11, 2022):

On January 27, 2022, Thales SA took part in the creation of an Economic Interest Grouping (EIG) without capital, called "Software République", with several partner companies, including Dassault Systèmes SE (a company which shares a common director with Thales SA, Mr. Charles Edelstenne), and which is in the interest of Thales SA to promote the launch of innovative projects in the field of connected mobility.

For financial year 2025, Thales SA paid this Economic Interest Grouping a total of 96,000 euros including VAT in annual dues and 24,000 euros including VAT under a project.

6.3.4 Statutory auditors' report on related-party agreements

Annual General Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2025

To the Shareholders,

In our capacity as statutory auditors of your Company, we hereby report on regulated agreements with third parties.

It is our responsibility to inform you, based on information provided to us, of the characteristics and principal terms and conditions as well as the reasons justifying the interest for your Company of those agreements of which we have been informed or which we discovered at the time of our engagement, without expressing an opinion on their usefulness and appropriateness or seeking to identify other agreements. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (Code de commerce), to assess the benefits resulting from the conclusion of these agreements prior to their approval.

Furthermore, it is our responsibility, where applicable, to inform you in accordance with Article 225-31 of the French Commercial Code (Code de commerce) relating to the performance, during the past fiscal year, of the agreements already approved by the Annual General Shareholders' meeting.

We conducted the procedures we deemed necessary in accordance with professional guidance issued by the French statutory auditors' Institute (Compagnie nationale des commissaires aux comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements submitted for approval of the Annual General Shareholders' Meeting

We hereby inform you that we have not been advised of any agreements authorized and entered into in the course of the year to be submitted to the Annual General Shareholders' Meeting for approval in accordance with Article 225-38 of the French Commercial Code (Code de commerce).

Agreements already approved by the Annual General Shareholders' Meeting

Pursuant to Article 225-30 of the French Commercial Code (Code de commerce), we have been advised that the following agreements, already approved by the Annual General Meeting during prior fiscal years, continued during the fiscal year.

- **With the Economic Interest Grouping (G.I.E) Software République**

Related person

Mr. Charles Edelstenne, director of Dassault Systèmes and of your Company, both of which are members of the G.I.E.

Nature, purpose, and terms

On 27 January 2022, your Company participated in the creation of an economic interest grouping without capital, named Software République, together with several partner companies, including Dassault Systèmes.

For the fiscal year ended 31 December 2025, your Company paid this economic interest grouping a total amount of €120,000 including tax, of which €96,000 including tax relating to the annual membership contribution and €24,000 including tax in connection with relating to a project.

Neuilly-sur-Seine et Paris-La Défense, March 2, 2026

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Cédric Haaser
Édouard Cartier

ERNST & YOUNG Audit
Serge Pottiez
Vincent Gauthier

6.4 Stock market information and financial communication

6.4.1 Thales shares

6.4.1.1 Listing market

Thales shares are listed on the Euronext Paris (compartment A), a regulated market. They are eligible for the Deferred Settlement Service (DSS).

- ISIN: FR0000121329
- Reuters: TCFP.PA
- Bloomberg: HO FP

6.4.1.2 Index listing

As of December 31, 2025, Thales shares are included in the following main Indexes:

- Euronext Paris Indices: CAC 40, CAC 40 ESG, SBF 120, SBF 250, CAC Large 60, CAC All-Shares and CAC SBT 1.5;
- International Indices: DJ Euro Stoxx 600, FTSEurofirst 300.

6.4.1.3 Share price and trading volumes on Euronext Paris

6.4.1.3.1 Monthly data from January 2024 to December 2025

	Number of sessions	Number of shares traded	Capital traded *(in millions of euros)*	Average daily trading volume	Average weighted price *(euros)*	Highest price *(euros)*	Lowest price *(euros)*	Closing price *(euros)*
Year 2025								
January	22	5,197,598	762.4	236,254	146.69	156.30	134.20	156.10
February	20	6,842,401	1,201.1	342,120	175.54	194.65	154.30	191.65
March	21	13,424,655	3,236.2	639,269	241.06	264.40	211.00	245.60
Q1 2025	**63**	**25,464,654**	**5,199.7**	**404,201**	**204.19**	**264.40**	**134.20**	**245.60**
April	20	7,562,357	1,834.2	378,118	242.54	261.30	207.00	244.90
May	21	5,680,367	1,442.5	270,494	253.95	275.20	233.20	267.40
June	21	6,899,353	1,743.3	328,541	252.68	276.80	236.70	249.60
Q2 2025	**62**	**20,142,077**	**5,020.0**	**324,872**	**249.23**	**276.80**	**207.00**	**249.60**
July	23	6,236,359	1,513.0	271,146	242.56	2.56	228.80	235.80
August	21	4,213,264	973.0	200,632	230.91	239.60	217.50	225.20
September	22	6,574,424	1,614.0	298,837	245.48	266.60	217.20	266.60
Q3 2025	**66**	**17,024,047**	**4,099.5**	**257,940**	**240.80**	**266.60**	**217.20**	**266.60**
October	23	5,283,001	1,362.0	229,696	257.75	279.30	243.50	246.90
November	20	4,943,112	1,163.0	247,156	235.34	250.80	220.30	225.40
December	21	4,120,494	935.0	196,214	227.03	235.40	216.20	229.80
Q4 2025	**64**	**14,346,607**	**3,460.5**	**224,166**	**241.20**	**279.30**	**216.20**	**229.80**
FY 2025	**255**	**76,977,385**	**17,780.0**	**301,872**	**230.97**	**279.30**	**134.20**	**229.80**

	Number of sessions	Number of shares traded	Capital traded *(in millions of euros)*	Average daily trading volume	Average weighted price *(euros)*	Highest price *(euros)*	Lowest price *(euros)*	Closing price *(euros)*
Year 2024								
January	22	4,431,121	603.7	201,415	136.24	142.30	132.15	135.35
February	21	6,545,039	891.5	311,669	136.21	162.00	131.45	137.05
March	20	7,099,477	1,056.9	354,974	148.87	162.00	135.40	158.05
Q1 2024	**63**	**18,075,637**	**2,552.1**	**286,915**	**141.19**	**162.00**	**131.45**	**158.05**
April	21	4,771,139	752.3	227,197	157.68	162.80	152.55	157.95
May	22	3,563,741	588.0	161,988	165.00	169.20	157.10	166.65
June	20	5,199,970	823.4	259,999	158.35	174.50	148.15	149.50
Q2 2024	**63**	**13,534,850**	**2,163.8**	**214,839**	**159.87**	**174.50**	**148.15**	**149.50**
July	23	4,892,097	734.6	212,700	150.16	157.85	141.10	146.95
August	22	2,852,719	420.9	129,669	147.54	153.80	140.25	152.00
September	21	4,257,417	621.8	202,734	146.05	151.65	139.10	142.55
Q3 2024	**66**	**12,002,233**	**1,777.3**	**181,852**	**148.08**	**157.85**	**139.10**	**142.55**
October	23	4,796,865	719.8	208,559	150.06	155.20	141.90	148.15
November	21	6,463,709	973.3	307,796	150.57	164.65	139.70	141.50
December	20	5,282,075	734.1	264,104	138.98	143.70	135.25	138.65
Q4 2024	**64**	**16,542,649**	**2,427.2**	**258,479**	**146.72**	**164.65**	**135.25**	**138.65**
FY 2024	**256**	**60,155,369**	**8,920.0**	**234,982**	**148.29**	**174.50**	**131.45**	**138.65**

6.4.1.3.2 Annual data for 2024 and 2025

- **PRICE AND PERFORMANCE TRENDS**

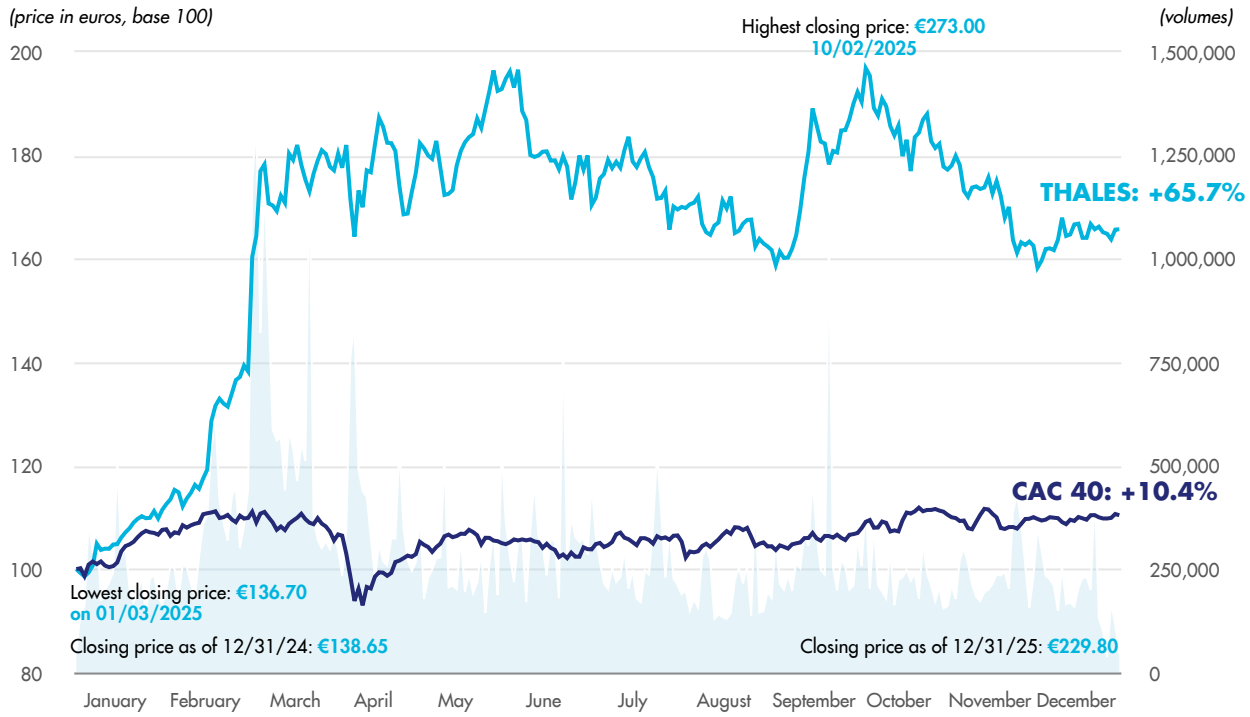
	2025	2024
Closing price *(in euros)*	229.80	138.65
Session high *(in euros)*	279.30	174.50
Session low *(in euros)*	134.20	131.45
Weighted average price *(in euros)*	230.97	148.29
Dividend paid for the previous year *(in euros)*	3.70	3.40
Total return for the year (TSR) [(a)] *(as a %)*	+68.4%	+5.7%
Change in Thales share price over the period *(as a %)*	+65.7%	+3.5%
Change in the CAC 40 over the period *(as a %)*	+10.4%	-2.1%

(a) Total Shareholder Return: differential between annual closing prices, plus the dividend paid during the year (for the previous financial year), relative to the initial price.

	2025	2024
Average number of shares traded per session *(in thousands)*	302	235
Total number of shares traded during the period *(in millions)*	77	60
Total capital traded during the period *(in millions of euros)*	17,780	8,920
Monthly average number of shares traded *(in thousands)*	6,415	5,013
Average monthly capital traded *(in millions of euros)*	1,482	743
Total number of shares comprising the capital (period-end, *in millions*)	206	206

6.4.1.3.3 Chart and comments on changes in the price and trading volumes from January 1, 2025 to December 31, 2025

Price And Volumes Traded From January 1, 2025 To December 31, 2025



Comments on share price in 2024 and 2025

- The market recorded good performance in **2025**, with the CAC 40 up +10.4%. Thales shares outperformed the index (+65.7% for the year) thanks to a robust financial performance and a substantial re-rating of defence companies in 2025.
- The market recorded a slightly negative performance in **2024**, with the CAC 40 down -2.1%. Thales shares outperformed the index (+3.5% for the year), having benefited from the Group's solid financial results and a favorable outlook.

Comments on the change in traded volumes in 2024 and 2025

- The number of securities traded rose sharply in **2025**, with 77 million shares traded over 12 months (an increase of 28%). Trading volumes increased significantly in the first three quarters of 2025 compared with 2024, driven by a particularly dynamic defence sector. The number of securities traded decreased in fourth-quarter 2025 compared with 2024. The same increase was also observed on the CAC 40 index, with a +4% increase in trading volumes on the primary market in 2025 compared with 2024. The Stoxx Europe 600 Industrial Goods & Services index rose +1% in volumes traded between 2024 and 2025.
- Securities traded slowed once again in **2024**, with 60 million securities traded over 12 months (a 7% decrease). Trading volumes fell sharply in the first quarter compared with 2023 then stabilized over the rest of the year. The same decline was also observed on the CAC 40 index, with a -3.1% drop in trading volumes on the primary market in 2024 compared with 2023. The Stoxx Europe 600 Industrial Goods & Services index dipped -21% in volumes traded between 2023 and 2024.

6.4.1.4 Dividend and distribution policy

Dividends are paid to the holders of shares in accordance with law. The Company uses the Euroclear direct payment procedure.

The Annual General Meeting of May 16, 2025 approved the distribution of a dividend of €3.70 per share.

Per-unit dividend information is provided below, it being specified that dividends paid for 2022, 2023 and 2024 may be eligible for an allowance under the conditions provided for by the French General Tax Code (Article 158, 3., 2°):

- **DIVIDENDS PAID FOR THE PAST FOUR YEARS**

(in euros)	2025 [a]	2024	2023	2022
Dividend	3.90	3.70	3.40	2.94

(a) Subject to the approval of the Annual General Meeting on May 12, 2026.

6.4.2 Financial communication policy

6.4.2.1 General Overview

Thales' policy is to provide its shareholders with regular, clear, and transparent information, in compliance with the financial reporting rules and practices on disseminating information applicable to listed companies.

In addition to this Universal Registration Document filed with the French financial markets authority AMF, which includes details of all the consolidated financial statements and associated analysis, business activities and results by operating segments, the main statutory information about the Company, and its Corporate Responsibility policy, Thales also publishes an interim report as well as press releases. Other publications include an integrated report and a social report, providing a detailed description of its commitments and achievements in these areas.

All Thales' information documents, presentations, and financial press releases are available on the Thales website at www.thalesgroup.com.

Thales also holds briefings for the financial community by teleconference, where appropriate, particularly when announcing results, annual and interim financial statements, and quarterly information, as well as important strategic or financial operations.

Regular meetings between Thales executives and institutional investors are held in Europe and North America, typically as part of periodic roadshows, "Investor Days" (Capital Markets Day) or visits to operational sites to present the Group's activities and strategy in greater detail. In this respect, Thales organized a Capital Markets Day on November 14, 2024, open to financial analysts, institutional investors and journalists. The event, that was broadcasted live on the Group's internet website, was an opportunity for the Group to present its new strategic roadmap up to 2028 to the financial markets.

Thales also regularly exchanges information on its corporate social responsibility policy with the Socially Responsible Investor (SRI) community. These reports cover corporate social and environmental governance and international trade issues, especially regarding anti-corruption measures and control over the export of defence equipment and technologies as well as dual-use goods and technologies.

The first Capital Markets Day dedicated to ESG (Environmental, Social, and Governance criteria) was held in October 2021.

Finally, Thales also maintains an ongoing dialog with international financial analysts and institutional investors in order to provide them with information about the Group's business activities and strategy.

6.4.2.2 Provisional financial reporting calendar for 2026

April 21	Publication of quarterly information for the first quarter of 2026
May 12	Annual General Meeting of Shareholders
July 23	Publication of consolidated profit and loss account for the first half of 2026
October 22	Publication of quarterly information for the third quarter of 2026

6.4.2.3 Contacts

Investor Relations Department

4, rue de la Verrerie
92190 Meudon – France
e-mail: ir@thalesgroup.com

6.4.2.4 Documents on display

Thales' Articles of Association, minutes of the Annual General Meetings and Board of Directors' reports to the General Meetings, statutory auditors' reports, financial statements for the last three financial years, and, more generally, all documents provided or made available to shareholders in compliance with law may be viewed at Thales' registered office.

Some of these documents are also available on the Group's website (https://www.thalesgroup.com/en/investor-relations/regulated-information).

6.4.3 Other market securities

As of December 31, 2025, six of the Group's bonds are listed. Their amounts and main characteristics are shown in Note 6.2 of the consolidated financial statements, page 271.

6.5 History

1893

Compagnie Française Thomson-Houston (CFTH) established to exploit the patents of the US company Thomson-Houston Electric Corp. in France in the field of power generation and transport.

1918

Compagnie Générale de Télégraphie Sans Fil (CSF), a pioneer in broadcasting electro-acoustics and radar technology, established.

1968

Creation of Thomson-CSF with the merger of CSF and the electronics business of Thomson-Brandt.

1982

Nationalization.

1983

Disposal of civil telecommunications business to Compagnie Générale d'Electricité (now Alcatel-Lucent).

1987

Sale of the medical imaging activities (CGR) to General Electric and establishment of SGS-Thomson by merging the semiconductor business with that of the Italian company SGS.

1989

Acquisition of the defence electronics business of the Philips group.

1997

Disposal of the stake in SGS-Thomson (now STMicroelectronics).

1998

Privatization; Alcatel and Groupe Industriel Marcel Dassault GIMD contribute assets and become shareholders. Creation of Alcatel Space, owned by Thomson-CSF (49%) and Alcatel (51%) and combining the space business of Alcatel, Aerospatiale, and Thomson-CSF.

1999

Acquisition of 100% of the capital of Sextant Avionique, a joint venture between Thomson-CSF and Aerospatiale (now Airbus) in avionics.

2000

Takeover of Racal electronics in the United Kingdom. Thomson-CSF is renamed Thales.

2001

Thales sells its stake in Alcatel Space.

2007

Acquisition of Alcatel-Lucent's Transport & Security, Space activities and sale to DCNS (now Naval Group) of the surface naval activities in France. At the same time, a 25% stake in DCNS (now Naval Group) was acquired from the French State.

2009

Acquisition by Dassault Aviation of the Thales shares held by Alcatel-Lucent and GIMD. Dassault Aviation becomes a shareholder of Thales with a 26% stake in the Company.

2011

Increase to 35% of the stake in DCNS (now called Naval Group).

2014

Launch of the *"Ambition 10"* strategic plan.

2019

Gemalto acquisition completed on April 2, 2019.

2021

Announcement of the disposal of the Transport business to Hitachi Rail.

2023

Acquisition of the US cybersecurity company Imperva as well as the announcement of the acquisition of the French company Cobham Aerospace Communications.

2024

Acquisition of French company Cobham Aerospace Communications, and finalization of the sale of the Transport business to Hitachi Rail. Capital Markets Day during which the strategic roadmap for 2028 was disclosed.


Terminal B
THALES

7

Financial statements

7.1 Consolidated financial statements 256

7.1.1 Consolidated profit and loss account 256
7.1.2 Consolidated statement of comprehensive income 257
7.1.3 Consolidated statement of changes in equity 257
7.1.4 Consolidated balance sheet 258
7.1.5 Consolidated statement of cash flows 259
7.1.6 Notes to the consolidated financial statements 260

7.2 Parent company management report 299

7.2.1 Parent company management report 299
7.2.2 Parent company financial statements 303

7.3 Statutory auditors' reports 328

7.3.1 Statutory auditors' report on the consolidated financial statements 328
7.3.2 Statutory auditors' report on the financial statements 333

7.4 Statutory auditors 336

7.4.1 Regular statutory auditors 336
7.4.2 Honorary statutory auditors 336

7.1 Consolidated financial statements

7.1.1 Consolidated profit and loss account

(in € millions)	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 *(in euros)*	Note 8.2	8.15	6.91
Diluted earnings per share *(in euros)*	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 October 8, 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

(in € millions)	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

(in € millions)	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	-I-	**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.

Note 1.	Accounting standards framework	261
Note 2.	Segment information	262
Note 3.	Impact of changes in scope of consolidation and other non-current items	265
Note 4.	Property, plant and equipment and intangible assets	267
Note 5.	Investments in equity affiliates	269
Note 6.	Financing and financial instruments	270
Note 7.	Income tax	278
Note 8.	Equity and earnings per share	281
Note 9.	Employee benefits	283
Note 10.	Current operating assets and liabilities	287
Note 11.	Administrative, judicial or arbitration claims	290
Note 12.	Subsequent events	290
Note 13.	Accounting policies	291
Note 14.	Fees paid to statutory auditors	297
Note 15.	List of main consolidated companies	298

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:

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.

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.

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 to 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) Tangible and intangible assets, 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 thirds 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 May 31, 2024, Thales finalised the sale of its Transport business to Hitachi Rail for an enterprise value of €1.66 billion.

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 allocation to intangible assets (technologies and customer relationships amounting to €13.6 million and €12.2 million respectively, and the related tax -€7.6 million), 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 €6.5 billion (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 pension 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] [d]	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, at end of 2024, 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.

(d) Tesserent'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 five-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 CO_2 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**
Including Naval Group	*924.4*	*882.4*

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:

Balance sheet (100% interest)	**31/12/25**	**31/12/24**
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 as 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					31/12/24	
	Nominal value				Market value	Nominal value	Market value
	USD	GBP	Other	Total			
Negociations 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 (cash pooling), 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	
Fully consolidated entities	**Base**	**Tax**	**Base**	**Tax**
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
2026	1.2
2027-2030	4.7
Beyond 2030	3.8
Not time limited	730.7
TOTAL	**740.4**
O/w, depreciated	(693.4)
NET DEFERRED TAX ASSET	**47.0**

	At 31/12/24
2025	1.3
2026-2029	0.2
Beyond 2029	6.6
Not time limited	663.4
TOTAL	**671.5**
O/w, depreciated	(624.9)
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 March 3, 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 March 2, 2026, the Board of Directors decided to propose to shareholders, who will be convened to a General Meeting on May 16, 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 1, 2023, Thales reached an agreement to insure all the commitments under the main UK pension scheme (Thales UK Pension Scheme).

On July 10, 2025, the insurer Rothesay took over all of Thales' 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 alloted 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 claim, 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 organisations);
- the Defence 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 15.

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 fulfilment 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 LAS 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	Italie	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.

7.2 Parent company management report

7.2.1 Parent company management report

7.2.1.1 Activity and results

Operating income amounted to €972.0 million, compared to €890.3 million in 2024. Revenue amounted to €872.0 million compared to €816.6 million in 2024.

The description of activities by field is presented in the attached annexes.

The main components of turnover correspond to:

- re-invoicing of rents and real estate works to operating subsidiaries;
- sales of studies, the latter being mainly carried out by the Group's Central Research and Technology Department;
- corporate fees paid by the direct operating subsidiaries;
- re-invoicing to these subsidiaries, of general or specific services provided by the central departments operated by the parent company;
- and re-invoicing of personnel expenses and miscellaneous expenses carried by the headquarter on behalf of these subsidiaries.

Other operating income amounted to €100.0 million compared to €73.7 million in 2024.

Net operating loss amounted to €(83.0) million, compared to €(101.2) million in 2024.

Net financial income amounted to €1,405.1 million, compared to €1,182.5 million in 2024.

Provisions for equity investments and subsidiary risks amounted to €(13.8) million in 2025, compared to €(49.8) million in 2024. Reversals of provisions for equity investments and subsidiary risks represented €227.0 million in 2025, compared to €40.5 million in 2024.

Income from investments amounted to €1,408.0 million in 2025, compared to €1,509.6 million in 2024.

Net non-recurring income was equal to zero in 2025, compared to €(1.4) million in 2024. In 2025, the ANC regulation No. 2022-06 amending the definition of exceptional result (see Note 1 of the annex to the accounts), led to reclassify restructuring costs within operating income.

The company recorded a corporate income tax benefit of €66.5 million (€114.1 million in 2024). This represents the net total of (i) the amount to be received from tax consolidated profitable subsidiaries and (ii) the income tax expense payable to the State.

It also includes the additional contribution to corporation tax adopted in the 2025 budget, resulting in a surcharge of 41.20%, recorded for an amount of €58.0 million.

In 2025, non-deductible expenses (pursuant to Articles 223 and 39.4 of the French General Tax Code) amounted to €(0.4) million.

Net profit for the 2025 financial year amounted to €1,388.6 million, up compared to €1,194.0 million in 2024.

7.2.1.2 Balance sheet as at December 31, 2025

The balance sheet total was €26,748.0 million at year-end 2025, decreasing by €476.2 million compared to €27,224.1 million at the end of 2024.

The total non-current assets of €20,507.7 million, compared to €20,263.2 million in 2024, were primarily composed of financial investments.

The €135.9 million increase in investments in subsidiaries and affiliates was primarily due to a net effect of disposals and acquisitions carried out in 2024 and a net reversal of depreciation in 2025.

Other financial assets increased by €83.9 million.

Current assets, at €6,240.3 million at the end of December 2025, decreased by €720.6 million mainly on the current accounts of subsidiaries and their associated loans as well as on cash equivalents.

The balance of current accounts with respect to Group companies corresponded to a net debt of €10,545.4 million at year-end 2025, compared to €9,632.1 million at year-end 2024.

Financial debt amounted to €4,545.6 million at year-end 2025, compared to €6,027.5 million at year-end 2024. This included bond issues for a total amount of €3,400.0 million, commercial paper totaling €1,038.2 million, as well as foreign currency- and euro-denominated liabilities to Group subsidiaries and affiliates.

At year-end 2025, share capital stood at €617.8 million, while total equity totaled €8,837.1 million, compared to €8,229.2 million at year-end 2024.

The table below presents the aging of receivables and payables by invoice date:

- **INVOICES RECEIVED AND ISSUED AS AT THE CLOSING DATE OF THE FINANCIAL YEAR WHICH HAS JUST ELAPSED (TABLE PROVIDED FOR IN Article D. 441-4, section I)**

	Article D. 441, section I (1): Invoices received and not settled at the closing date of the financial year just elapsed						Article D. 441, section 1 (2): invoices issued but not paid at the closing date of the financial year just elapsed					
	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and more	Total (1 day or more)	0 days (indicative)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
A. Late payment tranches												
Number of invoices concerned	1,564					115	531					329
Total value of invoices concerned *(in € million, incl. tax)*	64.5	1.1	1.0	0.3	1.1	3.5	53.9	6.1	0.6	1.2	5.6	13.5
Percentage of total purchases during the year *(incl. tax)*	8.67%	0.15%	0.14%	0.04%	0.04%	0.37%						
Percentage of total sales during the year *(incl. tax)*							5.12%	0.58%	0.06%	0.12%	0.53%	1.29%
B. Invoices excluded from A corresponding to payables and receivables in dispute or not posted												
Number of posted invoices in dispute *(incl. tax)*						25						–
Number of unposted invoices						494						–
Total value of posted invoices in dispute *(in € million, incl. tax)*						0.6						–
Total value of unposted invoices *(in € million, incl. tax)*						19.0						–
C. Reference payment periods used (contractual or legal periods – Articles L. 441-1 and following of the French Commercial Code)												
Payment periods used for calculating late payments	Contractual periods: 60 days from end of the month						Contractual periods: 45 days from end of the month					

7.2.1.3 Events after the reporting period

At the date of publication of this document, no events that may have an impact on Thales' financial position have occurred since the reporting period.

7.2.1.4 Outlook for the current financial year

The Company results for 2026 are expected to reflect the dividends paid by certain subsidiaries for financial year 2025 as well as changes in provisions for the impairment of equity investments and subsidiary risks as a consequence of trends in their business and performance in 2026.

7.2.1.5 Proposed allocation of earnings and dividend policy

The Annual General Meeting, deliberating under the *quorum* and majority conditions required for Annual General Meetings, noted [1] that distributable earnings include:

net profit for fiscal year 2025	€1,388,601,212.39
less allocation to legal reserve [a]	€—
plus retained earnings as at December 31, 2025	€3,691,778,061.25
FOR A TOTAL AMOUNT OF	**€5,080,379,273.64**

(a) The amount of legal reserve having reached the threshold of 10% of the share capital.

The Annual General Meeting decided [1] to allocate this distributable profit as follows:

Distribution of a dividend of EUR [3.90] per share on 205,941,913 shares bearing rights as at January 1, 2025 (of which the interim dividend of EUR 0.95 per share paid on December 4, 2025, charged to the 2025 dividend)	€803,173,460.70
Retained earnings after dividend	€4,277,205,812.94

The Annual General Meeting notes that, in view of this decision to distribute and pay an interim dividend of €0.95 per share paid on December 4, 2025 and deducted from retained earnings, the balance of the dividend to be paid amounts to [€2.95] per share.

The dividend will be detached on May 18, 2026 and paid on May 20, 2026.

The sums corresponding to the dividends which in accordance with the provisions of the fourth paragraph of Article L. 225-210 of the French Commercial Code have not been paid on treasury shares held by the Company will be reallocated as retained earnings.

For individuals domiciled in France who have not expressly irrevocably and globally opted to be subject to income tax on a progressive scale the dividend is subject to a flat tax rate (*prélèvement forfaitaire unique* or PFU) of the prevailing rate. For individuals domiciled in France who have exercised such an option, this dividend is subject to income tax on a progressive scale and is eligible for the allowance provided by Article 158.3.2° of the French General Tax Code.

In accordance with law, the amounts of dividends paid out for the past three financial years are provided below:

Financial year	Dividend per share [a]	Total amount paid out
2022	€2.94	€615,213,587.81
2023	€3.40	€699,795,344.60
2024	**€3.70**	**€759,635,134.50**

(a) The dividend corresponds to all income distributed for the financial year. The full dividend amount was eligible for the tax relief provided for in Article 158, 3., 2° of the French General Tax Code.

[1] Subject to approval by the Annual General Meeting of May 12, 2026.

7.2.1.6 Parent company management report cross-reference table

In accordance with Articles L. 225-100, L. 232-1 *et seq.*, L. 247.1 *et seq.* and R. 225-102 of the French Commercial Code, the parent company management report includes the following information contained in the 2025 Universal Registration Document:

Management report French Commercial Code	Section/Note	Pages
1. Information about our activities	**Section 2**	**25**
Presentation of the activities of the Company, its subsidiaries and controlled companies	Section 2.1	26
Information on the research and development activities	Section 2.2	39
Essential intangible resources	Not applicable	–
Information on the use of financial instruments (supplementing the notes to the financial statements)	Section 7.1 Note 6, Section 3	270 à 272, 74
Information on the hedging objectives and policy for each main category of transactions	Section 7.1 Note 6, Section 3	275, 74
Injunctions or financial penalties for anti-competitive practices	Not applicable	–
2. Information provided in Thales (parent company) financial statements at December 31, 2025	**Section 7.2**	**299**
Non-deductible expenses	Section 7.2.1.1	299
Table of subsidiaries and equity affiliates	Note 23	324 à 325
Table of investments made and shareholding disclosures in French companies	Note 23	324 à 325
Table showing the company's earnings in the last five financial years	Note 24	327
Table of outstanding stock purchase and subscription options at December 31	Note 15	317
Change in number and in value of the treasury shares of the Company	Note 14	316
Corporate income tax	Note 6	309
Information on existing branches	Note 24	327
3. Main risks and uncertainties		**59**
Description of the main risks and uncertainties	Section 3	59
Exposure to price, credit, liquidity and cash flow risks	Section 7.1 Note 6, Section 3	274 à 277, 74
4. Company and share capital	**Section 6**	**233**
Breakdown of shareholders and changes performed during the financial year	Section 6.2	235 à 236
Employee's stake in share capital	Section 6.2.3.7	245
Awards of free shares and performance units made during the financial year	Section 6.2.3.5	243
Description of the share repurchase program	Section 6.2.3.4	242
Transactions involving treasury shares during the financial year	Section 6.2.3.4.3.2	241 à 242
Threshold crossing within the Company during the fiscal year	Section 6.2.3.3.3	239 à 240
Summary statement of transactions carried out during the financial year by directors, non-voting directors and related persons	Section 4.6	139
Thales share price trend over the past two financial years	Section 6.4.1	248 à 249
Loans to SMEs of less than 3 years authorized by Article L. 511-6,3 bis al.2 of the French Monetary and Financial Code (none)	Not applicable	–
Mention of possible adjustments to securities giving access to the capital in the event of share buybacks or financial transactions	Not applicable	–
Cross-shareholdings	Not applicable	–
5. Corporate governance [(a)]	**Section 4**	**83**
6. Social and environmental responsibility, including	**Section 5**	**141**
Sustainability report	Section 5.1	142
Duty of Care Plan	Section 5.3	221
Impact of activities in the fight against tax evasion	Section 5.3	230
Actions to promote the link between the Nation and its armed forces and support commitment to the national guard reserves	Section 5.3	230
Actions to promote local democracy	Section 5.3.4	230

(a) Including the main risks and uncertainties.

7.2.2 Parent company financial statements

7.2.2.1 Income statement by nature

(in € millions)	Notes	2025	2024
Operating income:			
Rebilling of rent and building work		243.3	232.9
Studies		62.2	31.9
Corporate fees		326.3	310.8
Rebilling of personnel expenses		110.9	145.0
Other income from ancillary activities		129.3	96.0
Sales		**872.0**	**816.6**
Capitalized production		29.0	30.8
Other operating income and subsidies		18.7	13.8
Reversals of depreciation and provisions		52.3	29.1
TOTAL OPERATING INCOME		**972.0**	**890.3**
Operating expenses:			
Other purchases and external charges		(691.8)	(645.6)
Taxes, duties and similar payments		(14.3)	(16.0)
Wages		(192.7)	(200.1)
Social security contributions		(93.2)	(86.6)
Amortization on fixed assets		(15.8)	(14.1)
Provisions		(47.2)	(29.2)
Total operating expenses		**(1,055.0)**	**(991.5)**
INCOME (LOSS) FROM OPERATIONS	**Note 3**	**(83.0)**	**(101.2)**
Dividends		1,408.0	1,509.6
Financial income		462.6	340.1
Financial expenses		(465.5)	(667.2)
Financial income (expense)	**Note 4**	**1,405.1**	**1,182.5**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		**1,322.1**	**1,081.3**
Non-recurring income		—	17.7
Non-recurring expenses		—	(19.1)
NON-RECURRING INCOME	**Note 5**	**—**	**(1.4)**
PROFIT (LOSS) BEFORE INCOME TAX		**1,322.1**	**1,079.9**
Income tax benefit (expense)	**Note 6**	**66.5**	**114.1**
PROFIT FOR YEAR		**1,388.6**	**1,194.0**

Reclassifications and groupings were carried out in the comparative column 2024 to take into account the new ANC regulation No. 2022-06.

The Notes to the financial statements constitute an integral part of the parent company's financial statements.

7.2.2.2 Balance sheet

Assets

(in € millions)	Notes	31/12/25 Gross	Depreciation	Net	31/12/24 Net
Intangible assets and property, plant and equipment, net	**Note 7**	**407.4**	**(261.0)**	**146.4**	**129.5**
Concessions, patents, licenses, trademarks, processes, IT solutions, rights, and similar assets		21.2	(20.9)	0.3	0.1
Buildings		240.1	(178.0)	62.1	69.7
Technical installations, industrial equipment and tools		72.2	(52.6)	19.6	17.7
Other tangible fixed assets		12.4	(9.5)	2.9	4.0
Tangible fixed assets in progress, advances and down payments		61.5	—	61.5	38.0
Financial assets		**21,465.0**	**(1,103.7)**	**20,361.3**	**20,133.7**
Equity investments	Note 8	20,958.1	(1,092.7)	19,865.4	19,729.4
Receivables from equity investments	Note 9	249.9	(11.0)	238.9	302.5
Treasury shares not assigned to plans	Note 14	90.5	—	90.5	82.9
Loans	Note 9	103.8	—	103.8	10.9
Other financial investments [1]	Note 9	62.7	—	62.7	8.0
Total non-current assets		**21,872.4**	**(1,364.7)**	**20,507.7**	**20,263.2**
[1] Less than a year		*62.7*	*—*	*62.7*	*20,014.2*
Inventories and work in progress	**Note 16**	**2.1**	**—**	**2.1**	**2.2**
Advances to suppliers	**Note 16**	**13.5**	**—**	**13.5**	**13.0**
Receivables [2]	**Note 16**	**2,668.6**	**(4.2)**	**2,664.4**	**3,028.4**
Trade receivables		207.2	(0.8)	206.4	254.4
Other receivables		298.4	(3.4)	295.0	255.7
Group company current account receivables	Note 10	2,119.7	—	2,119.7	2,473.4
Accrued expenses		43.3	—	43.3	45.0
Treasury shares	**Note 14**	**—**	**—**	**—**	**5.0**
Cash and cash equivalents	**Note 11**	**3,560.4**	**—**	**3,560.4**	**3,912.3**
Total current assets		**6,244.5**	**(4.2)**	**6,240.3**	**6,960.9**
TOTAL ASSETS		**28,116.9**	**(1,368.9)**	**26,748.0**	**27,224.1**
[2] Less than a year		*2,658.3*	*(4.2)*	*2,654.1*	*3,016.3*

Shareholder equity and liabilities

(in € millions)	Notes	31/12/25	31/12/24
Share capital		617.8	617.8
Additional paid-in capital		3,132.6	3,132.6
Statutory reserves		64.0	64.0
Other reserves		137.5	137.5
Retained earnings		3,691.8	3,257.5
Profit for the year		1,388.6	1,194.0
Interim dividend		(195.2)	(174.2)
Total shareholders' equity	**Note 13**	**8,837.1**	**8,229.2**
Reserves for risks		80.6	89.0
Reserves for expenses		126.6	123.7
Total reserves	**Note 17**	**207.2**	**212.7**
Borrowings	Note 12	3,400.0	4,500.0
Other borrowings and financial debts	Note 12	1,145.6	1,527.5
Advances received on contracts	Note 16	48.1	43.2
Trade payables	Note 16	129.5	144.2
Social security and tax liabilities	Note 16	120.4	127.2
Other liabilities	Note 16	195.0	334.7
Group company current account payables	Note 10	12,665.1	12,105.4
Total liabilities [1]		**17,703.7**	**18,782.2**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**26,748.0**	**27,224.1**
[1] Including less than one year (excluding advances and deposits received on orders in progress)		*14,749.8*	*15,328.1*

The Notes to the financial statements constitute an integral part of the parent company's financial statements.

7.2.2.3 Notes to the parent company financial statements

Note 1.	Accounting principles applied	306
Note 2.	Change in Thales' directly owned investments	306
Note 3.	Operating profit/loss	306
Note 4.	Financial income	307
Note 5.	Non-recurring income	308
Note 6.	Corporate income tax	309
Note 7.	Property plant and equipment and intangible assets	310
Note 8.	Equity investments	311
Note 9.	Other financial investments	312
Note 10.	Current accounts of Group companies	313
Note 11.	Cash and other investments	313
Note 12.	Financial debt	314
Note 13.	Shareholder equity	315
Note 14.	Treasury shares	316
Note 15.	Employee share/option plans	317
Note 16.	Inventories, receivables and payables	318
Note 17.	Provisions for contingencies and losses	319
Note 18.	Government, judicial or arbitration claims	320
Note 19.	Off-balance sheet commitments	321
Note 20.	Market risks	322
Note 21.	Related parties	323
Note 22.	Events after the reporting period	323
Note 23.	Subsidiaries and affiliate	324
Note 24.	Information on existing branches (Article L. 232-1 II of the French Commercial Code)	327

Note 1. Accounting principles applied

Thales is a French public limited company *société anonyme* and the parent company of Thales Group.

Thales' annual financial statements have been prepared in accordance with accounting principles generally accepted in France and in accordance with the provisions of the French General Chart of Accounts, as defined in ANC regulation No. 2014-03 and its amending regulations.

Accounting policies for the preparation and presentation of company accounts were applied in accordance with the principle of prudence, in accordance with the following basic assumptions:

- going concern;
- consistency of accounting methods from one financial year to the next;
- independence of exercises.

The basic method for valuing items in the accounts is the historical cost method. Only significant information are expressed.

Change in accounting policies:

Regulation ANC No. 2022-06, approved on December 30, 2023, amends the General Accounting Plan and applies from January 1, 2025. In particular, it modifies the definition of exceptional result, eliminates the technique of charge transfers and modifies the financial statement templates. The financial statements of Thales SA for the fiscal year ended on December 31, 2025 are established and presented in accordance with the provisions of this regulation.

The main impacts of the change in accounting method on the main items for the financial year 2025 concern:

- The impact of the new definition of exceptional result on the financial year 2025 (see Note 5);
- Disposals and scrapping of intangible and tangible assets are recognized in operating income. No impact on the result in 2025;
- The sale of securities now recorded as financial result represents a net income of €2.9 million;
- The impact of the elimination of the charge transfer technique in the financial year 2025: Operations previously recorded as charges transferred and which were mainly related to personnel expenses are now accounted under the item "salaries" for an amount of €5.6 million.

As stipulated by the regulations, the accounts for the financial year ending December 31, 2024 are not retrospectively restated. Reclassifications and groupings were carried out in the 2024 comparative column in the income statement and on the balance sheet. Furthermore the charge transfers (€7.7 million) have been reclassified under the line "reversals on depreciation, impairment and provisions".

Note 2. Change in Thales' directly owned investments

2025

In March 2025, Thales cashed €1.3 million following the finalization of the acquisition price of Thales Aerospace Communications.

In December 2025, Thales subscribed to the capital increase of Thales Cloud Sécurisé for €17.1 million.

In December 2025, the Sifelec holding company was abolished by means of a universal transfer of assets, thus bringing up holdings in THAIC and THARC, Luxembourg captive insurance companies, directly under Thales SA. The associated merger asset was recognized as assets in "other financial fixed assets" to the extent of €54.4 million and in other financial charges to the extent of €20.0 million.

2024

In April 2024, Thales acquired Thales Aerospace Communication for €941.3 million.

In May 2024, Thales subscribed to the capital increase of Thales Holdings UK Plc for €992.4 million and Centelec UK Ltd was sold for €1,935.9 million to Hitachi Rail.

In July 2024, Thales subscribed to the capital increase of Thales Global Services for €90 million, and of Thales Digital Factory for €40 million.

Note 3. Operating profit/loss

In addition to its functions as a holding company (holding equity investments and managing central support functions and cash flow) the parent company manages the real estate of its French operating subsidiaries and carries out its own research activity in France.

3.1 Operating income

Consequently, operating income includes: rents re-invoiced to operating subsidiaries, sales of studies, Corporate fees paid by subsidiaries for shared services and re-invoiced expenses of general and specific services provided to the subsidiaries by the parent company (which represent €972.0 million in 2025, compared to €890.3 million in 2024), primarily generated in France;

3.2 Operating expenses

Operating expenses mainly consist of labor costs (employees of the Thales parent company and directors), real estate rents and related services, as well as other external services (including those provided by Thales Global Services SAS, which incorporates the Group's shared services).

Note 4. Financial income

4.1 Accounting principles

The financial income mainly includes:

- interest expenses and finance costs on net debt;
- income and expenses related to Thales' directly owned investments (dividends and depreciation, see Note 8);
- the financial component of the increase in provisions for post-employment and other employee benefits (see Note 17);
- foreign exchange gains and losses (see Note 20).

4.2 Breakdown of financial income

	Notes	2025	2024
INCOME FROM INVESTMENTS	**Note 23**	**1,408.0**	**1,509.6**
FINANCIAL INCOME		**462.6**	**340.0**
Other investment securities and receivables of the fixed asset		**198.5**	**272.3**
Interest on Group company current account receivables and loans to subsidiaries and associates		110.5	163.5
Interest on cash and cash equivalents		88.0	108.8
Other interest and related income		**0.7**	**0.0**
Net income of disposals of investment securities and cash instruments		**0.0**	**0.0**
Reversal of provisions, impairment, charge transfer		**238.0**	**52.8**
Reversal of provisions related to associate [(a)]	Note 8	227.0	40.5
Reversals of provisions for impairment of treasury shares		4.7	0.0
Reversal of provisions for termination payments and others benefits	Note 17	6.4	12.3
Foreign exchange gains*		**13.7**	**11.2**
Income of financial assets disposal		**3.2**	**0.0**
Other financial income		**8.5**	**3.7**
FINANCIAL EXPENSES		**(465.6)**	**(667.1)**
Increase in depreciation, impairment and provisions		**(28.2)**	**(57.5)**
Increase in provisions related to associates [(a)]	Note 8	(13.9)	(49.8)
Increase in provisions for impairment of treasury shares		0.0	(4.7)
Increase in provisions for termination payments and others benefits	Note 17	(3.3)	(3.1)
Increase in provisions for impairment, current account		(11.0)	0.0
Interest and related expenses		**(408.8)**	**(600.6)**
Other interest and related expenses		0.0	(1.2)
Interest on Group company current account payables and borrowings from subsidiaries and associates		(275.9)	(401.7)
Interest on bonds and other borrowings		(129.0)	(180.6)
Interest on foreign exchange swaps hedging subsidiary financing		(3.9)	(17.1)
Book value of financial fixed assets sold		**(0.4)**	**0.0**
Other financial expenses		**(28.3)**	**(9.0)**
FINANCIAL INCOME		**1,405.0**	**1,182.5**

* *These items are net of financial income and expenses of the same nature.*
(a) *Provisions related to subsidiaries and associates.*

	2025		2024	
	Reversal	Increase	Reversal	Increase
Provisions for impairment of equity investments	**226.9**	**(10.5)**	**25.3**	**(46.7)**
Thales UK Plc	205.7			
Avimo Group Ltd	6.4		—	(27.7)
Thales Security Solutions & Services Company			3.9	—
Thales Europe SAS	3.0		—	—
Thales Global Services SAS	4.5		21.1	—
Thales Digital Factory	5.2		—	(14.7)
Thales Corporate Venture	0.5		—	(3.2)
Thales Cloud Sécurisé		(9.6)	—	(0.9)
Other	1.7	(0.9)	0.3	(0.3)
Provisions for subsidiary risks (Note 17.2)	**0.1**	**(3.3)**	**15.3**	**(3.1)**
ODAS		(2.8)	—	—
Thales Digital Factory SAS			15.3	
Thales Seso SAS		(0.1)		(2.1)
Other	0.1	(0.4)	—	(1.0)
TOTAL	**227.0**	**(13.8)**	**40.5**	**(49.8)**

Note 5. Non-recurring income

5.1 Accounting principles

Until 2024, the exceptional result mainly included:

- restructuring costs, reclassified by the technique of charge transfer. The elimination of this technique led to the classification of operations which, before the application of the new regulation, were accounted for under the heading "Reversals on depreciation, impairment and provisions and transfer of charge", and now accounted for as "Salaries";
- results of disposal of fixed assets, recognized in operating income for disposals of tangible and intangible assets; and in financial result for the sale of securities.

Starting from 2025, the exceptional result includes:

- income and expenses directly related to a major and unusual event that would not have been recorded in the absence of this event;
- accounting entries of exclusively tax origin, such as derogatory depreciations;
- changes in accounting method recognised in profit or loss, when their treatment as equity is excluded due to tax provisions;
- corrections of errors, with the exception of those relating to entries initially imputed directly on equity.

5.2 Breakdown of non-recurring income

	2025	2024
Restructuring costs	—	(5.1)
Increase/reversal in provisions	—	6.7
Others	—	(2.9)
NON-RECURRING INCOME (EXPENSE)	**—**	**(1.4)**

Note 6. Corporate income tax

6.1 General framework and accounting principles

Since January 1, 1992, Thales has opted for the Group tax consolidation regime. Thales is the head of a tax consolidation group that includes the majority of its French subsidiaries, pursuant to the tax regime provided for by Article 223A of the French General Tax Code.

In accordance with the tax consolidation agreement entered into between Thales and its subsidiaries, the consolidated companies bear the tax expense as if they were taxed separately. Any tax savings arising from the use of the tax losses of subsidiaries are recorded by the parent company and recognized in the income statement. However, the parent company is required to bear the corresponding tax expense when these subsidiaries become profitable again and are able to offset the losses carried forward as if they had not been included in the tax consolidation.

The corporate income tax rate for financial year 2025 is 25.83%, as in 2024, including the social contribution on profits. Furthermore, following the adoption of the 2025 budget, an additional contribution to corporate tax giving rise to a surtax of 41.20% was recorded for an amount of €58.0 million.

The Company benefits from a tax credit related to the research efforts undertaken at its Palaiseau facility. This tax credit is recorded as a reduction in the corporate income tax charge.

6.2 Tax payable

The net corporate income tax breaks down as follows:

	2025	2024
Income tax benefit received from tax group subsidiaries	271.2	256.7
Income tax due do the French State	(206.1)	(152.9)
Income tax benefit resulting from tax consolidation	**65.0**	**103.8**
Research tax credit	5.8	5.8
Prior period adjustments and other taxes	(4.3)	4.5
INCOME TAX BENEFIT	**66.5**	**114.1**

6.3 Deferred tax situation

The Company has available future tax savings arising from timing differences between the tax and accounting treatment of income and expenses (€158.8 million as at December 31, 2025, compared to €210.7 million at year-end 2024). These mainly reflect provisions for contingencies and losses, in particular provisions for pensions which are not deductible for tax purposes. There were no tax losses carried forward as at December 31, 2025.

The corresponding deferred tax is not recognized.

Note 7. Property plant and equipment and intangible assets

7.1 Accounting principles

Intangible assets (mainly software solutions) are recognized at their acquisition cost in the balance sheet. They are depreciated on a straight-line or declining balance method over the period of their estimated useful lives generally estimated at 20 years for buildings, and from 3 to 10 years for other assets (notably IT solutions, fixtures, technical installations, and other tangible assets).

7.2 Property plant and equipment and intangible assets table

	Gross value at opening 2025	Increase	Decrease	Gross value at closing 2025
Intangible assets	**20.9**	**0.3**	**—**	**21.2**
Buildings	240.7	4.1	(4.7)	240.14
Industrial plant, equipment and machinery	66.9	5.4	(0.1)	72.2
Other	12.1	0.3	—	12.4
Fixed assets in progress	38.0	26.8	(3.3)	61.5
Property, plant and equipment	**357.6**	**36.6**	**(8.1)**	**386.2**
TOTAL	**378.5**	**36.9**	**(8.1)**	**407.4**

7.3 Amortization table

	Operating life	Amortisation method	Accumulated depreciation at opening of 2025	Increase	Decrease	Accumulated depreciation at closing of 2025
Intangible assets	**3 to 10 years**	**Linear**	**(20.8)**	**(0.1)**	**—**	**(20.9)**
Buildings	10 to 20 years	Linear	(170.9)	(10.7)	3.7	(178.0)
Industrial plant, equipment and machinery	3 to 10 years	Linear	(49.2)	(3.5)	0.1	(52.6)
Other	3 to 10 years	Linear	(8.0)	(1.5)	—	(9.5)
Property, plant and equipment			**(228.2)**	**(15.7)**	**3.8**	**(240.1)**
TOTAL			**(249.0)**	**(15.8)**	**3.8**	**(261.0)**

Note 8. Equity investments

8.1 Accounting principles

Equity investments are recorded at historical cost. Acquisition-related transaction costs are recognized in the income statement. When inventory value falls below book value, an impairment loss is booked for the difference.

The inventory value is determined by means of profitability forecasts, the underlying assets, recent transactions or the market price of any listed securities.

Profitability forecasts are determined on the basis of 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 determined based on forecasts over an appropriate period of time.

The cash flows used are based on a two-year forecasting exercise, drawn up in accordance with Group procedures and extended for a further year. These flows reflect management's best estimate in the current economic environment.

The assumptions used concern growth in sales and terminal values. They are based on reasonable estimations in line with specific data available for each business segment (terminal value is usually based on average income from operations over three years, with growth capped at 2%). The discount rate applied in 2025 is 8%, as in 2024.

8.2 Change in equity investments

A breakdown of equity investments is presented in Note 23. The changes are presented below:

	Notes	Gross Value	Provision	Net
VALUE AT 01/01/2025		**21,038.6**	**(1,309.2)**	**19,729.4**
Acquisitions/capital subscriptions and transactions		**35.0**	**—**	**35.0**
Increase in capital of Thales Cloud Sécurisé		17		17.1
Acquisition of THARC		11.2		11.2
Acquisition of THAIC		4.4		4.4
ACE Aéro partenaires fund subscription		2.2		2.2
Increase in capital of other entities		0.1		0.1
Disposals/capital transactions		**(115.5)**	**—**	**(115.5)**
Disposal Sifelec		(113.8)		(113.8)
Capital reduction of Thales Aerospace Communications		(1.4)		(1.4)
Disposal of other entities		(0.3)		(0.3)
Increase in provisions of impairment	**Note 4**	**—**	**(10.5)**	**(10.5)**
Reversal of provisions for impairment	**Note 4**	**0.0**	**226.9**	**226.9**
VALUE AT 31/12/2025		**20,958.1**	**(1,092.7)**	**19,865.4**

Note 9. Other financial investments

9.1 Accounting principles

Other financial investments mainly include loan agreements signed by Thales with its direct or indirect subsidiaries and affiliates. These loans are presented separately from the current account agreements, which are used in the daily management of cash requirements or surpluses (see Note 10).

Other financial investments also include deposits paid as part of real estate commitments and other financial receivables.

An impairment loss is recognized according to the risk of non-recovery.

9.2 Breakdown by type

	Notes	Gross value on 01/01/25	Increase	Decrease	Gross value on 31/12/25	Impairment	Net value on 31/12/25
Loans to direct subsidiaries and associates	Note 23	8.4	—	(3.4)	5.0	—	5.0
Loans to other Group subsidiaries		291.5	69.0	(115.4)	245.1	(11.0)	234.1
Other Financial investments		21.5	144.7	—	166.2	—	166.2
TOTAL		**321.4**	**213.7**	**(118.8)**	**416.3**	**(11.0)**	**405.3**

9.3 Breakdown by maturity and by currency

Breakdown by maturity	**31/12/25**	**31/12/24**
Less than 1 year	161.0	72.4
From 1 to 5 years	22.0	31.7
More than 5 years	222.4	217.4
TOTAL	**405.3**	**321.4**

Breakdown by currency	**31/12/25**	**31/12/24**
Euro	113.5	78.6
Pound sterling	271.6	213.8
South Africa rand	12.9	11.7
Thai bath	7.3	17.4
TOTAL	**405.3**	**321.4**

Note 10. Current accounts of Group companies

10.1 General framework and accounting principles

The current accounts of Group companies presented in the Thales parent company balance sheet represent the receivables and payables between the parent company and its subsidiaries as part of the Group's cash management system.

Under this centralized system, the cash surpluses of subsidiaries are generally transferred to the Thales parent company. In return, the Thales parent company meets the cash flow requirements of the subsidiaries. Except in special cases, this system applies to all subsidiaries in which Thales has majority control.

The current account receivables and payables of Group companies are always recognized as due within one year.

10.2 Current account receivables

	31/12/25	31/12/24
Amounts due from direct subsidiaries and associates	1,358.9	1,321.5
Amounts due from Thales Alenia Space (France and Italy)	468.8	772.6
Amounts due from other subsidiaries	292.0	379.2
TOTAL	**2,119.7**	**2,473.3**

10.3 Current account payables

	31/12/25	31/12/24
Amounts deposited by direct subsidiaries and associates	10,119.0	9,193.6
Amounts deposited by Thales Alenia Space (France and Italy)	281.5	550.9
Amounts deposited by Thales Australia Ltd	154.5	162.8
Amounts deposited by other Group subsidiaries	2,110.0	2,198.1
TOTAL	**12,665.1**	**12,105.4**

Note 11. Cash and other investments

11.1 Accounting principles

Cash and cash equivalents include bank accounts and short-term liquid investments that are easily converted into a known amount of cash and exposed to negligible risk of a change in value.

Investment securities include deposits in term accounts held with leading banks with maturities of between 3 and 12 months.

11.2 Cash and cash equivalents

Cash and cash equivalents available for immediate use amounted to €3,560.4 million as at December 31, 2025, compared to €3,912.3 million at year-end 2024. These amounts include €2,994.8 million (€3,372.9 million at year-end 2024) in sight and fixed-term bank deposits or UCITS funds.

Note 12. Financial debt

12.1 Accounting principles

Bonds are recognized at their redemption value. Any issue or redemption premiums are recognized under the corresponding balance sheet heading and amortized *pro rata temporis* to the financial income. Bond issue expenses are recognized on a straight-line basis over the term of the bond.

12.2 Breakdown of borrowings

	Nominal rate	31/12/25	31/12/24
Bonds maturing in October 2031	Fixed 4.25%	600.0	600.0
Bonds maturing in June 2029	Fixed 3.625%	500.0	500.0
Bonds maturing in October 2028	Fixed 4.125%	600.0	600.0
Bonds maturing in May 2028	Fixed 1%	700.0	700.0
Bonds maturing in January 2027	Fixed 0.25%	500.0	500.0
Bonds maturing in March 2026	Fixed 0%	500.0	500.0
Bonds maturing in October 2025	Fixed 4%	–	600.0
Bonds maturing in January 2025	Fixed 0.75%	–	500.0
Commercial paper		1,038.2	1,462.7
Others borrowings		81.5	30.4
Accrued interest		25.9	34.3
GROSS BORROWINGS		**4,545.6**	**6,027.5**

As at December 31, 2025, the Group has a confirmed bank credit line of €1.5 billion maturing in December 2028. This line does not include an early repayment clause.

12.3 Breakdown of borrowings by maturity and by currency

Breakdown by maturity	31/12/25	31/12/24
Less than 1 year	1,645.6	2,627.5
From 1 to 5 years	2,300.0	2,800.0
More than 5 years	600.0	600.0
TOTAL	**4,545.6**	**6,027.5**

Breakdown by currency	31/12/25	31/12/24
Euro	4,545.6	6,027.5
Pound sterling	–	–
TOTAL	**4,545.6**	**6,027.5**

Note 13. Shareholder equity

13.1 Share capital

Thales' share capital amounted to €617,825,739 and consists of 205,941,913 shares of €3 as of December 31, 2024. The breakdown of share capital is set out below:

	31/12/25			31/12/24		
	Equities	% of capital	% of voting rights	Equities	% of capital	% of voting rights
T.S.A.	54,786,654	26.60%	36.35%	54,786,654	26.60%	36.37%
French state (including 1 golden share)	2,060	—	—	2,060	—	—
Public Sector [a]	54,788,714	26.60%	36.35%	54,788,714	26.60%	36.37%
Dassault Aviation [b]	54,750,000	26.59%	29.91%	54,750,000	26.59%	29.89%
Thales [c]	464,490	0.23%	—	628,731	0.31%	—
Employees [d]	6,164,289	2.99%	3.81%	6,558,307	3.18%	3.98%
Other shareholders	89,774,420	43.59%	29.93%	89,216,161	43.32%	29.76%
TOTAL [e]	**205,941,913**	**100.00%**	**100.00%**	**205,941,913**	**100.00%**	**100.00%**

(a) Under the terms of the shareholders' agreement with Dassault Aviation (the "Industrial Partner"), the "Public Sector" is represented by the company TSA excluding the French State directly. All of the Thales shares held directly and indirectly by the French State have been registered in registered form for more than two years and therefore have double voting rights as at 31 December 2025.

(b) Dassault Aviation holds 42,905,666 shares in pure registered form, of which 35,419,349 have been held for more than two years and consequently have double voting rights as at 31 December 2025, and additionally holds 11,844,334 shares in bearer form.

(c) Treasury shares comprise 74,655 bearer shares held under a liquidity contract and 389,835 directly registered shares.

(d) This line shows total employee share ownership. For information purposes, since law No. 2019-486 of May 22, 2019, employee share ownership within the meaning of the French Commercial Code (Article L. 225-102) excludes shares granted free of charge under the LTI Plans prior to 2016 (in the absence of an amendment to the bylaws to include such shares) and amounted, as at December 31, 2025, to 4,942,793 shares and 9,240,867 voting rights, i.e., 2,40% of the capital stock and 3.07% of the exercisable voting rights, respectively.

(e) In accordance with the regulations, the basis (denominator) of legal threshold crossings (Articles L. 233-7 and L. 233-9 of the Commercial Code) is equal to the total number of theoretical voting rights, which is 301,923,431 as of December 31, 2025 (301,458,941 + 464,490).

As at December 31, 2025, there were no securities giving access to the Company's capital.

13.2 Statement of changes in equity

(in € millions)	Number of shares outstanding *(in thousand)*	Share capital	Issue premiums	Retained earnings	Profit for the year	Total shareholders' equity
At 1 January 2024	**210,210**	**630.6**	**3,705.6**	**2,686.1**	**1,307.0**	**8,329.3**
Allocated of 2023 earnings	—	—	—	1,307.0	(1,307.0)	—
Dividends (see Note 13.3)	—	—	—	(708.4)	—	(708.4)
Capital increase	(4,268)	(12.8)	(573.0)	—	—	(585.8)
2024 result	—	—	—	—	1,194.0	1,194.0
At 31 December 2024	**205,942**	**617.8**	**3,132.6**	**3,284.8**	**1,194.0**	**8,229.2**
Allocated of 2024 earnings	—	—	—	1,194.0	(1,194.0)	—
Dividends (see Note 13.3)	—	—	—	(780.7)	—	(780.7)
Capital decrease	—	—	—	—	—	—
2025 result	—	—	—	—	1,388.6	1,388.6
AT 31 DECEMBER 2025	**205,942**	**617.8**	**3,132.6**	**3,698.1**	**1,388.6**	**8,837.1**

13.3 Reserves and retained earnings

	31/12/24	Allocation of 2024 earnings	Balance of 2024 dividend	Interim dividend 2025	31/12/25
Legal reserve	64.0	—	—	—	64.0
Blocked reserve	8.3	—	—	—	8.3
Ordinary reserve	128.9	—	—	—	128.9
Other reserve	0.3	—	—	—	0.3
Retained earnings	3,257.4	1,194.0	(759.6)	—	3,691.8
Interim dividend	(174.2)	—	174.2	(195.2)	(195.2)
TOTAL	**3,284.7**	**1,194.0**	**(585.5)**	**(195.2)**	**3,698.1**

For financial year 2024, Thales distributed €759.6 million in dividends (or €3.70 per share), including €174.2 million in interim dividends in December 2024, and €585.5 million in the balance paid in May 2025.

For the financial year 2025, Thales distributed an interim dividend of €195.2 million in December.

Note 14. Treasury shares

14.1 Accounting principles

Thales carries out transactions in its treasury shares in accordance with the authorizations granted to the Board of Directors by the Annual General Meeting.

At year-end, these shares are recorded and valued according to their allocation:

- treasury shares that have not been assigned are recorded under other financial investments at their acquisition cost. At year-end, an impairment loss is recorded if the book value is higher than the average market price for the month of December;
- treasury shares assigned to a Free share plan and to employee share ownership are recorded under marketable securities either at their acquisition cost (if the shares were allocated from the beginning of the plan) or at their net carrying value at the reclassification date (if they were allocated after their acquisition).

These treasury shares are not measured at market value because they are set aside to be granted to employees. As a result:

- a provision for expenses is recorded in liabilities for shares granted to employees of Thales (the parent company) on a straight-line basis over the duration of the plan (i.e., 48 months). A provision is also recorded in liabilities for plans not covered by allocated shares;
- plans not covered by allocated shares are also covered by a provision recorded in liabilities. Shares allocated to other Group employees are maintained at cost price, as they will be re-invoiced to the relevant subsidiaries for the same amount.

14.2 Change in treasury shares

Change in the number of treasury shares

	2025			2024		
	Freely transferable treasury shares	Treasury shares assigned to plans	Total treasury shares	Freely transferable treasury shares	Treasury shares assigned to plans	Total treasury shares
At 1 January	**596,014**	**32,717**	**628,731**	**3,541,786**	**—**	**3,541,786**
Purchases under the liquidity contract	1,023,742	—	1,023,742	603,565	—	603,565
Disposals for liquidity purposes	(1,034,176)	—	(1,034,176)	(564,071)	—	(564,071)
Sale to employees (employee share plan)	—	(32,307)	(32,307)		(452,348)	(452,348)
Stock market purchases	165,000	—	165,000	1,520,757	600,000	2,120,757
Delivery of free shares	(286,500)	—	(286,500)	(352,731)	—	(352,731)
Capital decrease	—	—	—	(4,268,227)	—	(4,268,227)
Reclassified shares	410	(410)	—	114,935	(114,935)	—
Net change	**(131,524)**	**(32,717)**	**(164,241)**	**(2,945,772)**	**32,717**	**(2,913,055)**
AT 31 DECEMBER	**464,490**	**—**	**464,490**	**596,014**	**32,717**	**628,731**

Change in the value of treasury shares

Freely transferable treasury shares	**2025**	**2024**
At 1 January	**87.5**	**476.3**
Purchases under the liquidity contract	238.2	89.5
Disposals for liquidity purposes	(233.1)	(83.8)
Stock market purchases	39.7	217.9
Delivery of free shares	(41.9)	(44.2)
Capital decrease	—	(585.8)
Reclassified shares	0.1	17.6
At 31 December	**90.5**	**87.5**
Impairment	—	(4.6)
NET AT 31 DECEMBER	**90.5**	**82.9**
Average share price for December	€227.03	€138.98

Cost of outsanding plans (Thales SA share)	**2025**	**2024**
Provisions for contingencies and losses	(44.1)	(21.6)

Treasury shares assigned to plans	**2025**	**2024**
AT 1 JANUARY	**5.0**	**—**
Stock market purchases (employee share plan)	—	89.9
Sale to employees (employee share plan)	(5.0)	(67.3)
Reclassified shares	(0.1)	(17.6)
AT 31 DECEMBER [(a)]	**—**	**5.0**

(a) Shares allocated to UK employees under the employee share ownership plan.

Note 15. Employee share/option plans

- **Allocation of Free shares and/or performance shares**

In 2025, the Board of Directors, upon authorization by the General Meeting, decided to implement a seventeenth Free share allocation plan. The Chairman and Chief Executive Officer (corporate officer) are excluded from the benefit of this plan.

The allocation of June 26, 2025 is characterized as follows:

Since the plan awarded in 2024, 5 criteria are retained: Adjusted EBIT, operating free cash flow, organic revenue growth, the reduction in greenhouse gas emissions of scope 1 and 2 and the proportion of women in positions of responsibility levels 10 to 12; each of these criteria weighed for 40%, 20%, 20%, 10% and 10%, respectively.

Performance conditions are calculated by tranches over three consecutive years: 2026, 2027 and 2028.

The validation of rights is done in batches of one third during the boards of directors closing the accounts of the three years concerned.

The validated allocations will not exceed the amounts initially allocated.

All beneficiaries are allocated the validated shares at the end of a four-year acquisition period subject to compliance with the attendance conditions stipulated in the plan's regulations.

- **Rules and methods for estimating the provision on the balance sheet**

The provision on Free shares included in the balance sheet of Thales SA corresponds to the evaluation of the allocated plans over the last 4 years estimated at the share closing price on 31/12/2025. It includes an employer contribution of 30%.

- **Rebilling to subsidiaries under these plans**

The company re-invoices to the other group companies the expenses incurred in proportion to the shares allocated over the year 2025 to the employees and executives of other group companies.

The evolution of the number of Free shares in the ongoing plans is as follows:

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 adjustments.

Note 16. Inventories, receivables and payables

16.1 Inventories

At year-end 2025, inventories included work-in-progress in connection with the Company's real estate and research activities.

16.2 Receivables and payables – Accounting principles

Payables and receivables denominated in foreign currencies are revalued at the closing price.

Thales (the parent company) hedges foreign exchange risks related to contracts or normal commercial transactions on behalf of its subsidiaries.

Temporary cash flow differences between amounts received from/paid to subsidiaries and Thales' receipts/disbursements to banks in connection with the management of foreign exchange derivatives are recognized in the balance sheet under "Translation adjustment", in accordance with the principle of symmetry applicable to hedging transactions.

16.3 Breakdown of receivables and payables

	31/12/25			31/12/24
	Gross	Provisions	Net	Net
Advances to suppliers	**13.5**	**—**	**13.5**	**13.0**
Trade receivables	**207.2**	**(0.8)**	**206.4**	**254.4**
Other receivables	**298.4**	**(3.4)**	**295.0**	**255.7**
French state, corporate income tax	157.8	—	157.8	79.1
Tax and social security receivables	36.8	—	36.8	41.5
Other receivables [a]	103.8	(3.4)	100.4	135.1
Group company current account receivables	**2,119.7**	**—**	**2,119.7**	**2,473.4**
Accrued expenses	**43.3**	**—**	**43.3**	**45.0**
TOTAL	**2,682.1**	**(4.2)**	**2,677.9**	**3,041.4**
Advances received on orders in progress	**48.1**	**—**	**48.1**	**43.2**
Trade payables	**129.5**	**—**	**129.5**	**144.2**
Tax and social debts	**120.4**	**—**	**120.4**	**127.2**
Group company current account payables	**12,665.1**	**—**	**12,665.1**	**12,105.4**
Other debts excluding current accounts	**195.0**	**—**	**195.0**	**334.6**
Tax liabilities towards consolidated subsidiaries	115.0	—	115.0	92.7
Other [b]	80.0	—	80.0	241.9
TOTAL	**13,158.1**	**—**	**13,158.1**	**12,754.8**

(a) Including prepaid expenses (rent-free periods) and various transactions managed by the Group Treasury Department.
(b) Including rent-free periods and various transactions managed by the Group Treasury Department.

16.4 Breakdown of receivables and payables by maturity as at December 31, 2025

	Net	Maturity		
		< 1 year	1 to 5 years	> 5 years
Advances to suppliers	13.5	13.5		
Trade receivables	206.4	206.4		
Other receivables	295.0	295.0		
Group company current account receivables	2,119.7	2,119.7		
Accrued expenses	43.3	33.1	10.2	
TOTAL RECEIVABLES	**2,677.9**	**2,667.6**	**10.2**	**—**
Advances received on orders	48.1	48.1		
Trade payables	129.5	129.5		
Tax and social debts	120.4	120.4		
Group company current account payables	12,665.1	12,665.1		
Other liabilities	195.0	141.1	50.8	3.1
TOTAL LIABILITIES	**13,158.1**	**13,104.2**	**50.8**	**3.1**

Note 17. Provisions for contingencies and losses

17.1 Accounting principles

The Group records a provision when it recognizes a legal or constructive obligation resulting from a past event for which an outflow of resources will be required and a reliable estimate of the amount can be made. Provisions are generally recorded for the following:

Provisions for post-employment and other employee benefits

The financing of pensions mainly involves statutory retirement schemes (social security supplementary schemes such as ARRCO and AGIRC, etc.) for which the recognized expense is equal to the contributions paid. These are recorded in the year in which they are incurred.

The Company grants its employees termination payments and other long-term benefits (long service awards and an additional week of annual leave during the employee's 35th year of service within the Group). Some senior executives are also eligible for a supplementary pension plan.

In accordance with ANC recommendation No. 2013-02, a provision is recognized for obligations that qualify as defined benefit plans. It is calculated on the basis of an actuarial valuation determined using the projected unit credit method and taking into account future salary levels. This method, which consists of assessing, for each employee, the present value of the benefits to which he or she will be entitled at the due date, incorporates assumptions concerning financial discounting, inflation, mortality and employees turnover.

These plans are recognized in the company's financial statements as follows:

- the service cost, corresponding to the increase in the obligation during the reporting period, is recognized in operating income/expense;
- the costs of unwinding the net obligation as well as actuarial gains and losses due to changes in assumptions and experience adjustments (difference between projected and actual) are recognized in financial income.

Provisions for subsidiary risks

Equity investments held by Thales are measured at the end of each reporting period and an impairment loss is recorded if necessary. If the investment is fully written down and Thales' share in the shareholder equity of the subsidiary or affiliate becomes negative, a provision for subsidiary risks may be recognized when necessary.

Provisions for restructuring

Provisions for restructuring costs are recorded when a restructuring program has been agreed with a third party, approved by company management and announced before the reporting date, resulting in an obligation to the third parties in question and for which the company does not expect any consideration for costs.

17.2 Breakdown of provisions

	31/12/24	Provisions	Reversal	31/12/25
Subsidiary risks	4.4	3.3	—	7.7
Other	84.6	8.1	(19.8)	72.9
Reserves for risk	**89.0**	**11.4**	**(19.8)**	**80.6**
Post-employment and other employees benefits (see Note 17.3)	100.3	10.9	(30.8)	80.4
Restructuring	0.9	1.2	(0.3)	1.8
Free shares	21.6	31.6	(9.2)	44.1
Other	0.9	—	(0.6)	0.4
Reserves for expenses	**123.7**	**43.7**	**(40.9)**	**126.6**
TOTAL	**212.7**	**55.1**	**(60.7)**	**207.2**

17.3 Post-employment and other employee benefits

The provisions in the balance sheet may be broken down as follows:

	2025		
	Pensions	Other benefits	Total
Provision as at December 31, 2024	**(96.6)**	**(3.7)**	**(100.3)**
Net reversal of provisions, of which:	**19.7**	**0.2**	**20.0**
Current services cost	(4.2)	(0.2)	(4.4)
Financial expense:	2.8	0.2	3.1
• Net interest cost	(3.2)	(0.1)	(3.3)
• Actuarial gains/losses	6.0	0.3	6.4
Benefits and contributions paid	23.0	0.4	23.4
Other	(1.9)	(0.1)	(2.1)
Provision as at December 31, 2025	**(76.9)**	**(3.5)**	**(80.3)**
Of which:			
• Commitments	(133.7)	(3.4)	(137.1)
• Investments	56.8	—	56.8

The actuarial assumptions used to estimate the commitments are the following:

	31/12/25	31/12/24
Discount rate	3.99%	3.39%
Salary revaluation rate	3.44%	3.62%
Inflation rate	1.83%	2.03%
Average duration of the schemes (years)	10	11

Note 18. Government, judicial or arbitration claims

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 Parquet National Financier (PNF) in France and the Serious Fraud Office (SFO) in the United Kingdom initiated an investigation in relation to four Thales entities located in France and the UK, regarding the performance of a contract in Asia. These various investigations are ongoing.

Thales denies the allegations brought to its knowledge and is fully cooperating with the judicial authorities. However, the outcome of these proceedings is not known at this time, including any potential financial consequences that may result from them.

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

Note 19. Off-balance sheet commitments

19.1 Deposits and guarantees

Commitments given	31/12/25	31/12/24
Guarantees given by Thales under commercial contracts signed by operating entities [a]	7,224.8	7,215.5
Guarantees given to banks for facilities granted to subsidiaries	3,273.1	2,690.1
Counter-guarantee given to the trustees to cover Thales' pension obligations in the UK	—	85.0
Other guarantees given to Group subsidiaries	612.8	693.0
Other guarantees given	459.4	365.8
Total Parent Company Guarantee	**11,570.1**	**12,475.9**
Guarantees issued to banks by Thales SA on behalf of a subsidiary	1,467.5	1,427.4
TOTAL	**13,037.6**	**13,903.3**
Of which, relating to Thales direct subsidiaries (see Note 23)	4,156.2	3,562.4
Of which, related to other Group subsidiaries	8,836.3	8,855.8
Of which, related to direct and indirect affiliates	45.0	57.7

(a) This amount includes at the level of €821.8 million, guarantees related to contracts not nové within the framework of the transfer of Transportation activities to Hitachi, for whom, Thales benefits from one Hitachi counter-guarantee at the level of €308.6 million.

Thales has counter guaranteed, guarantees resumed by Hitachi in the date of transfer at the level of €1,992.4 million, so undertaking to cover the risks previous to the transfer.

19.2 Property leasing commitments

	31/12/25	31/12/24
Operating leases	633.9	656.0
Less than 1 year	105.1	111.9
From 1 to 5 years	336.1	339.8
More than 5 years	192.7	204.3

Note 20. Market risks

20.1 Accounting principles

The Thales parent company's Treasury and Financing Department is active in the financial markets in order to reduce the interest rate and foreign exchange risks of the Group.

Interest rate derivatives

Thales uses interest rate derivatives to manage and reduce its exposure to interest rate fluctuations. When the derivatives are designated as hedging instruments, the gains and losses on the hedge are recognized in the same period as the hedged item.

Currency derivatives

Thales hedges foreign exchange risks arising on commercial offers entered into by its subsidiaries and denominated in currencies other than the main operating currency.

When the hedged item has a sufficient probability of occurrence, the foreign exchange derivatives subscribed by Thales with banking counterparties qualify for hedge accounting. Gains and losses on bank derivatives are then recognized in income at the same rate as the gains and losses realized on the guarantees offered to subsidiaries, in accordance with the principle of symmetry applicable to hedging transactions. Foreign exchange premiums are amortized in the income statement on a straight-line basis over the term of the hedge.

When hedged items do not have a sufficient probability of occurrence, the foreign exchange derivatives are deemed as isolated open positions. In this case, the market value of the derivative is recognized in the balance sheet as an offsetting entry in a suspense account (also in the balance sheet). A provision is recorded in the event of negative valuation. This valuation takes into account Thales' guarantee commitments to subsidiaries under these offers.

Thales hedges foreign exchange risks related to firm contracts and normal commercial transactions on behalf of its subsidiaries. As such, it guarantees its operating subsidiaries a specific exchange rate for each transaction and backs up its position by arranging currency derivatives with banking counterparts. Gains and losses on bank derivatives are then recognized in income at the same rate as the gains and losses realized on the guarantees offered to subsidiaries, in accordance with the principle of symmetry applicable to hedging transactions.

Thales hedges the foreign exchange risks related to its cash management system. The gains and losses on currency derivatives are offset by the gains and losses resulting from the revaluation of the hedged Group company current accounts and loans; however, gains or losses related to the derivatives' swap points are spread in financial income over the term of the hedge.

20.2 Interest rate risk management

As at December 31, 2025 and 2024, the Company held the interest rate derivative instruments described below. All these instruments are qualified as hedges.

Interest rate derivatives	31/12/25		31/12/24	
	Nominal	Market value	Nominal	Market value
Fixed-for-floating interest rate swaps				
• swaps related to treasury bills	329.0	0.4	670.0	0.2
Floating-for-fixed interest rate swaps				
• swaps backing a loan / future issue of treasury bills	—	—	50.0	—

20.3 Foreign exchange risk management

As at December 31, 2025 and 2024, the derivatives subscribed by Thales with bank counterparties were as follows:

	31/12/25					31/12/24	
	USD	GBP	Other	Total	Market value	Total	Market value
Hedges of commercial offers and transactions:							
• Forward currency sales	3,899.4	1,210.7	1,460.2	6,570.3	33.0	7,262.7	(100.7)
• Forward currency purchases	2,081.9	1,101.2	1,798.0	4,981.2		5,321.3	
Currency sales (call and put options)	51.5	69.9	—	121.4	1.6	138.8	0.7
Currency purchases (call and put options)	67.9	46.5	0.3	114.8		84.8	
Hedges related to cash management:							
Currency sales foreign exchange swaps	1,350.1	22.9	137.9	1,510.9	(37.8)	1,930.5	(115.7)
Currency purchases foreign exchange swaps	59.6	1,490.2	486.6	2,036.3		1,696.7	

In addition, Thales has granted its operating subsidiaries "mirror" foreign exchange guarantees in relation to firm contracts or normal commercial operations.

Thales has also granted its operating subsidiaries foreign exchange guarantees on commercial offers, subject to the subsidiary winning the respective contract.

Note 21. Related parties

21.1 Definition

The Group's related parties are: the shareholders of the parent company Thales (especially the French State and Dassault Aviation), companies controlled by these same shareholders, companies under joint control, companies under significant influence, and management.

21.2 Agreements with Thales shareholders

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

21.3 Agreements with Naval Group

Since December 2011, Thales has held a 35% stake in Naval Group, a subsidiary jointly controlled with the French government.

Thales and Naval Group have also signed an industrial and commercial cooperation agreement designed to optimize the two groups' activities in the naval sector (market access, R&D, procurement).

21.4 Executive compensation

The compensation, benefits, and social security contributions relating to the Directors and the Executive Committee break down as follows:

	2025	2024
Short-term benefits:		
• Fixed remuneration	7.4	7.2
• Variable remuneration	6.1	6.2
• Employer's social security contributions	10.1	5.2
• Directors' fees	1.1	1.1
Other benefits:		
• Pensions	3.7	3.6

In the event of joining or leaving the Comex during the year, the compensation taken into account in the table above correspond to the period of membership within body.

As at December 31, 2025, the share of pension liabilities for senior executives (see Note 17.3) amounted to €9.9 million.

Note 22. Events after the reporting period

The Group is not aware of any significant events occurring after the closing date.

Note 23. Subsidiaries and affiliate

(En millions)		In local currency		Book value of securities held *(in euros)*	
		Shareholder's equity	Share in capital held *(in %)*	Gross value	Net value
A. Detailed information on subsidiaries (more than 50% held by Thales SA)					
1. Detailed information for each subsidiary					
GEMALTO B.V	EUR	3,194.2	100%	4,762.4	4,762.4
TH. USA INC	USA	3,957.2	100%	4,173.3	4,173.3
TH. HOLDING UK PLC	GBP	1,871.9	100%	3,564.1	3,068.2
TH. AVS FRANCE – DPT AVIONICS	EUR	419.4	93%	1,016.0	1,016.0
THALES AEROSPACE COMMUNICATIONS FRANCE SAS	EUR	277.9	100%	940.1	940.1
TH. DMS FRANCE SAS	EUR	156.6	100%	802.6	802.6
TH. IAS FRANCE – DPT AIR SYST, AIR OP & OPTRO GROUPING	EUR	508.9	100%	754.9	754.9
TH. ALENIA SPACE SAS	EUR	1,540.7	67%	683.1	683.1
THALES COMMUNICATION & SECURITE NUMERIQUES SA	EUR	921.4	82%	590.8	590.8
TH. DEUTSCHLAND GMBH – DPT OPERATIONAL UNITS	EUR	326.8	100%	545.0	545.0
TH. INTERNATIONAL SAS	EUR	354.9	100%	398.5	398.5
TH. SERVICES NUMERIQUES SAS – DPT CRITICAL INFORMATION SYSTEMS	EUR	272.3	100%	237.4	237.4
TH. NETHERLAND BV	EUR	282.9	99%	235.2	235.2
AVIMO GROUP Ltd	SGD	6.4	100%	216.6	47.0
THALES DIGITAL FACTORY	EUR	72.8	100%	195.7	30.5
TH. UNDERWATER SYST NV PAYS BAS	EUR	9.1	100%	129.2	9.3
TH. GLOBAL SERVICES SAS – DPT FRANCE SHARED SERVICES	EUR	121.4	100%	123.4	121.7
TH. EUROPE SAS	EUR	69.1	100%	88.2	88.2
TH. HOLDING NORWAY AS	NOK	891.1	100%	77.2	77.2
TH. CORPORATE VENTURES SAS	EUR	20.5	100%	73.3	12.6
TH. CANADA INC	CAD	-133.7	100%	54.2	54.2
THALES BELGIUM S.A.	EUR	38.4	100%	53.2	53.2
THALES SESO SAS	EUR	8.0	100%	40.5	–
THALES IMMOBILIER GROUPE	EUR	33.2	100%	40.0	34.8
TH. SUISSE SA – DPT DEFENSE & HOMELAND SECURITY	CHF	85.8	100%	26.4	26.4
CMT MEDICAL TECHNOLOGIES LTD	USD	21.1	100%	21.8	21.6
THALES CLOUD SECURISE	EUR	19.5	95%	20.0	7.5
THARC	EUR	72.4	100%	11.2	11.2
THALES COMMUNICATIONS Ltda	BRL	–	100%	11.0	–
2. Global information for subsidiaries not included in 1					
French subsidiaries				9.3	6.1
Foreign subsidiaries				5.1	4.5
A. SUBSIDIARIES TOTAL				**19,899.5**	**18,813.3**
B. Information concerning participations (10 to 50% held by Thales SA)					
1. Detailed information for each participation					
NAVAL GROUP	EUR	1,334.3	35 %	833.7	833.7
TELESPAZIO SpA	EUR	278.7	33 %	89.8	89.8
LYNRED	EUR	209.9	50 %	34.7	34.7
ELETTRONICA SPA	EUR	121.1	33 %	26.7	26.7
UNITED MONOLITHIC SEMICONDUCTORS HOLDING	EUR	50.6	50 %	24.3	24.3
TH. SECURITY SOLUTIONS & SERVICES COMPANY (STESA)	SAR	200.8	49 %	16.7	16.7
2. Global information for participations not included in 1					
In french companies				29.3	26.3
In foreign companies				3.5	–
B. PARTICIPATIONS TOTAL				**1,058.6**	**1,052.1**
C. SUBSIDIARIES AND PARTICIPATIONS TOTAL (A+B)				**20,958.1**	**19,865.4**

Company data *(in euros)*					
Loans and advances granted by Thales not yet paid	Amount of commitments given by the company	Previous financial year sales, excluding tax	Previous financial year result	Dividends received by Thales during the financial year	Observations
—	—	19.1	248.5	—	
—	638.3	84.5	-360.3	—	
—	—	—	-7.3	85.7	
—	419.5	1,963.3	218.7	167.3	
—	0.6	—	-6.4	—	
—	1,625.0	2,609.0	437.2	459.4	
—	151.0	2,723.9	281.0	210.7	
—	—	—	78.6	—	
—	—	—	261.1	216.3	
—	255.0	526.3	28.1	—	
—	6.0	—	44.3	100.2	
—	0.1	666.3	12.4	13.1	
—	323.1	925.9	87.4	24.8	
—	—	—	—	0.6	
—	—	53.4	4.5	—	
—	—	—	0.1	—	
—	30.3	1,106.2	15.1	—	
—	—	—	44.7	—	
—	—	—	178.7	—	
—	—	—	0.8	—	
—	21.8	421.9	14.9	38.2	
—	208.5	436.9	79.0	14.9	
—	—	11.9	0.2	—	
—	46.9	—	1.9	2.5	
—	64.4	30.3	0.1	—	
—	—	10.9	-1.9	—	
—	70.0	2.8	-6.5	—	
—	—	—	1.9	—	
—	—	—	—	—	
—	—			6.5	
—	—			—	
—	**3,860.4**			**1,340.0**	
—	—	4,678.8	267.4	46.5	
5.0	—	846.8	53.0	14.7	
—	—	222.5	8.1	—	
—	—	—	17.5	4.4	
—	—	—	—	—	
—	198.1	439.7	30.3	—	
—	—			2.4	
—	—			0.1	
5.0	**198.1**			**68.0**	
5.0	**4,058.6**			**1,408.0**	

Investments made and thresholds crossed in French companies in financial years 2024 and 2025

Percentage of investment owned	As at 12/31/24					As at 12/31/25				
	> 5%	> 20%	> 33%	> 50%	> 66%	> 5%	> 20%	> 33%	> 50%	> 66%
1. Increases										
201 Centelec SAS	—	—	—	—	—	—	—	—	—	100%
202 Centelec SAS	—	—	—	—	—%	—	—	—	—	100%
Thales Aerospace Communication	—	—	—	—	100%	—	—	—	—	—%
2. Decreases										
Sifelec	—	—	—	—	—	—%	—	—	—	100%
177 Centelec SAS	—	—	—	—	—	—	—	—	—	100%
187 Centelec SAS	—	—	—	—	—%	—	—	—	—	100%
188 Centelec SAS	—	—	—	—	—%	—	—	—	—	100%
198 Centelec SAS	—	—	—	—	—%	—	—	—	—	100%
200 Centelec SAS	—	—	—	—		—	—	—	—	100%
Sofema	100	—	—	—	—%	—	—	—	—	—%
197 Centelec SAS	—	—	—	—	100%	—	—	—	—	—%

Note 24. Information on existing branches (Article L. 232-1 II of the French Commercial Code)

As at December 31, 2025, Thales had a secondary facility registered in France with the Companies Register and indicated on its Kbis company registration certificate.

Company financial summary for the last five years

	2021	2022	2023	2024	2025
1. Share capital at year-end					
Share capital	640.2	640.2	630.6	617.8	617.8
Number of ordinary shares outstanding	213,411,309	213,411,309	210,210,140	205,941,913	205,941,913
Maximum number of shares to be created in future by exercise of share subscription options	—	—	—	—	—
2. Operations and results for the year					
Revenues excluding tax*	657.3	730.2	770.4	816.6	872.0
Earnings before tax, employee profit-sharing, depreciation, amortisation and provisions	450.3	1,046.2	1,345.5	1,090.5	1,121.6
Income tax benefit	50.3	7.0	30.4	114.1	66.5
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	452.2	1,122.8	1,307.0	1,194.0	1,388.6
Distributed net profit	543.6	615.2	699.8	759.7	195.2 (a)
3. Earnings per share					
Earnings after tax and employee profit-sharing but before amortisation, depreciation and provisions	2.35	4.93	6.55	5.85	5.77
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	2.12	5.26	6.22	5.80	6.74
Net dividend per share	2.56	2.94	3.40	3.70	3.90 (b)
4. Employees					
Average headcount during the year, of which:	849	873	906	938	955
• Engineers and managers	779	812	848	877	896
• Technicians and supervisors	70	61	58	61	59
Personnel expenses, of which:	222.4	241.2	258.4	286.6	285.9
• Total payroll for the year	156.6	170.9	184.8	200.1	192.7
• Social security and other social welfare benefits paid during the year	65.8	70.3	73.6	86.6	93.2

* *The previous figures have been restated to reflect the new presentation of the income statement.*
2021: Capital increased from €640,097,874.0 to €640,233,927.0 following a capital increase.
2022: No change in capital compared to end 2021.
2023: Capital decreased from €640,233,927.0 to €630,630,420.0 following a capital reduction.
2024: Capital decreased from €630,630,420.0 to €617,825,739.0 following a capital reduction.
2025: No change in capital compared to end 2024.
(a) Interim dividend.
(b) Subject to approval by the Annual General Meeting of May 12, 2026.

7.3 Statutory auditors' reports

7.3.1 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2025

To the Annual General Meeting (Assemblée Générale) of Thales,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting (Assemblée Générale), we have audited the accompanying consolidated financial statements of Thales for the year ended December 31, 2025.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2025 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee (Comité d'Audit et des Comptes).

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors, for the period from January 1, 2025 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of assessments – Key audit matters

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests of cash-generating units (CGUs)

Risk identified

As at 31 December 2025, goodwill amounted to €8,531 million recognised in your Group's balance sheet.

Goodwill is allocated to cash-generating units (CGUs) corresponding to your Group's global business units.

Management performs impairment tests on your Group's CGUs.

The methodology applied and the detailed assumptions used are described in Notes 1.3 ('Main sources of estimates') and 4.1(b) ('Goodwill – Impairment Tests') to the consolidated financial statements.

The valuation of the value in use of each CGU is determined on the basis of discounted future cash flows which rely on Management's assumptions, estimates or significant judgment. We considered impairment tests of cash-generating units (CGUs) to be a Key Audit Matter.

Our response

With our valuation experts included in the audit team, our work notably consisted in:

- reconciling the net carrying amount of net assets tested for each CGU with the consolidated financial statements;
- examining the implementation of these tests, the valuation methodology of the value in use and the arithmetical accuracy of the calculations performed;
- assessing the cash flow forecasts in regard to the economic and financial environment of each business unit, the consideration of action plans related to the impacts of climate-related matters and the financial performance in 2025;
- assessing the reasonableness of the actuarial assumptions used, taking into account the economic context and in particular factor such as inflation forecast;
- examining the consistency of:
  - the forecasts for the first two years with the budget submitted to the Board of Directors,
  - between the forecasts for the following years taken into account with Management's latest estimates;
  - and of all these forecasts with the past achievements;
- assessing the consistency of the growth rate used to calculate future cash flows with the existing market analysis and analysts' consensus;
- examining the different parameters used to calculate the weighted average cost of capital applied to future cash flows;
- performing sensitivity analysis on the CGUs' value in use determined by Management to changes on the discount rate, the long-term growth rate and the EBIT rate.

Finally, we also assessed the appropriateness of the information provided in Note 4.1 ('Goodwill') to the consolidated financial statements.

Recognition of revenue and cost of commercial contracts over time

Risk identified

A significant part of the Group's revenue and income from operations stems from the recognition of various contracts. For contracts where control transfers gradually, revenue is recognised using the percentage-of-completion method (€15,200 million for the year ended 31 December 2025).

Your Group determines the order intake, revenue and contract margins based on the principles set out in Notes 1.3 ('Main sources of estimates'), 13(c) ('Accounting policies – Revenue') and 13(d) ('Accounting policies – Operating assets and liabilities) to the consolidated financial statements.

Revenue and margin recognition of these contracts depend mainly on:

- estimates of revenue and margin at completion for each contract and, in particular, the level of provisions for technical, contractual and commercial risks,
- costs incurred to date relating to total costs estimated at completion.

Estimates at completion and the calculation of costs progress, rely for each contract on your Group's information systems and internal procedures, which involve, in particular, the project managers. These estimates are reviewed regularly by the Operations and Finance departments, especially at each closing date.

We considered the recognition of revenue and costs relating to commercial contracts over time to be a Key Audit Matter, given the impact of these contracts on your Group's consolidated financial statements and the level of estimates required by Management to determine margin at completion.

Our response

Our work notably consisted in:

- obtaining an understanding of your Group's information systems and procedures used to book order intakes, to estimate revenue, costs at completion and costs incurred, as well as measuring cost progress and test the design and application of key controls;
- assessing compliance of revenue recognition accounting principles and methods with IFRS 15 as described in Notes 13(c) ('Accounting policies – Revenue') and 13(d) ('Accounting policies – Operating assets and liabilities) to the consolidated financial statements;
- reconciling contract management data with the accounting records from information systems;
- selecting contracts that are significant due to their financial impact and risk profile, and inquiring with project managers and the Operations and Finance departments of the global business units about the progress made on these contracts, and their assessment of the risks in order to:
  - assess, for these contracts, based on contractual clauses, your Group's analyses on over-time versus point-in-time transfer of control, where applicable, identification of performance obligations, as well as contract amendments and variable consideration to be taken into account;
  - assess the reasonableness of the main assumptions for revenue recognition and costs at completion by corroborating them with contractual data and exchanges with the customer or its representatives, and the third parties involved in the execution of contracts. This work includes the experience acquired throughout the years on these contracts or similar contracts;
  - and assess, for each selected contract, the consistency of the revenue and all the other items in the income statement and balance sheet with the contractual and operational provisions.

Finally, we also assessed the appropriateness of the information provided in Note 10.2 ('Contract assets and liabilities') to the consolidated financial statements.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the Group's information given in the management report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No. 2019/815 of 17 December 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the statutory auditors

We were appointed as statutory auditors of Thales by your Annual General Meeting (Assemblée Générale) held on May 15, 2003 for ERNST & YOUNG Audit and on May 16, 2025 for PricewaterhouseCoopers Audit.

As at December 31, 2025, ERNST & YOUNG Audit and PricewaterhouseCoopers Audit were in the 23rd year and 1st year of total uninterrupted engagement respectively.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee (Comité d'Audit et des Comptes) is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.821-55 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the audit committee (comité d'audit et des comptes)

We submit a report to the Audit Committee (Comité d'Audit et des Comptes) which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee (Comité d'Audit et des Comptes) includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee (Comité d'Audit et des Comptes) with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.821-27 to L.821-34 of the French Commercial Code (code de commerce) and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee (Comité d'Audit et des Comptes) the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 2, 2026

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Cédric Haaser
Edouard Cartier

ERNST & YOUNG Audit
Serge Pottiez
Vincent Gauthier

7.3.2 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2025

To the Annual General Meeting,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Thales for the year ended 31 December 2025.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2025 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with the content of our report to the Audit and Accounts Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (Code de commerce) and the French Code of Ethics (code de déontologie) for Statutory Auditors, for the period from 1 January 2025 to the date of our report and, in particular, we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Emphasis of matter

We draw attention to Note 1 "Accounting Policies Applied" to the financial statements which sets out the impacts of the change in accounting methods relating to the first application of ANC Regulation No. 2022-06. Our opinion is not modified in respect of this matter.

Key audit matters – Justification of assessments

In accordance with the requirements of Articles L.821-53 and R.821-180 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments

Risk identified

At 31 December 2025, equity investments of your company amounted to a net carrying value of €19,865 million and represent a significant item in the balance sheet. They are recognised at the lower of their carrying amount or their inventory value.

As indicated in Note 8 "Equity Investments" to the financial statements:

- The inventory value is determined by means of profitability forecasts, the underlying assets, recent transactions or the market price of any listed securities.
- Profitability forecasts are determined on the basis of 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 determined based on forecasts over an appropriate period of time.
- The cash flows used are based on a two-year forecasting exercise, drawn up in accordance with Group procedures and extended for a further year. These flows reflect management's best estimate in the current economic environment.

The determination of inventory value of these investments requires significant management judgement in selecting the most appropriate valuation input, whether based on asset related measures or forward-looking assumptions.

Given this, we identified the measurement of equity investments as a key audit matter.

Our response

To assess the measurement of equity investments, our procedures included, in particular:

- Obtaining an understanding of the valuation methodologies applied by your company;
- For asset-based valuations, comparing the equity used in impairment testing with the underlying accounting records of the relevant entities.
- For valuations based on forecasted information, with the involvement of our valuation specialists :
  - evaluating the cash-flow forecasts of the entities, taking into account (i) the economic and financial environment of each business, and (ii) the entities' performance of the year, and assessing the consistency of :
    - the first two years of forecasted cash-flows with the Group budget approved by your Board of Directors;
    - subsequent cash flows forecast retained by management;
  - assessing key actuarial assumptions, including (i) long-term growth rate and (ii) weighted average cost of capital applied to the forecasted cash-flows;
  - verifying the accuracy of the calculations supporting the determination of recoverable amounts.

Finally, we assessed the adequacy and clarity of the disclosures provided in Note 8 "Equity and Investments".

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information provided in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment terms referred to in Article D. 441-6 of the French Commercial Code.

Report on corporate governance

We attest that the Board of Directors' report on corporate governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code.

With regard to the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code relating to remunerations and benefits received by or allocated to corporate officers, and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies within its scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code, we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on other legal and regulatory requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditors relating to the annual and consolidated financial statements presented in the European Single Electronic Format (ESEF), that the presentation of the financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2 (I) of the French Monetary and Financial Code (code monétaire et financier), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

Based on the work we have performed, we conclude that the presentation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European Single Electronic Format.

We have no responsibility to verify that the financial statements that will ultimately be included by your company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the statutory auditors

We were appointed as statutory auditors of Thales by the Annual General Meeting held on 15 May 2003 for ERNST & YOUNG Audit, and on 16 May 2025 for PricewaterhouseCoopers Audit.

As at 31 December 2025, ERNST & YOUNG Audit was in the twenty-third year of its engagement without interruption, and PricewaterhouseCoopers Audit was in its first year.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going-concern, and using the going-concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk-management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Responsibilities of the statutory auditors relating to the audit of the financial statements

Objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole, are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- identifies and assesses the risks of material misstatements of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going-concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the audit and accounts committee

We submit a report to the Audit and Accounts Committee which includes, in particular, a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgement, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014 confirming our independence within the meaning of the rules applicable in France, such as they are set in particular by Articles L. 821-27 to L. 821-34 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 2, 2026

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit
Cédric Haaser
Edouard Cartier

ERNST & YOUNG Audit
Serge Pottiez
Vincent Gauthier

7.4 Statutory auditors

For the period covered by the historical financial information, Thales' statutory auditors were as follows:

7.4.1 Regular statutory auditors

PricewaterhouseCoopers Audit

63, rue de Villiers

92208 Neuilly-sur-Seine cedex

Represented by Cédric Haaser and Edouard Cartier.

Current term of office conferred by the Annual General Meeting of May 16, 2025, expiring with the audit of the financial statements for the year 2030.

ERNST & YOUNG Audit

Tour First

TSA 14444

92037 Paris-La Défense cedex

Represented by Serge Pottiez and Vincent Gauthier.

Current mandate conferred by the Annual General Meeting of May 6, 2021, expiring with the audit of the financial statements for the year 2026.

7.4.2 Honorary statutory auditors

The amount of fees paid to the statutory auditors of the Thales parent company and to the members of their networks and expensed over the years 2025 and 2024 is detailed in Note 14 of the Consolidated Financial Statements (page 297).


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THALES
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Appendices

8.1 Attestation of the person responsible for the Universal Registration Document including the annual financial report 340

8.2 Changes to the structure of the 2025 Universal Registration Document 340

8.3 Historical financial information included by reference 341

8.4 Cross-reference table for the annual financial report and the management report 342

8.5 Cross-reference table for the Corporate Governance Report 344

8.6 Cross-reference table – Annexes I and II of Commission Delegated Regulation (EU) 2019/980 345

8.1 Attestation of the person responsible for the Universal Registration Document including the annual financial report

I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial and consolidated statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings in the consolidation taken as a whole, and that the management report in this Universal Registration Document (the cross-reference table for which is shown in chapter 8.4) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings in the consolidation taken as a whole, and also describes the main risks and uncertainties to which they are exposed and, that it is prepared in accordance with applicable sustainability reporting standards.

Meudon, April 2, 2026

Patrice Caine
Chairman and Chief Executive Officer

8.2 Changes to the structure of the 2025 Universal Registration Document

There are no significant changes in the structure of the 2025 Universal Registration Document as compared to the 2024 Universal Registration Document.

8.3 Historical financial information included by reference

Pursuant to Article 19 of European Commission Regulation 2017/1129, the following information is included by reference in this Universal Registration Document:

- the consolidated and annual financial statements for the year ended December 31, 2024 on pages 260 to 303 and 308 to 331 respectively, and related audit reports on pages 332 to 340 of the 2024 Universal Registration Document, filed with the *Autorité des marchés financiers* (AMF) on April 8, 2025;
- the financial information, key figures, description of the main activities and presentation of the Group's results and situation on pages 7 to 15 and 40 to 52, respectively, of the 2024 Universal Registration Document filed with the *Autorité des marchés financiers* (AMF) on April 8, 2025;
- the consolidated and annual financial statements for the year ended December 31, 2023 on pages 254 to 296 and 301 to 323 respectively, and related audit reports on pages 324 to 331 of the 2023 Universal Registration Document, filed with the *Autorité des marchés financiers* (AMF) on April 4, 2024;
- the financial information, key figures, description of the main activities and presentation of the Group's results and situation on pages 7 to 15 and 39 to 49, respectively, of the 2023 Universal Registration Document filed with the *Autorité des marchés financiers* (AMF) on April 4, 2024.

The parts of these documents which are not included by reference in this document are either not applicable to the investor or are covered by another part of the Universal Registration Document.

8.4 Cross-reference table for the annual financial report and the management report

The cross-reference table below identifies the information in this Registration Document that constitutes the annual financial report required by Articles L. 451-1-2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation. It includes the information required for the annual management report to be prepared by the Board of Directors in accordance with Articles L. 225-100 *et seq.* of the French Commercial Code.

	Section of the 2025 Universal Registration Document	Page(s)
Annual financial report		
Annual Financial Statements	7.2.2	303
Statutory auditors' report on the Annual Financial Statements (including their assessment of the Board's Corporate Governance Report)	7.3.2	333
Consolidated Financial Statements	7.1	256
Statutory auditors' Report on the Consolidated Financial Statements	7.3.1	328
Declaration by the person responsible for the Universal Registration Document	8.1	340
Statutory auditors' report on the certification of sustainability information	5.2	217
Identities of the statutory auditors	7.4.1	336
Honorary statutory auditors	7.1.6, Note 14	297
Management report		
Article L. 232-1 and L. 233-26 of the French Commercial Code:		
Situation during financial year 2025	2.3	41
Analysis of the development of the business	1, 2.1, 2.2, 2.3	5, 26, 39, 41
Analysis of results	2.3	41
Analysis of the financial situation, including debt	2.3.7	52
Foreseeable evolution of the situation and future prospects	2.3.9	53
Significant events after the end of the 2025 financial year	7.1.6, Note 12, 7.2.2.3, Note 22	290, 323
Research and development activities	2.2	39
Existing branches	7.2.2.3, Note 24	327
Key financial performance indicators	1, 2.3	5, 41
Main risks and uncertainties	3	60
Objectives and policy with respect to the coverage of each major categories of transactions	3.1.2, 3.3.1, 7.1.6, Note 6	62, 74, 270
Exposure to price, credit, liquidity and cash risks	3.1.2, 3.3.1, 3.4, 7.1.6, Note 6	62, 74, 76, 270
Information on the use of financial instruments	3.3.1, 7.1.6, Note 6	74, 270
Information on essential intangible assets	1, 2.2	5, 39
Article L. 22-10-35 of the French Commercial Code:		
Impact of activities on combating tax evasion	5.3.2	230
Information of actions aimed at promoting the link between the nation and the armed forces	5.3.3	230
Actions aimed at promoting civic engagement in local democracy and, if applicable, the benefit of the "employer partner of local democracy" label	5.3.4	230
Article L. 225-102 of the French Commercial Code:		
Employee shareholding as of the last day of the fiscal year (proportion of capital represented)	6.2.1.2, 6.2.3.1, 6.2.3., 7.2.2.3, Notes 14 and 15	235, 237, 245, 316, 317
Article L. 232-6-3 and L. 233-28-4 of the French Commercial Code:		
Sustainability Report	5.1	142

	Section of the 2025 Universal Registration Document	Page(s)
Article L. 225-102-1 of the French Commercial Code:		
Vigilance plan	5.3.1	221
Article L. 233-6 of the French Commercial Code:		
Significant equity investments in companies headquartered in France	7.2.2.3, Note 23	324
Activities and results of Thales SA, the parent company	2.5.1.2, 2.5.1.3, 7.2	57, 299
Activities of Thales SA subsidiaries in financial year 2025	7.2.2.3, Note 23	324
Article L. 233-13 of the French Commercial Code:		
Identities of the principal shareholders and holders of voting rights at General Meetings, and changes during the financial year	6.2.1.2, 6.2.3.2	235, 237
Structure, changes in the Company's capital and crossing of thresholds in the Company in 2025	6.2.1.2, 6.2.3.3.3	235, 239
Name of controlled companies and shares held by them in Thales SA	N/A	N/A
Article R. 225-102 of the French Commercial Code:		
Table of results for the last 5 financial years	7.2.2.3. Note 24	327
Article L. 225-211 of the French Commercial Code:		
Acquisition and disposal by the Company of its own shares	6.2.3.4.3, 7.2.2.3, Note 14	241, 316
Articles L. 225-184 and L. 225-197-4 of the French Commercial Code:		
Reports on stock options and Free shares	6.2.2.1, 6.2.2.2, 6.2.3.5.1, 7.1.6 Note 9.4, 7.2.2.3, Note 15	237, 242, 243, 285, 317
Articles L. 233-7 and L. 233-13 of the French Commercial Code:		
Shareholder information	6.2	235
Article R. 228-90 (1) of the French Commercial Code:		
Mention of possible adjustments for securities giving access to capital in the event of share buybacks or financial transactions	N/A	N/A
Article D. 441-6 of the French Commercial Code:		
Information on the payment terms of suppliers and customers	7.2.1.2	299
Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code:		
Disposal of cross-holdings	N/A	N/A
Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code:		
Amount of loans with a maturity of less than three years granted to SMEs	N/A	N/A
Articles L. 621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF General Regulation:		
Information on transactions in the Company's shares by directors and related persons	4.6	139
Article 243a of the French General Tax Code:		
Dividends distributed for the last 3 financial years	6.4.1.4	250
Article 223 quater of the French General Tax Code:		
Amount of non-deductible expenses and charges and the resulting tax	7.2.2.3, Note 6	309
Article 464-2 of the French Commercial Code:		
Injunctions or financial penalties for anti-competitive practices	N/A	N/A
Law No. 2016/1691 of December 9, 2016 known as "Sapin II"		
Anti-corruption mechanism	5.1.4.1.4	206
Regulation (EU) 2020/852 of 18 June 2020 and Delegated Regulations (EU) 2021/2178 of 6 July 2021 and 2021/2139 of 4 June 2021		
"Environmental taxonomy" statement	5.1.2.6	178
Other Information:		
Parent company management report	7.2.1	299
Statutory auditors' report on related-party agreements	6.3.4	247

8.5 Cross-reference table for the Corporate Governance Report

On the recommendation of the Governance and Compensation Committee, the Board of Directors approved the Corporate Governance Report at its meeting of March 2, 2026, and instructed its Chairman to report to the Annual General Meeting of May 12, 2026 on the same. Before being submitted to the Governance and Compensation Committee, this report was prepared by representatives of the Group Secretary's Office, the Finance Department, and the Group Human Resources Department.

The following cross-reference table identifies, in this Registration Document and in order to facilitate the interpretation hereof, the information that constitutes the aforementioned Board's Corporate Governance Report, as provided for in Articles L. 225-37 last indent, L. 22-10-8 to L. 22-10-11, and L. 225-37-4 of the French Commercial Code.

Type of information	Section of the 2025 Universal Registration Document	Page(s)
Adherence to a Corporate Governance Code and application of the "comply or explain" principle	4.2	102
Composition and operation of the Board of Directors	4.1.2, 4.2.1	85, 103
Methods for the exercise of General Management	4.2.1	103
Balanced representation of women and men on the Board of Directors	4.2.3	105
Conditions for the preparation and organization of the work of the Board of Directors	4.2.1.1	103
Restrictions on the authority of the Chief Executive Officer	4.1.3	88
Diversity policy of the Board of Directors and its Committees	4.2.6.1	109
Gender balance in management bodies	4.2.6.4, 4.2.6.5	110
Special conditions for the participation of shareholders in the General Meeting	4.2.6.6	110
Elements likely to have an impact in the event of a takeover bid	4.2.6.7	111
Table summarizing current delegations of authority granted by the General Meeting of Shareholders to the Board of Directors to increase the share capital	4.2.6.8	111
Agreements Between an Executive or Significant shareholder and a Subsidiary	4.2.6.9	111
Procedure for the evaluation of current agreements – implementation	4.1.4	91
List of all offices and positions held in any company by each of the directors during the financial year	3.4	76
Compensation information:		
Compensation and benefits of any kind provided to the Directors and the Executive Director for the year 2025	4.4.1	113
Compensation policy for corporate officers	4.4.2	129
Relative proportion of fixed and variable compensation of corporate officers	4.4.1.1 A), 4.4.1.4, table No 3	113, 124
Use of the option to request the return of variable compensation	N/A	N/A
Commitments of any kind made by the Company for the benefit of its corporate officers	4.4.1	113
Compensation paid or granted to corporate officers by a company included within the scope of consolidation within the meaning of Article L. 233-16 of the French Commercial Code	N/A	N/A
Annual changes in compensation, Company performance, average compensation of Company employees and equity ratios	4.4.1.1 D) 1)	118
How total compensation complies with the adopted compensation policy, including how it contributes to the Company's long-term performance and how the performance criteria were applied	4.4.1.1 A), 4.4.1.1.D) 2)	113, 119
How the vote of the most recent Ordinary General Meeting provided for in section I of Article L. 22-10-34 of the French Commercial Code was taken into account	4.4.2.1. B) a)	130
Deviation from the compensation policy implementation procedure and any derogations	N/A	N/A
Application of the provisions of Article L. 225-45 paragraph 2 of the French Commercial Code (suspension of payment of directors' fees in the event of non-compliance with the gender diversity requirement of the Board of Directors)	N/A	N/A
Allocation and retention of options by corporate officers	N/A	N/A
Allocation and retention of Free shares to executive directors*	4.4.1.1 B), 4.4.1.4	115, 123

* *The conditions governing the obligation of retention by the Chairman and Chief Executive Officer of the Free shares allocated to him in 2024 and 2025 are set out in the 2024 Universal Registration Document p. 135-136 and 2023 Universal Registration Document, p. 125-126.*

8.6 Cross-reference table – Annexes I and II of Commission Delegated Regulation (EU) 2019/980

To facilitate the reading of the Universal Registration Document, the following cross-reference table identifies the principal information required by Annexes I and II of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

No	Heading	Page(s)
1.	**Persons responsible, third party information, experts' reports and competent authority approval**	**1, 340**
2.	**Statutory auditors**	**336**
3.	**Risk factors**	**60 to 75**
4.	**Information about Thales**	**234**
5.	**Business overview**	
5.1	Principal activities	26 to 38
5.2	Principal markets	14 to 15
5.3	Important events in development of Thales' business	26 to 38
5.4	Strategy and objectives	16 to 17
5.5	Dependence on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	39 to 40
5.6	Competitive position	8, 26 to 38
5.7	Investments	54 to 55
6.	**Organizational structure**	
6.1	Brief description of the Group	56 to 57
6.2	List of significant subsidiaries	324 to 326
7.	**Operating and financial review**	7, 41 to 53, 256 to 259, 303
7.1	Financial condition	
7.2	Operating results	7, 41 to 53, 256 to 259
8.	**Capital resources**	
8.1	Information concerning Thales' capital resources	235 to 245, 256 to 258, 281 to 283, 304, 315
8.2	Source and amounts of cash flows	41, 45, 51, 259, 271, 273, 278, 304
8.3	Information on the borrowing requirements and funding structure	77 to 79, 295 to 296
8.4	Restrictions on the use of capital resources	74 to 75, 276 to 277
8.5	Anticipated sources of funds	41, 45, 256, 271, 273
9.	**Regulatory environment**	**71 to 73**
10.	**Trend information**	**51**
11.	**Profit forecasts or estimates**	**53**
12.	**Administrative, management and supervisory bodies and senior management**	
12.1	Members of the administrative, management or supervisory bodies and senior managers	85 to 110
12.2	Administrative, management and supervisory bodies and senior management conflicts of interests	101
13.	**Remuneration and benefits**	
13.1	Remuneration and benefits in kind	113 to 139
13.2	Amounts set aside or accrued to provide for pension, retirement or similar benefits	116 to 118, 261, 283 to 285, 296, 319 to 320

Cross-reference table – Annexes I and II of Commission Delegated Regulation (EU) 2019/980

No	Heading	Page(s)
14.	**Board practices**	
14.1	Date of expiration of the current terms of office	86
14.2	Service contracts	101, 247
14.3	Information on the Audit Committee and the Compensation Committee	105 to 108
14.4	Statement on compliance with the applicable corporate governance regimes	102
14.5	Potential material impacts on corporate governance	103
15.	**Employees**	
15.1	Number and breakdown of employees by main category of activity and geographic location	192
15.2	Directors' shareholdings and stock options	123
15.3	Information as to employee share ownership	245
16.	**Major shareholders**	
16.1	Crossing of notifiable thresholds	234, 239
16.2	Existence of different voting rights	110
16.3	Control of Thales	235, 237 to 241
16.4	Any arrangements, known to Thales, the operation of which may at a subsequent date result in a change in its control	110, 237 to 241
17.	**Related party transactions**	**270, 276, 292, 323**
18.	**Financial information concerning Thales' assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	256 to 259, 303 to 304
18.2	Interim and other financial information	N/A
18.3	Auditing of historical annual financial information	328 to 335
18.4	*Pro forma* financial information	N/A
18.5	Dividend policy	52, 301
18.6	Legal and arbitration proceedings	290, 320
18.7	Significant change in Thales' financial position	290, 323
19.	**Additional information**	
19.1	Share capital	235
19.1.1	Issued capital	235 to 236
19.1.2	Other shares	237
19.1.3	Treasury shares	241 to 242
19.1.4	Securities	N/A
19.1.5	Acquisition rights and/or obligations	110, 125, 241
19.1.6	Options or agreements	125 to 128
19.1.7	History of share capital	235 à 236
19.2	Memorandum and Articles of Incorporation	234
19.2.1	Thales' objects and purposes	234
19.2.2	Rights, preferences and restrictions attaching to each share class	109 to 110
19.2.3	Provisions regarding a change	109 to 110
20.	**Material contracts**	**N/A**
21.	**Documents available**	**251**

Notes

Notes





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