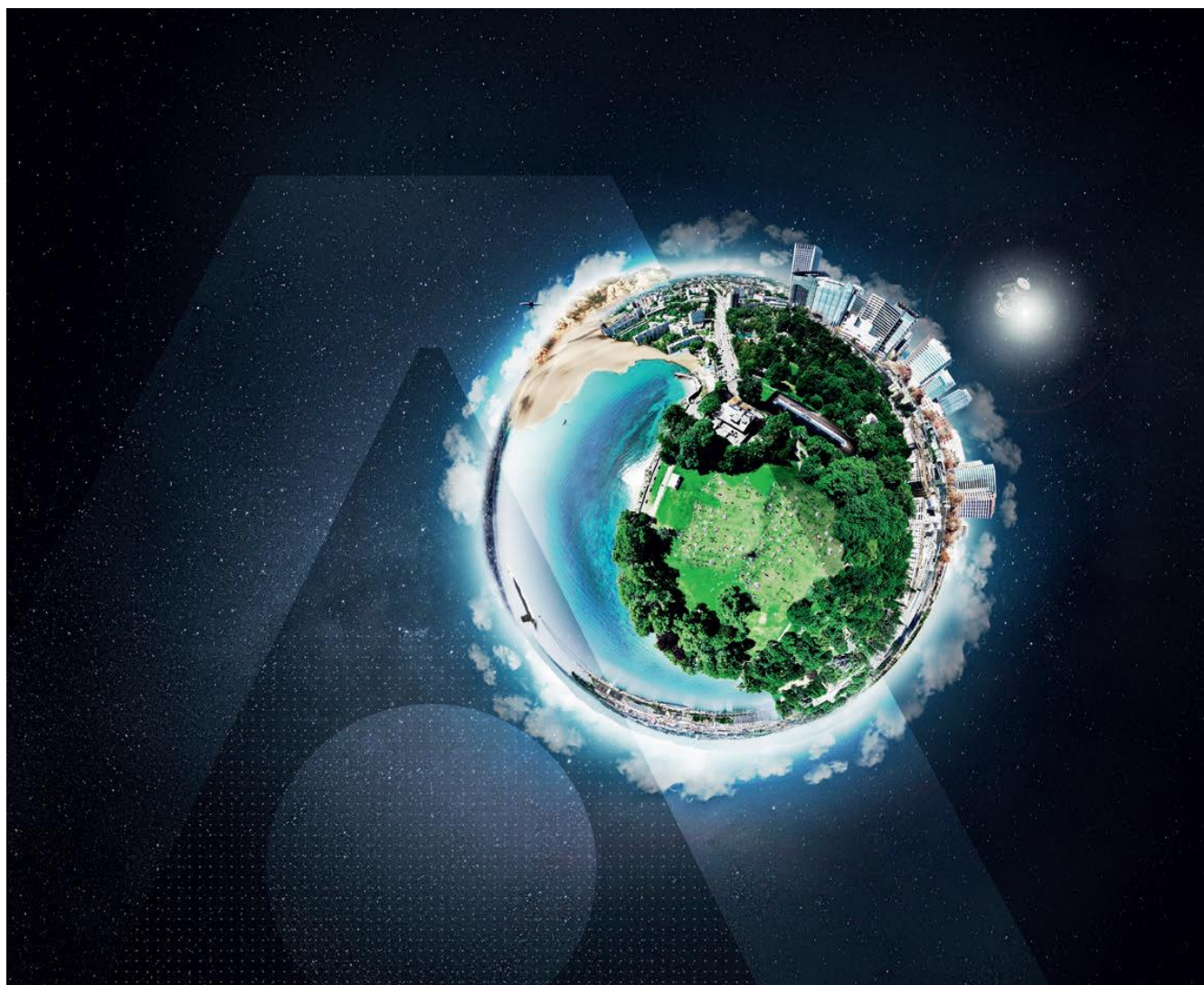


# Half-yearly financial report 2022

Report on business activity

Consolidated financial statements



# HALF-YEARLY FINANCIAL REPORT 2022

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*The English language version of this report is a free translation from the original, which was prepared and filed with the AMF in French language. All possible care has been taken to ensure that the translation is an accurate presentation of the original. However, in all matters of interpretation, views or opinion expressed in the original language version of the report in French take precedence over the translation.*

## Declaration by person responsible for the half-yearly financial report

*I certify that, to the best of my knowledge, the condensed financial statements at 30th June 2022 have been prepared in accordance with applicable accounting standards and give a fair view of the assets, liabilities, financial position and results of the company and of all the entities taken as a whole included in the consolidation, and that the attached half-yearly business report presents a fair view of the significant events that occurred during the first six months of the financial year, their impact on the financial statements, the main related party transactions as well as a description of the main risks and uncertainties for the remaining six months of the financial year.*

Paris La Défense, 21rd July 2022



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**Patrice Caine**  
Chairman & Chief Executive Officer

## Report on 2022 first half business activity and results

### Key figures<sup>1</sup>

<i>In € millions, except earnings and dividend per share (in €)</i>	H1 2022	H1 2021	Total change	Organic change
<b>Order intake</b>	<b>11,208</b>	<b>7,665</b>	+46%	+43%
<b>Order book at end of period</b>	<b>37,988</b>	<b>34,744</b>	+9%	+9%
<b>Sales</b>	<b>8,256</b>	<b>7,669</b>	+7.7%	+5.4%
<b>EBIT<sup>2</sup></b>	<b>891</b>	<b>722</b>	+23.4%	+21.1%
<i>as a % of sales</i>	10.8%	9.4%	+1.4 pts	+1.4 pts
<b>Adjusted net income, Group share<sup>2</sup></b>	<b>726</b>	<b>591</b>	+23%	
<b>Adjusted net income, Group share, per share<sup>2</sup></b>	<b>3.41</b>	<b>2.78</b>	+23%	
<b>Consolidated net income, Group share</b>	<b>566</b>	<b>432</b>	+31%	
<b>Free operating cash flow<sup>2</sup></b>	<b>820</b>	<b>420</b>	+400	
<b>Net cash (debt) at end of period<sup>2</sup></b>	<b>-894</b>	<b>-2,496<sup>3</sup></b>	+1,602	

<sup>1</sup> In order to enable better monitoring and benchmarking of its financial and operating performance, Thales presents adjusted data, including EBIT and adjusted net income, non-GAAP measures, which exclude non-operating and non-recurring items. Details of the adjustments are given in the "Presentation of financial information" in this report

<sup>2</sup> Non-GAAP financial indicators, see definitions in the appendices, page 3.

<sup>3</sup> Net debt as at June 30, 2021.

# Presentation of financial information

## Accounting policies

Thales's condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting) and with the International financial Reporting Standards (IFRS) approved by the European Union at 30 June 2022<sup>4</sup>.

The condensed interim consolidated financial statements are consistent with the accounting policies applied by the Group for the full-year financial statements at 31 December 2021 (as described in the notes 1 and 13 to the consolidated financial statements).

## Adjusted income statement

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

- **EBIT**, an adjusted operating indicator, corresponds to income from operations plus the share in the net income of equity-accounted companies, before the impact of entries recorded as part of business combinations (amortization of assets valued when determining the purchase price allocation, other expenses directly related to acquisitions).
- **Adjusted net income** corresponds to net income, excluding the following items and net of the corresponding tax effects:
  - amortization of assets valued when determining the purchase price allocation (business combinations);
  - expenses recognized in income from operations or in finance costs that are directly related to business combinations;
  - gains and losses on disposals of assets, changes in scope of consolidation and other;
  - impairment of non-current assets;
  - changes in the 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).
- **Free operating cash flow** corresponds to the net cash flow from operating activities before contributions to reduce the pension deficit in the United Kingdom, and after deducting net operating investments.

Defining EBIT and adjusted net income involves defining other aggregates 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 5 and 6.

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<sup>4</sup> Available at <https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002>

**Net cash (debt)** corresponds to the difference between the sum of the “cash and cash equivalents” and “current financial assets” items and short- and long-term borrowings, after deduction of interest rate hedging derivatives. From 1 January 2019, it incorporates the lease liability recorded in the balance sheet pursuant to IFRS 16. Its calculation appears in Note 6.3 to the consolidated financial statements.

Please note that only the consolidated financial statements as at December 31, 2021 are audited by the statutory auditors, including EBIT, the calculation of which is outlined in Note 2 “Segment Information”, net cash (debt), the definition and calculation of which appear in Note 6.2 “Net cash (debt)”, and free operating cash flow, the definition and calculation of which are specified in Note 6.3 “Changes in net cash”. 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 income statements at 30 June 2022 and 30 June 2021 is detailed in the tables on following pages:

## Adjusted income statement, EBIT and adjusted net income – H1 2022

In € millions except earnings per share (in €)	Consolidated income statement H1 2022	Adjustments					Adjusted income statement H1 2022
		(1)	(2)	(3)	(4)	(5)	
<b>Sales</b>	<b>8,256</b>	—	—	—	—	—	<b>8,256</b>
Cost of sales	(6,223)	187	—	—	—	—	(6,036)
Research and development costs	(486)	—	—	—	—	—	(486)
Marketing and selling expenses	(639)	—	—	—	—	—	(639)
General and administrative expenses	(291)	—	—	—	—	—	(291)
Restructuring costs	(35)	—	—	—	—	—	(35)
<b>Income from operations</b>	<b>583</b>	<b>187</b>	—	—	—	—	<b>769</b>
Share in net income of equity affiliates	107	15	—	—	—	—	122
Income from operating activities after share in net income	690	—	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>201</b>	—	—	—	—	<b>891</b>
Gains and losses on disposals of assets, changes in scope and other	10	—	(10)	—	—	—	—
Impairment of non-current assets	—	—	—	—	—	—	—
Net financial interest	(32)	—	—	—	—	—	(32)
Other financial income and expenses	(30)	—	—	19	—	—	(10)
Finance costs on pensions and other long-term employee benefits	16	—	—	—	(31)	—	(15)
Income tax	(105)	(48)	9	(4)	8	—	(141)
Effective income tax rate*	19.3%	—	—	—	—	—	19.7%
Net income from continuing operations	549	154	(2)	15	(23)	—	693
Net income from discontinued operations	11	—	1	(4)	—	23	31
<b>Net income</b>	<b>560</b>	<b>154</b>	—	<b>11</b>	<b>(23)</b>	<b>23</b>	<b>724</b>
Non-controlling interests	6	(4)	—	—	—	—	2
<b>Net income, Group share</b>	<b>566</b>	<b>150</b>	—	<b>11</b>	<b>(23)</b>	<b>23</b>	<b>726</b>
Average number of shares (thousands)	212,695	—	—	—	—	—	212,695
<b>Net earnings, Group share per share (in €)</b>	<b>2.66</b>	—	—	—	—	—	<b>3.41</b>

(\*) Income tax divided by net income before income tax and before share in net income of equity affiliates

### Adjustments (see definitions on pages 3 and 4):

(1) Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions.

(2) Income from disposals, changes in scope and other.

(3) Change in fair value of foreign exchange derivatives.

(4) Actuarial differences on long-term employee benefits.

(5) Income and expenses directly associated with the disposal of the Transport business.

## Adjusted income statement, EBIT and adjusted net income – H1 2021

	Consolidated income statement H1 2021	Adjustments					Adjusted income statement H1 2021
<i>In € millions except earnings per share (in €)</i>		(1)	(2)	(3)	(4)	(5)	
<b>Sales</b>	<b>7,669</b>	—	—	—	—	—	<b>7,669</b>
Cost of sales	(5,805)	185	—	—	—	—	(5,620)
Research and development costs	(465)	—	—	—	—	—	(465)
Marketing and selling expenses	(598)	—	—	—	—	—	(598)
General and administrative expenses	(268)	—	—	—	—	—	(268)
Restructuring costs	(40)	1	—	—	—	—	(39)
<b>Income from operations</b>	<b>493</b>	<b>187</b>	—	—	—	—	<b>679</b>
Share in net income of equity affiliates	29	14	—	—	—	—	43
Income from operating activities after share in net income	522	—	—	—	—	—	N/A
<b>EBIT</b>	<b>N/A</b>	<b>201</b>	—	—	—	—	<b>722</b>
Gains and losses on disposals of assets, changes in scope and other	(7)	—	7	—	—	—	—
Impairment of non-current assets	—	—	—	—	—	—	—
Net financial interest	(28)	—	—	—	—	—	(28)
Other financial income and expenses	(28)	—	—	21	—	—	(7)
Finance costs on pensions and other long-term employee benefits	(7)	—	—	—	(7)	—	(15)
Income tax	(34)	(51)	(2)	(4)	2	—	(88)
<i>Effective income tax rate*</i>	8.0%	—	—	—	—	—	14.0%
Net income from continuing operations	418	150	5	17	(5)	—	585
Net income from discontinued operations	36	—	—	(4)	—	—	32
<b>Net income</b>	<b>454</b>	<b>150</b>	<b>5</b>	<b>13</b>	<b>(5)</b>	<b>—</b>	<b>616</b>
Non-controlling interests	(21)	(4)	—	—	—	—	(25)
<b>Net income, Group share</b>	<b>432</b>	<b>147</b>	<b>5</b>	<b>13</b>	<b>(5)</b>	<b>—</b>	<b>591</b>
<i>Average number of shares (thousands)</i>	212,933	—	—	—	—	—	212,933
<b>Net earnings, Group share per share (in €)</b>	<b>2.03</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2.78</b>

(\*) Income tax divided by net income before income tax and before share in net income of equity affiliates

### Adjustments (see definitions on pages 3 and 4):

(1) Impact of business combinations: amortization of assets valued as part of the purchase price allocation, other expenses directly related to acquisitions.

(2) Income from disposals, changes in scope and other.

(3) Change in fair value of foreign exchange derivatives.

(4) Actuarial differences on long-term employee benefits.

(5) Income and expenses directly associated with the disposal of the Transport business.



## Order intake

<i>In € millions</i>	H1 2022	H1 2021	Total change	Organic change
Aerospace	2,393	2,886	-17%	-18%
Defense & Security	7,150	3,374	+112%	+108%
Digital Identity & Security	1,631	1,370	+19%	+13 %
<b>Total – operating segments</b>	<b>11,175</b>	<b>7,629</b>	<b>+47 %</b>	<b>+43%</b>
Other	34	35		
<b>Total</b>	<b>11,208</b>	<b>7,665</b>	<b>+46%</b>	<b>+43%</b>
Of which mature markets <sup>5</sup>	6,556	6,295	+4%	+2%
Of which emerging markets <sup>5</sup>	4,652	1,369	+240%	+229%

**Order intake** in H1 2022 amounted to **€11,208 million, up 46%** compared to H1 2021 (+43% at constant scope and exchange rates<sup>6</sup>). The book-to-bill ratio was 1.36, versus 1.00 in H1 2021. It even reached as much as 1.45 when excluding the Digital Identity & Security segment, for which the order intake is structurally aligned with sales.

In H1 2022, Thales booked **12 large orders with a unit value of over €100 million**, for a total amount of **€5,155 million** (€1,705 million in H1 2021):

- 2 large orders booked in Q1 2022:
  - the order of two Space Inspire satellites by Intelsat
  - the order of an additional Space Inspire satellite by SES
- 10 large orders booked in Q2 2022: the jumbo contract related to the supply of the Rafale to the United Arab Emirates (80 aircraft), as well as 9 orders with a unit value of between €100 million and €500 million:
  - the order of a Space Inspire satellite by Arabsat
  - an amendment to the contract for the development and qualification of the payloads of the first two satellites for the CO2M mission, which aims to measure the quantity of CO<sub>2</sub> produced by human activity (European Copernicus program)
  - a contract related to the supply of 6 additional Rafale aircraft to Greece
  - a contract to supply the Sea Fire digital radar for three defense and intervention frigates (FDI) sold to Greece
  - the order of a secure communications system by a military customer
  - an amendment to the contract guaranteeing the supply of munitions to the Australian Defence Force for 10 years (SDMM)
  - the order by a Middle Eastern country of 3 radars and associated support
  - a new tranche of the Scorpion program for the French Army
  - an amendment to the contract for the supply and support of CONTACT next-generation tactical radios for the French Army

<sup>5</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 16.

<sup>6</sup> Taking into account a positive currency effect of €161 million and a positive net scope effect of €12 million.

At **€6,053 million**, orders with a unit value of **less than €100 million** were up 2% compared to the first half of 2021. Orders with a **unit value of less than €10 million** were particularly dynamic, thanks in particular to the recovery in civil aeronautics and passport production, as well as to the robust pricing of smart cards.

**Geographically**<sup>7</sup>, order intake in emerging markets amounted to €4,652 million, up 229% at constant scope and exchange rates, benefiting from three contracts worth over €100 million, including the major contract related to the Rafale order by the UAE. At € 6,556 million, order intake in mature markets remained at a high level (+2% at constant scope and exchange rates).

Order intake in the **Aerospace** segment totaled **€2,393 million**, versus €2,886 million in H1 2021 (-18% at constant scope and exchange rates). This change is due to a high basis of comparison, since Thales Alenia Space booked the second generation of Galileo European navigation satellites, amounting to more than €700 million, in H1 2021. Commercial momentum remained solid in the Space segment, with four large contracts with a unit value of over €100 million in H1 2022. The civil aeronautics business continued to recover, particularly in the after-market business.

Order intake in the **Defense & Security** segment totaled **€7,150 million** compared to €3,374 million in H1 2021, up 108% at constant scope and exchange rates, including the 8 large orders with a unit value of over €100 million mentioned above. The segment's order book thus reached **€29.0 billion**, a new all-time record, representing nearly 3.4 years of sales.

At **€1,631 million**, order intake in the **Digital Identity & Security** segment was in line with sales, considering that most businesses in this segment do not book long-term orders. The order book is therefore not significant.

## Sales

<i>In € millions</i>	H1 2022	H1 2021	Total change	Organic change
Aerospace	2,211	2,112	+4.7%	+2.9%
Defense & Security	4,378	4,152	+5.4%	+4.1%
Digital Identity & Security	1,631	1,370	+19.1%	+13.1%
<b>Total – operating segments</b>	<b>8,221</b>	<b>7,634</b>	<b>+7.7%</b>	<b>+5.4%</b>
Other	35	35		
<b>Total</b>	<b>8,256</b>	<b>7,669</b>	<b>+7.7%</b>	<b>+5.4%</b>
Of which mature markets <sup>8</sup>	6,357	5,776	+10.1%	+7.9%
Of which emerging markets <sup>8</sup>	1,899	1,893	+0.3%	-2.1%

**Sales** for the first half of 2022 amounted to **€8,256 million**, compared with €7,669 million in the first half of 2021, an increase of 7.7%. Despite supply chain tensions, organic change (at constant scope and exchange rates<sup>9</sup>) stood at +5.4%, thanks in particular to the solid performance of the Digital Identity & Security segment.

<sup>7</sup> See table on page 16.

<sup>8</sup> Mature markets: Europe, North America, Australia, New Zealand. Emerging markets: all other countries. See table on page 16.

<sup>9</sup> The calculation of the organic change in sales is shown on page 17.

**Geographically**<sup>10</sup>, this increase in sales was more marked in mature markets, which grew by +7.9% in organic terms, and even by +8.5% in Europe. Emerging markets recorded a slight decline (-2.1% in organic terms).

Sales in the **Aerospace** segment amounted to **€2,211 million**, up 4.7% compared to H1 2021 (+2.9% at constant scope and exchange rates). This change reflects the cessation of activities in Russia (total impact estimated at around €70 million for 2022), as well as a high basis of comparison for both Space and Microwave tube businesses. The rebound in civil avionics is mixed: after-market activities recorded double-digit growth, while the original equipment business recovered only gradually, particularly in the widebody aircraft segment.

Sales in the **Defense & Security** segment totaled **€4,378 million**, up 5.4% compared to H1 2021 (+4.1% at constant scope and exchange rates). As expected, this segment rebounded in Q2 2022, with organic sales growth of +8.6%, confirming the positive momentum of most of its businesses. Radio communication products, airspace protection systems and surface radars all posted organic growth of over 10% in the first half.

In the **Digital Identity & Security** segment, sales were up 13.1% at constant scope and exchange rates to **€1,631 million**. This strong increase is explained by the combination of three factors: the rebound in passport production activities after two years affected by the public health crisis, continued growth in cybersecurity, and, finally, precautionary purchases and a price effect with respect to EMV payment cards and SIM cards, reflecting the significant increase in purchasing costs.

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<sup>10</sup> See table on page 16.

## Adjusted results

<b>EBIT</b>	<b>H1 2022</b>	<b>H1 2021</b>	<b>Total change</b>	<b>Organic change</b>
<i>In € millions</i>				
<b>Aerospace</b>	<b>97</b>	<b>69</b>	<b>+40.6%</b>	<b>+39.8%</b>
<i>as a % of sales</i>	4.4%	3.3%	+1.1 pts	+1.2 pts
<b>Defense &amp; Security</b>	<b>545</b>	<b>497</b>	<b>+9.7%</b>	<b>+9.8%</b>
<i>as a % of sales</i>	12.4%	12.0%	+0.4 pts	+0.6 pts
<b>Digital Identity &amp; Security</b>	<b>201</b>	<b>152</b>	<b>+32.6%</b>	<b>+21.5%</b>
<i>as a % of sales</i>	12.3 %	11.1 %	+0.8 pts	+0.8 pts
<b>Total – operating segments</b>	<b>843</b>	<b>717</b>	<b>+17.6%</b>	<b>+15.3%</b>
<i>as a % of sales</i>	10.3%	9.4%	+0.9 pts	+0.8 pts
Other – excluding Naval Group	-41	-29		
<b>Total – excluding Naval Group</b>	<b>803</b>	<b>688</b>	<b>+16.6%</b>	<b>+14.4%</b>
<i>as a % of sales</i>	9.7%	9.0%	+0.7 pts	+0.7 pts
Naval Group (35% share)	89	34		
<b>Total</b>	<b>891</b>	<b>722</b>	<b>+23.4%</b>	<b>+21.1%</b>
<i>as a % of sales</i>	10.8%	9.4%	+1.4 pts	+1.4 pts

In H1 2022, the Group posted an **EBIT<sup>11</sup>** of **€891 million (10.8%** of sales), compared with €722 million (9.4% of sales) in H1 2021. This level includes two one-off items that almost entirely offset each other:

- On the one hand, the economic and trade sanctions imposed on Russia have led to the recording of non-recurring expenses in the amount of €52 million in the “cost of sales” line, mainly in the Aerospace segment.
- On the other hand, the compensation agreement signed between Australia and Naval Group resulted in non-recurring income of approximately €50 million for the first half.

The **Aerospace** segment posted an EBIT of **€97 million (4.4%** of sales), versus an EBIT of €69 million (3.3% of sales) in H1 2021. Adjusted for the non-recurring expenses related to the sanctions against Russia, the EBIT margin would have increased by around 3 percentage points.

In the **Defense & Security** segment, EBIT amounted to **€545 million**, versus €497 million in H1 2021 (+9.8% at constant scope and exchange rates). The margin for this segment was **12.4%** compared to 12.0% in H1 2021, with the increase in margin primarily due to a favorable H1/H2 phasing of expenses.

At **€201 million (12.3%** of sales), EBIT in the **Digital Identity & Security** segment increased further, benefiting from the operating leverage on sales growth.

Excluding Naval Group, **unallocated EBIT** amounted to **-€41 million** compared with -€29 million in H1 2021. The increase in this category reflects the reallocation of certain costs following the classification of the Transport business as a discontinued operation.

<sup>11</sup> Non-GAAP financial indicator, see definition in the appendices on page 3 and the calculation on pages 5 and 6.

At **€89 million** in H1 2022 compared to €34 million in H1 2021, **Naval Group's** contribution to EBIT increased mainly thanks to the above-mentioned non-recurring income.

**Net financial interest (-€32 million** versus -€28 million in H1 2021), as well as **other adjusted financial results**<sup>12</sup> (**-€10 million** in 2022 versus -€7 million in H1 2021) remained low. The stability of the **adjusted financial result on pensions and other long-term employee benefits**<sup>12</sup> (**-€15 million** compared to -€15 million in H1 2021) reflects the decrease in net liabilities combined with the increase in discount rates.

At **€31 million** compared with €32 million in H1 2021, the **adjusted net income, Group share, from discontinued operations** was stable, in line with the trend in EBIT in the Transport business.

**Adjusted net income, Group share**<sup>12</sup> thus amounted to **€726 million**, compared to €591 million in H1 2021, after an adjusted income tax charge<sup>12</sup> of -€141 million, compared to -€88 million in H1 2021. The latter had benefited from one-off items related to changes to tax rules in Italy and the United Kingdom. The effective tax rate stood at 19.7% at June 30, 2022, compared with 22.1% at June 30, 2021, adjusted for these one-off items. This change mainly reflects the reduction in the corporate income tax rate in France (25.8% in 2022 versus 28.4% in 2021).

**Adjusted net income, Group share, per share**<sup>12</sup> amounted to €3.41, up 23% compared to H1 2021 (€2.78).

## Consolidated results

### Income from operations

After accounting for the €187 million impact of purchase price allocation (PPA) and other expenses directly related to acquisitions, which again amounted to €187 (as at June 30, 2021), reported **income from operations** was €583 million, compared to €493 million in the first half of 2021. As with EBIT, this increase reflects the leverage effect on the increase in revenues and the associated improvement in gross margin, as well as an increase in indirect costs that was proportionately lower than the increase in sales.

**Income of operating activities before share in net income from equity affiliates** stood at €593 million, compared to €486 million at June 30, 2021, benefiting from the same effects.

### Income of operating activities after share in net income (loss) of equity affiliates

**The share in net income (loss) of equity affiliates** increased to €107 million in the first half of 2022, after a contribution of €29 million in the first half of 2021, mostly thanks to the positive contribution from Naval Group for €75 million, benefitting from the compensation agreement mentioned above (compared with a contribution of €21 million at June 30, 2021). **Income of operating activities after share in net income from equity affiliates** therefore comes to €700 million, compared to €515 million for the same period in June 30, 2021.

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<sup>12</sup> Non-GAAP financial indicator, see definition in the appendices on page 3 and the calculation on pages 5 and 6.

## Net financial income (expense)

**Net interest expense** and **other financial expenses** remained stable, respectively at €-32 million (€-28 million over H1 2021) and €-30 million in first half of 2022 (€-28 million in first half of 2021).

At €16 million in the first half of 2022, compared with €-7 million in the first half of 2021, the **finance costs on pensions and other employee benefits** benefited from the increase in discount rates, particularly in the United Kingdom, and the reduction in actuarial gains and losses (income of €31 million in the first half of 2022 compared with €7 million in the first half of 2021).

The **income tax charge** amounted to €105 million over H1 2022 compared to €34 million over H1 2021. Last year, the income tax charge had benefited from one-off items related to changes to tax rules in Italy and the United Kingdom.

## Net income

The **net income, Group share, from discontinued operations** stood at €11 million over the first half of 2022, compared to €36 million over the first half of 2021. The decrease includes expenses directly associated with the disposal of the Transport business.

**Consolidated net income, Group share** thus amounted to **€566 million**, again up sharply compared to 30 June 2021 (at €433 million), with non-controlling interests turning negative at €-6 million in the first half of 2022 compared with a positive €21 million in the first half of 2021.

## Financial position at 30 June 2022

<i>in € millions</i>	H1 2022	H1 2021	Change
<b>Operating cash flow before interest and tax</b>	<b>1,176</b>	<b>1,064</b>	<b>+112</b>
+ Change in working capital and provisions for contingencies	4	(382)	+386
+ Payment of pension contributions, excluding contributions related to the reduction of the UK pension deficit	(56)	(78)	+22
+ Net financial interest received (paid)	(32)	(37)	+5
+ Income tax paid	29	34	(5)
+ Net operating investments	(184)	(181)	(3)
<b>Free operating cash flow, continuing operations</b>	<b>938</b>	<b>420</b>	<b>+517</b>
Free operating cash flow, discontinued operations	(118)	0	(118)
<b>Free operating cash flow</b>	<b>820</b>	<b>420</b>	<b>+400</b>
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	(141)	(10)	(132)
+ Contributions related to the reduction of the UK pension deficit	(49)	(48)	(1)
+ Dividends paid	(416)	(290)	(127)
+ New lease liabilities (IFRS 16)	(112)	(41)	(71)
+ Exchange rates and other	(201)	22	(223)
<b>Change in net cash (debt)</b>	<b>(99)</b>	<b>53</b>	<b>(152)</b>
Net cash (debt) at start of period	(795)	(2,549)	+1,754
+ Change in net cash (debt)	(99)	53	(152)
<b>Net cash (debt) at end of period</b>	<b>(894)</b>	<b>(2,496)</b>	<b>+1,602</b>

**Free operating cash flow**<sup>13</sup> amounted to **€820 million**, compared with €420 million in H1 2021. The cash conversion ratio of adjusted net income, Group share, to free operating cash flow stood at 113% (71% in H1 2021). This solid performance reflects the strong commercial momentum in the first half of the year, in particular with the payment of a significant down payment associated with the Rafale order intake from the UAE. In addition, the Group continued to benefit from the actions implemented since 2020 under the “Cash” initiative, as well as from the less pronounced seasonality in working capital as compared to previous years.

In the first half of the year, the **net balance of acquisitions and disposals of subsidiaries** amounted to **-€141 million**, primarily reflecting the acquisition of the RUAG simulation and training business (consolidated in the Aerospace segment). Since January 2022, the Group has announced 3 acquisitions which should be finalized before the end of the year: Leonardo's stake in the Advanced Acoustics Concept JV (Defense & Security segment), S21 and Excellium, two major players in cybersecurity consulting, integration, and managed services in Europe (Defense & Security segment), and OneWelcome, a European leader in the fast-growing customer identity and access management (CIAM) market, which will be consolidated within the Digital Identity & Security segment.

At June 30, 2022, **net debt** amounted to **€894 million**, compared with €2,496 million at June 30, 2021, after accounting for new lease liabilities of €112 million (€41 million at June 30, 2021) and after the

<sup>13</sup> Non-GAAP financial indicator, see definition in the appendices, page 3.

distribution of €416 million in dividends (€290 million in H1 2021) as well as the repurchase of 1.1 million shares under the share buyback program launched in April 2022 (totaling €127 million at June 30, 2022).

**Shareholders' equity, Group share** amounted to **€7,589 million**, compared with €6,474 million at 31 December 31, 2021, benefiting, in addition to the consolidated net income, Group share (€566 million), from a decrease of more than €1 billion in the net pension liability, reflecting the sharp rise in discount rates.

## Related party transactions

Main related party transactions are disclosed in Note 13-a of the consolidated financial statements included in the 2021 Universal Registration Document.

Revenues with the French State amounted to €1,811.7 million in the first half of 2022 and €1,733.5 million in the first half of 2021.

## Main risks and uncertainties during the second half of 2022 fiscal year

The main risks and uncertainties as described in the Universal Registration Document filed with the Autorité des Marchés Financiers (AMF) on 06 April 2022 – chapter 3, Risk Factors, Internal Control and Risk Management from page 46 to 67 – remain valid and applicable for the second half of 2022 fiscal year.

As described in the “outlook” section below, these risks could potentially impact the second half-year activity.

## Outlook for the current year

All Group markets benefit from robust medium-term perspectives. The improved public health situation will support the recovery in air traffic and commercial aircraft production rates. The further increase in Thales Alenia Space's order book firms up its growth over the next few years. The change in the geopolitical context induced by the invasion of Ukraine will result in a sustained growth of defense budgets in Europe. Lastly, the Digital Identity & Security segment will be able to leverage the high growth prospects in cybersecurity, biometrics and eSIM.

The global environment is nevertheless marked by the continuing tensions affecting supply chains, particularly with respect to semiconductors, the significant rise in inflation, the weakening of the euro against the dollar, and the consequences of Russia's invasion of Ukraine<sup>14</sup>.

Against this backdrop, Thales will focus its short-term efforts on managing the operational factors that are holding back its growth – strengthening the resilience of its supply chains, scaling up its recruitment teams – and on passing the increases in its purchasing costs to its customers.

At the same time, the Group will continue to implement all the levers of its Ambition 10 strategic plan, designed to support profitable and sustainable growth.

The strong performance in the first half of 2022 has led the Group to adjust its financial targets for the full year.

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<sup>14</sup> The negative impact on 2022 sales is estimated at approximately €100 million.



As a result, in the absence of major new disruptions in the global economy, the public health context, or global supply chains, Thales has set the following targets for 2022:

- A **book-to-bill ratio significantly above 1**<sup>15</sup>;
- **Organic sales growth** of between **+3.5%** and **+5.5%**, corresponding to sales in the range of €17.1 to €17.5 billion<sup>16</sup>;
- An **EBIT margin** between **10.8%** and **11.1%**, up 60 to 90 basis points from 2021.

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<sup>15</sup> Previous target, set on March 3, 2022: a book-to-bill ratio greater than 1.

<sup>16</sup> Based on July 2022 scope and exchange rates. Previous target, set on March 3, 2022: €16.6 to €17.2 billion.

# Notes to the report on operations and results for the first half of 2022

## Order intake by destination – H1 2022

	H1 2022	H1 2021	Total change	Organic change	H1 2022 weighting in %
<i>In € millions</i>					
France	2,259	1,911	+18 %	+18 %	20%
United Kingdom	438	319	+37%	+34%	4%
Rest of Europe	1,911	2,654	-28%	-28%	17%
<b>Sub-total Europe</b>	<b>4,608</b>	<b>4,884</b>	<b>-6%</b>	<b>-6%</b>	<b>41%</b>
United States and Canada	1,459	1,137	+28%	+18 %	13%
Australia and New Zealand	490	274	+79%	+73%	4%
<b>Total mature markets</b>	<b>6,556</b>	<b>6,295</b>	<b>+4%</b>	<b>+2%</b>	<b>58%</b>
Asia	620	868	-29%	-29%	6%
Near and Middle East	3,701	206	+1697%	+1591%	33%
Rest of the world	331	296	+12%	+4%	3%
<b>Total emerging markets</b>	<b>4,652</b>	<b>1,369</b>	<b>+240%</b>	<b>+229%</b>	<b>42%</b>
<b>Total all markets</b>	<b>11,208</b>	<b>7,665</b>	<b>+46%</b>	<b>+43%</b>	<b>100%</b>

## Sales by destination – H1 2022

	H1 2022	H1 2021	Total change	Organic change	H1 2022 weighting in %
<i>In € millions</i>					
France	2,447	2,265	+8.0%	+8.0%	30%
United Kingdom	475	438	+8.4%	+5.6%	6%
Rest of Europe	1,881	1,707	+10.2%	+9.9%	23 %
<b>Sub-total Europe</b>	<b>4,804</b>	<b>4,411</b>	<b>+8.9%</b>	<b>+8.5%</b>	<b>58%</b>
United States and Canada	1,058	869	+21.8%	+11.2%	13%
Australia and New Zealand	496	497	-0.2%	-3.5%	6%
<b>Total mature markets</b>	<b>6,357</b>	<b>5,776</b>	<b>+10.1%</b>	<b>+7.9%</b>	<b>77%</b>
Asia	950	945	+0.5%	-0.9%	12%
Near and Middle East	493	507	-2.8%	-5.1%	6%
Rest of the world	456	441	+3.6%	-1.2%	6%
<b>Total emerging markets</b>	<b>1,899</b>	<b>1,893</b>	<b>+0.3%</b>	<b>-2.1%</b>	<b>23 %</b>
<b>Total all markets</b>	<b>8,256</b>	<b>7,669</b>	<b>+7.7%</b>	<b>+5.4%</b>	<b>100%</b>

## Order intake and sales – Q2 2022

<b>Order intake</b>	<b>Q2 2022</b>	<b>Q2 2021</b>	<b>Total change</b>	<b>Organic change</b>
<i>In € millions</i>				
Aerospace	1,211	1,888	-36%	-37%
Defense & Security	6,050	1,861	+225%	+218%
Digital Identity & Security	892	733	+22%	+14%
<b>Total – operating segments</b>	<b>8,153</b>	<b>4,482</b>	<b>+82%</b>	<b>+77%</b>
Other	22	26		
<b>Total</b>	<b>8,176</b>	<b>4,507</b>	<b>+81%</b>	<b>+77%</b>

### Sales

<i>In € millions</i>				
Aerospace	1,186	1,141	+4.0%	+1.9%
Defense & Security	2,428	2,203	+10.2%	+8.6%
Digital Identity & Security	892	733	+21.7%	+14.1%
<b>Total – operating segments</b>	<b>4,506</b>	<b>4,077</b>	<b>+10.5%</b>	<b>+7.8%</b>
Other	20	19		
<b>Total</b>	<b>4,526</b>	<b>4,096</b>	<b>+10.5%</b>	<b>+7.8%</b>

## Organic change in sales by quarter

	<b>2022 sales</b>	<b>Exchange rate effect</b>	<b>Impact of disposals</b>	<b>2021 sales</b>	<b>Impact of acquisitions</b>	<b>Total change</b>	<b>Organic change</b>
<i>In € millions</i>							
Q1	3,730	54	-	3,573	6	+4.4%	+2.7%
Q2	4,526	103	-	4,096	2	+10.5%	+7.8%
<b>H1</b>	<b>8,256</b>	<b>157</b>	<b>-</b>	<b>7,669</b>	<b>7</b>	<b>+7.7%</b>	<b>+5.4%</b>

#### Main scope effects:

- Disposals: none.
- Acquisitions: not significant.



**CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
AT 30 JUNE 2022**

## INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

<i>(in € millions)</i>	Notes	First half 2022	First half 2021	2021
<b>Sales</b>	note 2	<b>8,256.3</b>	<b>7,668.8</b>	<b>16,192.0</b>
Cost of sales		(6,222.8)	(5,805.4)	(12,158.9)
Research and development expenses		(486.2)	(464.7)	(1,026.9)
Marketing and selling expenses		(639.1)	(598.4)	(1,225.9)
General and administrative expenses		(290.8)	(268.1)	(545.0)
Restructuring costs		(34.8)	(39.6)	(91.8)
<b>Income from operations</b>	note 2	<b>582.6</b>	<b>492.6</b>	<b>1,143.5</b>
Disposal of assets, changes in scope of consolidation and other	note 3.2	10.3	(6.6)	48.7
Impairment on non-current fixed assets	note 4.1	—	—	—
<b>Income of operating activities before share in net income of equity affiliates</b>		<b>592.9</b>	<b>486.0</b>	<b>1,192.2</b>
Share in net income of equity affiliates	note 5.1	107.4	28.9	103.6
<b>Income of operating activities after share in net income of equity affiliates</b>		<b>700.3</b>	<b>514.9</b>	<b>1,295.8</b>
Financial interests on gross debt		(28.2)	(28.7)	(54.1)
Financial interests on cash and cash equivalents		(3.6)	0.3	(2.5)
<b>Interest expense, net</b>	note 6.1	<b>(31.8)</b>	<b>(28.4)</b>	<b>(56.6)</b>
Other financial expenses	note 6.1	(29.6)	(27.9)	(52.8)
Finance costs on pensions and other employee benefits	note 8	15.5	(7.3)	(21.9)
Income tax	note 9	(105.4)	(33.6)	(147.7)
<b>Net income relating to continued operations</b>		<b>549.0</b>	<b>417.7</b>	<b>1,016.8</b>
<b>Net income relating to discontinued operations</b>	note 1.2	<b>11.0</b>	<b>35.8</b>	<b>117.6</b>
<b>Net income</b>		<b>560.0</b>	<b>453.5</b>	<b>1,134.4</b>
<b>Shareholders of the parent company</b>		<b>565.6</b>	<b>432.4</b>	<b>1,088.8</b>
Of which: net income relating to continued operations, Group share		554.6	396.4	971.0
Of which: net income relating to discontinued operations, Group share		11.0	36.0	117.7
<b>Non-controlling interests</b>		<b>(5.6)</b>	<b>21.1</b>	<b>45.6</b>
<b>Basic earnings per share (in euros)</b>	note 10.2	<b>2.66</b>	<b>2.03</b>	<b>5.12</b>
<b>Diluted earnings per share (in euros)</b>	note 10.2	<b>2.66</b>	<b>2.03</b>	<b>5.11</b>

Segment information (including EBIT calculation) is detailed in note 2.3.

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € millions)</i>	First half 2022			First half 2021			2021		
	Total attributable to :			Total attributable to :			Total attributable to :		
	Shareholders of the parent company	Non- controlling interests	Total	Shareholders of the parent company	Non- controlling interests	Total	Shareholders of the parent company	Non- controlling interests	Total
<b>Net income</b>	<b>565.6</b>	<b>(5.6)</b>	<b>560.0</b>	<b>432.4</b>	<b>21.1</b>	<b>453.5</b>	<b>1,088.8</b>	<b>45.6</b>	<b>1,134.4</b>
Translation adjustments	67.8	4.4	72.2	18.1	(0.1)	18.0	54.0	1.3	55.3
Cash flow hedge	(76.1)	(10.1)	(86.2)	(18.7)	(1.1)	(19.8)	(101.8)	(4.6)	(106.4)
Equity affiliates	12.4	—	12.4	10.3	—	10.3	11.9	—	11.9
Discontinued operations	(18.4)	—	(18.4)	(8.1)	—	(8.1)	(13.9)	—	(13.9)
<b>Items that may be reclassified to income</b>	<b>(14.3)</b>	<b>(5.7)</b>	<b>(20.0)</b>	<b>1.6</b>	<b>(1.2)</b>	<b>0.4</b>	<b>(49.8)</b>	<b>(3.3)</b>	<b>(53.1)</b>
Actuarial gains (losses) on pensions	1,050.5	(2.5)	1,048.0	357.2	(0.4)	356.8	625.5	3.2	628.7
Financial assets at fair value	(20.4)	(9.7)	(30.1)	6.8	—	6.8	42.9	18.4	61.3
Deferred tax	(75.6)	0.7	(74.9)	(8.2)	0.1	(8.1)	0.6	(0.7)	(0.1)
Equity affiliates	1.3	—	1.3	1.2	—	1.2	11.5	—	11.5
Discontinued operations	152.1	—	152.1	44.6	—	44.6	62.2	—	62.2
<b>Items that will not be reclassified to income</b>	<b>1,107.9</b>	<b>(11.5)</b>	<b>1,096.4</b>	<b>401.6</b>	<b>(0.3)</b>	<b>401.3</b>	<b>742.7</b>	<b>20.9</b>	<b>763.6</b>
<b>Other comprehensive income (loss) for the period net of tax</b>	<b>1,093.6</b>	<b>(17.2)</b>	<b>1,076.4</b>	<b>403.2</b>	<b>(1.5)</b>	<b>401.7</b>	<b>692.9</b>	<b>17.6</b>	<b>710.5</b>
<b>Total comprehensive income for the period</b>	<b>1,659.2</b>	<b>(22.8)</b>	<b>1,636.4</b>	<b>835.6</b>	<b>19.6</b>	<b>855.2</b>	<b>1,781.7</b>	<b>63.2</b>	<b>1,844.9</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in € millions)</i>	<i>Number of shares outstanding (thousands)</i>	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Retained earnings</i>	<i>Cash flow hedge</i>	<i>Cumulative translation adjustment</i>	<i>Treasury shares</i>	<b>Group share</b>	<i>Non- controlling interests</i>	<b>Total equity</b>
<b>At 1st January 2021, as published</b>	212,868	640.1	4,075.5	737.2	11.4	(283.2)	(38.6)	5,142.4	196.5	5,338.9
IFRS IC interpretation (note 1.1)	—	—	—	(5.8)	—	—	—	(5.8)	—	(5.8)
<b>At 1st January 2021, as restated</b>	212,868	640.1	4,075.5	731.4	11.4	(283.2)	(38.6)	5,136.6	196.5	5,333.1
Net income	—	—	—	1,088.8	—	—	—	1,088.8	45.6	1,134.4
Other comprehensive income (loss) net of tax	—	—	—	742.7	(116.1)	66.3	—	692.9	17.6	710.5
<b>Total comprehensive income for 2021</b>	—	—	—	1,831.5	(116.1)	66.3	—	1,781.7	63.2	1,844.9
Employee share issues	45	0.1	1.1	—	—	—	—	1.2	—	1.2
Parent company dividend distribution	—	—	—	(417.0)	—	—	—	(417.0)	—	(417.0)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(13.5)	(13.5)
Share-based payments	—	—	—	25.0	—	—	—	25.0	—	25.0
(Acquisitions) / disposals of treasury shares	5	—	—	(28.7)	—	—	0.9	(27.8)	—	(27.8)
Other	—	—	—	(25.4)	—	—	—	(25.4)	(1.8)	(27.2)
<b>At 31 December 2021</b>	212,918	640.2	4,076.6	2,116.8	(104.7)	(216.9)	(37.7)	6,474.3	244.4	6,718.7
Net income	—	—	—	565.6	—	—	—	565.6	(5.6)	560.0
Other comprehensive income (loss) net of tax	—	—	—	1,107.9	(81.7)	67.4	—	1,093.6	(17.2)	1,076.4
<b>Total comprehensive income for first half 2022</b>	—	—	—	1,673.5	(81.7)	67.4	—	1,659.2	(22.8)	1,636.4
Employee share issues	—	—	—	—	—	—	—	—	—	—
Parent company dividend distribution	—	—	—	(416.2)	—	—	—	(416.2)	—	(416.2)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(38.9)	(38.9)
Share-based payments	—	—	—	10.8	—	—	—	10.8	—	10.8
(Acquisitions) / disposals of treasury shares	(1,028)	—	—	2.0	—	—	(129.2)	(127.2)	—	(127.2)
Other	—	—	—	(8.7)	—	(3.4)	—	(12.1)	1.0	(11.1)
<b>At 30 June 2022</b>	211,890	640.2	4,076.6	3,378.2	(186.4)	(152.9)	(166.9)	7,588.8	183.7	7,772.5

## First half 2021

<i>(in € millions)</i>	<i>Number of shares outstanding (thousands)</i>	<i>Share capital</i>	<i>Additional paid-in capital</i>	<i>Retained earnings</i>	<i>Cash flow hedge</i>	<i>Cumulative translation adjustment</i>	<i>Treasury shares</i>	<b>Group share</b>	<i>Non- controlling interests</i>	<b>Total equity</b>
<b>At 1st January 2021, as published</b>	213	640.1	4,075.5	737.2	11.4	(283.2)	(38.6)	5,142.4	196.5	5,338.9
IFRS IC interpretation (note 1.1)	—	—	—	(5.8)	—	—	—	(5.8)	—	(5.8)
<b>At 1st January 2021, as restated</b>	212,868	640.1	4,075.5	731.4	11.4	(283.2)	(38.6)	5,136.6	196.5	5,333.1
Net income	—	—	—	432.4	—	—	—	432.4	21.1	453.5
Other comprehensive income (loss) net of tax	—	—	—	401.6	(15.9)	17.4	—	403.1	(1.5)	401.6
<b>Total comprehensive income for first half 2021</b>	—	—	—	834.0	(15.9)	17.4	—	835.5	19.6	855.1
Employee share issues	17	0.1	0.4	—	—	—	—	0.5	—	0.5
Parent company dividend distribution	—	—	—	(289.6)	—	—	—	(289.6)	—	(289.6)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(11.8)	(11.8)
Share-based payments	—	—	—	7.9	—	—	—	7.9	—	7.9
(Acquisitions)/disposals of treasury shares	72	—	—	2.7	—	—	3.7	6.4	—	6.4
Other	—	—	—	(11.6)	—	0.1	—	(11.5)	(0.2)	(11.7)
<b>At 30 June 2021</b>	212,957	640.2	4,075.9	1,274.8	(4.5)	(265.7)	(34.9)	5,685.8	204.1	5,889.9



## INTERIM CONSOLIDATED BALANCE SHEET

(in € millions)

<b>ASSETS</b>	<b>Notes</b>	<b>30/06/22</b>	<b>31/12/21</b>
Goodwill	note 4.1	5,200.1	5,202.9
Other intangible assets, net	note 4.2	1,825.5	1,943.2
Property, plant and equipment, net	note 4.2	3,380.6	3,399.0
Investments in equity affiliates	note 5	1,398.2	1,341.6
Non-consolidated investments		261.1	138.3
Other non-current financial assets		175.5	151.2
Non-current derivatives – assets	note 6.2	—	4.0
Deferred tax assets		948.1	951.2
<b>Non-current assets</b>		<b>13,189.1</b>	<b>13,131.4</b>
Inventories and work in progress	note 7.1	3,758.9	3,336.0
Contract assets	note 7.1	2,733.0	2,477.6
Advances to suppliers	note 7.1	483.6	411.0
Accounts, notes and other current receivables	note 7.1	5,671.8	5,442.9
Current derivatives – assets	note 7.1	178.7	99.7
Current tax receivable		127.9	214.5
Current financial assets	note 6.2	209.1	4.3
Cash and cash equivalents	note 6.2	4,252.5	5,049.4
Assets held for sale	note 1.2	2,706.6	2,668.2
<b>Current assets</b>		<b>20,122.1</b>	<b>19,703.6</b>
<b>Total assets</b>		<b>33,311.2</b>	<b>32,835.0</b>

<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>30/06/22</b>	<b>31/12/21</b>
Capital, additional paid-in capital and other reserves		7,908.6	6,728.9
Cumulative translation adjustment		(152.9)	(216.9)
Treasury shares		(166.9)	(37.7)
<b>Total attributable to shareholders of the parent company</b>		<b>7,588.8</b>	<b>6,474.3</b>
Non-controlling interests		183.7	244.4
<b>Total equity</b>	note 10.1	<b>7,772.5</b>	<b>6,718.7</b>
Long-term loans and borrowings	note 6.2	4,005.0	4,602.4
Non-current derivatives – liabilities		2.3	7.3
Pensions and other long-term employee benefits	note 8	1,375.9	2,447.3
Deferred tax liabilities		457.0	491.4
<b>Non-current liabilities</b>		<b>5,840.2</b>	<b>7,548.4</b>
Contract liabilities	note 7.1	7,482.3	7,068.5
Reserves for contingencies	note 7.1	1,751.4	1,771.8
Accounts, notes and other current payables	note 7.1	6,692.3	6,066.6
Current derivatives – liabilities	note 7.1	455.7	234.1
Current tax receivable		183.7	140.7
Short-term loans and borrowings	note 6.2	1,346.8	1,319.0
Liabilities held for sale	note 1.2	1,786.3	1,967.2
<b>Current liabilities</b>		<b>19,698.5</b>	<b>18,567.9</b>
<b>Total equity and liabilities</b>		<b>33,311.2</b>	<b>32,835.0</b>

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in € millions)</i>	Notes	First half 2022	First half 2021	2021
<b>Net income related to continued operations</b>		<b>549.0</b>	<b>417.7</b>	<b>1,016.8</b>
<b>Add (deduct):</b>				
Income tax expense (gain)		105.4	33.6	147.7
Net interest expenses		31.8	28.4	56.6
Share in net income of equity affiliates	note 5.1	(107.4)	(28.9)	(103.6)
Dividends received from equity affiliates	note 5.1	49.7	28.4	45.1
Depreciation and amortisation of PPE and intangible assets	note 4.2	496.7	521.8	1,062.6
Provisions for pensions and other employee benefits	note 8	64.6	69.0	150.6
other		(10.3)	6.6	(48.7)
Provisions for restructuring, net		(27.0)	(14.2)	(54.1)
Other items		23.5	1.5	70.8
<b>Operating cash flows before working capital changes, interest and tax</b>		<b>1,176.0</b>	<b>1,063.9</b>	<b>2,343.8</b>
Change in working capital and reserves for contingencies	note 7.1	4.3	(382.1)	776.1
Cash contributions to pension plans and other long-term employee benefits, o.w.:		(105.0)	(125.6)	(210.3)
- UK deficit payment		(49.0)	(47.6)	(98.7)
- Recurring contributions/benefits		(56.0)	(78.0)	(111.6)
Interest paid		(39.3)	(39.9)	(64.8)
Interest received		7.7	3.3	6.7
Income tax received (paid)		29.0	34.4	(144.8)
<b>Net cash flow from operating activities relating to continued activities</b>	<b>- I -</b>	<b>1,072.7</b>	<b>554.0</b>	<b>2,706.7</b>
Acquisitions of property, plant and equipment and intangible assets		(191.8)	(184.0)	(450.8)
Disposals of property, plant and equipment and intangible assets		7.6	2.7	4.9
<b>Net operating investments</b>	note 4.2	<b>(184.2)</b>	<b>(181.3)</b>	<b>(445.9)</b>
Acquisitions of subsidiaries and affiliates		(145.8)	(10.8)	(54.7)
Disposals of subsidiaries and affiliates		4.8	1.3	2.2
Cash of disposed subsidiaries		(8.5)	—	—
Decrease (increase) in loans and non-current financial assets		(31.8)	1.5	(14.2)
Decrease (increase) in current financial assets		(205.9)	14.4	19.2
<b>Net financial investments</b>		<b>(387.2)</b>	<b>6.4</b>	<b>(47.5)</b>
<b>Net cash flow used in investing activities relating to continued operations</b>	<b>-II-</b>	<b>(571.4)</b>	<b>(174.9)</b>	<b>(493.4)</b>
Parent company dividend distribution	note 10	(416.2)	(289.6)	(417.0)
Third party share in dividend distribution of subsidiaries		(12.0)	(11.8)	(13.5)
Purchase of treasury shares and exercise of share subscription options		(127.3)	6.6	(26.7)
Issuance of debt		8.7	28.8	51.1
Repayment of debt		(733.3)	(1,347.5)	(1,763.0)
<b>Net cash flow from financing activities relating to continued operations</b>	<b>-III-</b>	<b>(1,280.1)</b>	<b>(1,613.5)</b>	<b>(2,169.1)</b>
Exchange rate variation relating to continued operations	- IV -	35.9	27.7	41.8
<b>Change in cash and cash equivalents relating to continued operations</b>	<b>I+II+III+IV</b>	<b>(742.9)</b>	<b>(1,206.7)</b>	<b>86.0</b>
<b>Cash and cash equivalents relating to continued operations at opening</b>		<b>5,049.4</b>	<b>4,751.2</b>	<b>4,751.2</b>
Change in cash and cash equivalents relating to continued operations		(742.9)	(1,206.7)	86.0
Change in financial accounts with discontinued activities		(54.0)	168.9	212.2
<b>Cash and cash equivalents relating to continued operations at closing</b>		<b>4,252.5</b>	<b>3,713.4</b>	<b>5,049.4</b>

The Group's net debt position and the changes from one period to the next are presented in notes 6.2. and 7.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

## 1. Accounting standards Framework

Thales' condensed interim consolidated financial statements for six months ended 30 June 2022 were approved and authorized for issue by its Board of Directors on 20 July 2022.

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

### 1.1. Basis of preparation for condensed interim consolidated financial statement

Thales's condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with the provisions of IAS 34 (Interim Financial Reporting) and with the International Financial Reporting Standards (IFRS) approved by the European Union at 30 June 2022<sup>1</sup>. The condensed interim consolidated financial statements are consistent with the accounting policies applied by the Group for the full-year consolidated financial statements at 31 December 2021 (as described in the notes 1 and 13 to the consolidated financial statements).

The clarification provided by the IFRS-IC in April 2021 regarding the accounting for costs of configuring or customising the supplier's application in a Software as a Service agreement have no significant impact on the consolidated financial statements. For Thales Group, this interpretation led up reducing the intangible assets by € 7.8 million (i.e € 5.8 million after tax) as of January 1, 2021. In accordance with the principles related to changes in accounting method, the balance sheet as of January 1, 2021 has been amended accordingly.

The amendments to the existing standards IFRS 3 (reference to the conceptual framework), IAS 16 (property, plant and equipment: revenue in excess of expected use), IAS 37 (onerous contracts - contract fulfillment cost) and the annual improvements to IFRS 2018-2020, published in May 2020 and mandatory from January 1, 2022, have no impact on the consolidated financial statements.

The specific provisions relating to the preparation of interim financial statements are described hereafter :

#### a) Measurement procedures used for the condensed interim consolidated financial statements

##### Pensions and other long-term employee benefits

Pension costs for interim periods are recognised based on the actuarial valuations performed at the end of the prior year. When appropriate, these valuations are adjusted to take into account curtailments, settlements or other major non-recurring events that occurred during the period. In addition, pensions and other long-term benefits liabilities are updated in order to reflect material changes impacting the yield on investment-grade corporate bonds in the concerned geographic area (the benchmark used to determine the discount rate), the inflation rate and the actual return on plan assets.

##### Income taxes

Current and deferred income tax expense for interim periods is calculated at each tax entity level by applying the average estimated annual effective tax rate for the current year to the income of the period. When required, this amount is adjusted to take into account the tax effects of specific events of the period.

##### Goodwill

Impairment tests are performed at each annual closing, and whenever an indication of impairment occurs (note 4.1). Impairment that would be recognised is not reversible.

#### b) Seasonality of business

In accordance with accounting policies, revenues are recognised, as at year end, over the period of their realisation. In previous years the level of business has been higher in the last quarter, and particularly in December. Revenues and income from operations have been generally lower in the first half of the year due to the seasonality of business. The company has noted that this pattern is of a recurring nature, even though its extent varies from year to year and business sectors.

<sup>1</sup> Available at: [https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002\\_en](https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002_en).

## 1.2. Classification of Transport business under "discontinued activities"

On August 3, 2021, Thales entered into exclusive negotiations with Hitachi Rail for the sale of the global Transport business segment for an enterprise value of €1.66 billion. The groups have signed a *Sale and Purchase Agreement* on February 10, 2022,

The transaction, subject to the usual regulatory and antitrust approvals, should take place in at the end of 2022 or at the beginning of 2023.

In accordance with IFRS 5 standard "Non-current assets held for sale and discontinued operations", the Group has reclassified the financial statements of this business segment under "discontinued operations". For each of the published periods, the impacts of this classification on the Group's financial statements are as follows :

- Assets and liabilities held for sale are reported on dedicated lines in the balance sheet. In accordance with IFRS 5, intra-group transactions remain eliminated.
- Net income of the Transport business is reported on a single line of the income statement under "Net income relating to discontinued operations".
- In the consolidated statement of cash flows, net cash flows from operating, investing and financing activities correspond to cash flows relating to continued operations. The change in cash from the Transport business is reported on a separate line.

Income statement of discontinued operations	First half 2022	First half 2021	2021
<b>Sales</b>	<b>777.7</b>	<b>754.3</b>	<b>1,665.2</b>
<b>Income from operations</b>	<b>41.9</b>	<b>42.1</b>	<b>153.8</b>
Disposal of assets, changes in scope of consolidation and other	(25.8)	0.1	(8.6)
Share in net income of equity affiliates	0.9	3.7	6.8
Financial result	0.3	1.8	5.3
Income tax	(6.3)	(11.9)	(39.7)
<b>Net income</b>	<b>11.0</b>	<b>35.8</b>	<b>117.6</b>

**Sales** correspond to the contribution of the Transport business to consolidated sales. Intra-group flows are not significant.

**Income from operations** excludes the Group's Corporate costs which will no longer be re-invoiced to the Transport business after the transaction (€8,1 million in the first half of 2022, €8.4 million in the first half of 2021 and €18.5 million in 2021). Net income relating to continued operations is reduced accordingly.

**"Disposal of assets, changes in scope of consolidation and other"** includes costs directly associated with the transaction (advisory fees, employee retention plans implemented as part of the transaction, carve-out costs, etc.).

According to IFRS 5, this line also includes the reversal of depreciation of property, plant and equipment and intangible assets allocated to the Transport business, as included in "Income from operations".

Cash flow statement of discontinued operations	First half 2022	First half 2021	2021
Net cash flow from operating activities	(105.4)	6.6	171.9
Net cash-flow used in investing activities	(12.7)	(8.7)	(19.8)
Net cash flow from financing activities	(6.5)	(12.8)	(23.4)
Exchange rates and other	52.9	(3.5)	(2.2)
<b>Change in cash and cash equivalents</b>	<b>(71.7)</b>	<b>(18.4)</b>	<b>126.5</b>

	First half 2022	First half 2021	2021
Net cash flow from operating activities	(105.4)	6.6	171.9
Less: UK deficit payment	1.8	1.7	3.5
CAPEX	(14.1)	(8.4)	(19.6)
<b>Operating free cash flow</b>	<b>(117.7)</b>	<b>(0.1)</b>	<b>155.8</b>

<b>Assets</b>	<b>30/06/22</b>	<b>31/12/21</b>
Goodwill	879.8	879.8
PPE and intangible assets	189.1	165.7
Other non-current assets	48.5	47.2
Deferred tax assets	33.5	49.5
Working capital - assets	1,459.0	1,359.3
Cash and cash equivalents	96.7	166.7
<b>Assets held for sale</b>	<b>2,706.6</b>	<b>2,668.2</b>
<b>Net cash (debt)</b>	<b>(1.8)</b>	<b>68.8</b>

<b>Equity and liabilities</b>	<b>30/06/22</b>	<b>31/12/21</b>
Long-term loans and borrowings	64.8	59.8
Pensions	99.9	292.4
Other non-current liabilities	20.0	15.8
Working capital - liabilities	1,567.9	1,561.1
Short-term loans and borrowings	33.7	38.1
<b>Liabilities held for sale</b>	<b>1,786.3</b>	<b>1,967.2</b>

### 1.3. Impacts of the invasion of Ukraine by Russia

The invasion of Ukraine by Russia, which began at the end of February 2022, and the resulting economic and trade sanctions on Russia, have consequences on the Group's business.

The impact of this crisis on 2022 revenues from these two countries is estimated at around €100 million, concentrated in the Aerospace and Digital Identity & Security segments.

Finally, this crisis has led to the recording of €51.7 million of non-recurring costs under "cost of sales" in the 2022 first-half financial statements.

## 2. Segment information

### 2.1. Business segments

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 and Security** segment combines the "Secure Communications and Information Systems", "Land and Air Systems" and "Defence Mission Systems" Global Business Units. They develop equipment, systems and services for armed forces and for the protection of networks and infrastructures, mainly for a government/defence customer base.
- The **Digital Identity & Security** segment includes activities that develop digital identity and security solutions for a private and government customer base, and some digital businesses previously included in the Defence & Security segment, in particular in data protection and analytics.

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.

### 2.2. Sales

<b>First half 2022</b>	<b>Aerospace</b>	<b>Defence &amp; Security</b>	<b>Digital I&amp;S</b>	<b>Other</b>	<b>Thales</b>
<b>Sales by destination:</b>					
Europe	1,516.8	2,773.4	492.6	20.9	4,803.7
North America	301.5	240.5	511.4	4.3	1,057.7
Australia and New Zealand	20.3	441.2	34.3	—	495.8
<b>Total mature markets</b>	<b>1,838.6</b>	<b>3,455.1</b>	<b>1,038.3</b>	<b>25.2</b>	<b>6,357.2</b>
<b>Emerging markets *</b>	<b>372.5</b>	<b>923.3</b>	<b>593.0</b>	<b>10.3</b>	<b>1,899.1</b>
<b>Total</b>	<b>2,211.1</b>	<b>4,378.4</b>	<b>1,631.3</b>	<b>35.5</b>	<b>8,256.3</b>

First half 2021	Aerospace	Defence & Security	Digital I&S	Other	Thales
<b>Sales by destination:</b>					
Europe	1,426.1	2,556.5	411.9	16.3	4,410.8
North America	262.5	196.9	404.6	4.5	868.5
Australia and New Zealand	19.1	450.1	27.7	—	496.9
<b>Total mature markets</b>	<b>1,707.7</b>	<b>3,203.5</b>	<b>844.2</b>	<b>20.8</b>	<b>5,776.2</b>
<b>Emerging markets *</b>	<b>404.3</b>	<b>948.9</b>	<b>525.4</b>	<b>14.0</b>	<b>1,892.6</b>
<b>Total</b>	<b>2,112.0</b>	<b>4,152.4</b>	<b>1,369.6</b>	<b>34.8</b>	<b>7,668.8</b>

2021	Aerospace	Defence & Security	Digital I&S	Other	Thales
<b>Sales by destination:</b>					
Europe	2,977.2	5,282.5	903.9	40.9	9,204.5
North America	576.4	488.7	874.5	12.0	1,951.6
Australia and New Zealand	42.5	897.0	54.3	—	993.8
<b>Total mature markets</b>	<b>3,596.1</b>	<b>6,668.2</b>	<b>1,832.7</b>	<b>52.9</b>	<b>12,149.9</b>
<b>Emerging markets *</b>	<b>867.0</b>	<b>1,965.1</b>	<b>1,161.8</b>	<b>48.2</b>	<b>4,042.1</b>
<b>Total</b>	<b>4,463.1</b>	<b>8,633.3</b>	<b>2,994.5</b>	<b>101.1</b>	<b>16,192.0</b>

\* Emerging markets: all countries outside Europe, North America, Australia and New Zealand.

## 2.3. Commercial activity and EBIT by segment

In order to monitor the operating and financial performance of Group entities, the Group's management regularly considers certain key non-GAAP indicators as defined in note 13-a of the appendix to the 2021 consolidated financial statements, which enable them to exclude some non-operating and non-recurring items.

In particular, EBIT, presented by business segment below, corresponds to income from operations plus the share in net income of equity affiliates, excluding expenses related to business combinations (amortisation of acquisition-related assets (PPA) and other expenses directly linked to business combinations).

First half 2022	Aerospace	Defence & Security	Digital I&S	Other	Thales
<b>Order book – non-Group at the end of the period</b>	<b>8,232.0</b>	<b>28,989.0</b>	<b>641.1</b>	<b>126.4</b>	<b>37,988.5</b>
<b>Order intake – non-Group</b>	<b>2,393.4</b>	<b>7,150.0</b>	<b>1,631.3</b>	<b>33.7</b>	<b>11,208.4</b>
Sales – non-Group	2,211.1	4,378.4	1,631.3	35.5	8,256.3
Sales – intersegment	45.9	152.6	18.6	(217.1)	—
<b>Total Sales</b>	<b>2,257.0</b>	<b>4,531.0</b>	<b>1,649.9</b>	<b>(181.6)</b>	<b>8,256.3</b>
<b>EBIT</b>	<b>97.0</b>	<b>545.2</b>	<b>201.0</b>	<b>48.0</b>	<b>891.2</b>
<i>Of which, Naval Group</i>	—	—	—	88.6	<b>88.6</b>
<i>Excluding Naval Group</i>	97.0	545.2	201.0	(40.5)	<b>802.7</b>

First half 2021	Aerospace	Defence & Security	Digital I&S	Other	Thales
<b>Order book – non-Group at the end of the period</b>	<b>7,426.6</b>	<b>22,700.6</b>	<b>592.2</b>	<b>97.5</b>	<b>30,816.9</b>
<b>Order intake – non-Group</b>	<b>2,885.6</b>	<b>3,374.2</b>	<b>1,369.6</b>	<b>35.1</b>	<b>7,664.5</b>
Sales – non-Group	2,112.1	4,152.4	1,369.6	34.7	<b>7,668.8</b>
Sales – intersegment	42.8	150.9	10.9	(204.6)	—
<b>Total Sales</b>	<b>2,154.9</b>	<b>4,303.3</b>	<b>1,380.5</b>	<b>(169.9)</b>	<b>7,668.8</b>
<b>EBIT</b>	<b>68.5</b>	<b>497.1</b>	<b>151.6</b>	<b>5.3</b>	<b>722.5</b>
<i>Of which, Naval Group</i>	—	—	—	34.3	<b>34.3</b>
<i>Excluding Naval Group</i>	68.5	497.1	151.6	(29.0)	<b>688.2</b>

2021	Aerospace	Defence & Security	Digital I&S	Other	Thales
<b>Order book – non-Group at the end of the period</b>	<b>7,903.4</b>	<b>26,110.8</b>	<b>613.3</b>	<b>116.9</b>	<b>34,744.4</b>
<b>Order intake – non-Group</b>	<b>5,630.8</b>	<b>11,185.0</b>	<b>2,994.5</b>	<b>98.3</b>	<b>19,908.6</b>
Sales – non-Group	4,463.1	8,633.3	2,994.5	101.1	<b>16,192.0</b>
Sales – intersegment	91.5	328.0	39.8	(459.3)	—
<b>Total Sales</b>	<b>4,554.6</b>	<b>8,961.3</b>	<b>3,034.3</b>	<b>(358.2)</b>	<b>16,192.0</b>
<b>EBIT</b>	<b>202.1</b>	<b>1,111.5</b>	<b>357.5</b>	<b>(22.2)</b>	<b>1,648.9</b>
<i>Of which, Naval Group</i>	—	—	—	68.8	<b>68.8</b>
<i>Excluding Naval Group</i>	<i>202.1</i>	<i>1,111.5</i>	<i>357.5</i>	<i>(91.0)</i>	<b>1,580.1</b>

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

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

The reconciliation between income from operations and EBIT is analysed as follow:

	First half 2022	First half 2021	2021
<b>Income from operations</b>	<b>582.6</b>	<b>492.6</b>	<b>1,143.5</b>
<b>Less, amortisation of acquisition-related assets (PPA):</b>	<b>186.5</b>	<b>185.4</b>	<b>372.1</b>
- Intangible assets	175.0	169.6	340.6
- Property, plant and equipment	11.5	11.5	23.0
- Deferred revenues	—	4.3	8.6
<b>Less, expenses directly linked to business combinations</b>	<b>—</b>	<b>1.4</b>	<b>1.3</b>
<b>Share in net income of equity from affiliates</b>	<b>107.4</b>	<b>28.9</b>	<b>103.6</b>
<b>Less, PPA amortisation related to equity affiliates entities</b>	<b>14.7</b>	<b>14.2</b>	<b>28.4</b>
<b>EBIT</b>	<b>891.2</b>	<b>722.5</b>	<b>1,648.9</b>

### 3. Impact of changes in scope consolidation

#### 3.1. Main changes in scope of consolidation

In early May 2022, Thales acquired Ruag's Simulation and Training business. This business, which generated revenues of around €90 million in 2021, will be consolidated in the second half of 2022.

In April 2022, the Group signed an agreement with Leonardo to take control of the Advanced Acoustics Concepts JV, which the two groups each held 50%. This JV generated revenues of approximately €70 million in 2021. In May 2022, Thales entered into exclusive negotiations to acquire S21sec and Excellium, two major players in cybersecurity consulting, integration and managed services in Europe. These two transactions, subject to regulatory approvals and customary closing conditions, are expected to close in the second half of 2022.

#### 3.2. Disposal of assets, changes in scope of consolidation and other

	First half 2022	First half 2021	2021
Disposal of investments	(5.9)	—	6.4
Acquisition-related fees	(4.4)	(5.4)	(9.1)
Disposal of real estate and other tangible and intangible assets	0.8	(1.2)	(2.2)
Impact of settlements / amendments to pensions plans (note 8)	(18.7)	—	4.4
Litigation *	38.5	—	49.2
<b>Total</b>	<b>10.3</b>	<b>(6.6)</b>	<b>48.7</b>

\* Compensation received as a result of a settlement agreement relating to a former litigation.



## 4. Property, plant and equipment and intangible assets

### 4.1. Goodwill

Goodwill relating to fully-consolidated subsidiaries has been allocated to cash-generating units (CGUs) or groups of CGUs corresponding to the Group's Global Business Units (GBUs).

Changes in goodwill are presented below:

	01/01/22	Acquisitions	Disposal	Reclassi- fication	Exchange rate & other	30/06/22
Avionics	365.9	—	—	—	0.4	366.3
Space	491.8	—	—	—	0.5	492.3
Secured Communications and Information	721.4	—	—	—	9.7	731.1
Land and Air Systems *	341.4	(24.6)	—	—	2.0	318.8
Defence Mission Systems	458.7	—	—	—	1.6	460.3
Digital Identity & Security	2,823.7	—	—	—	7.6	2,831.3
<b>Total</b>	<b>5,202.9</b>	<b>(24.6)</b>	<b>—</b>	<b>—</b>	<b>21.8</b>	<b>5,200.1</b>

\* Purchase price allocation of the ground-based navigation aids business of Moog activities acquired end 2021.

	01/01/21	Acquisitions	Reclas- sification	Asset held for sale	Exchange rate & other	31/12/21
Avionics	365.7	—	—	—	0.2	365.9
Space	490.0	—	—	—	1.8	491.8
Transport	879.8	—	—	(879.8)	—	—
Secured Communications and Information	652.0	—	62.4	—	7.0	721.4
Land and Air Systems	309.4	30.6	—	—	1.4	341.4
Defence Mission Systems	457.9	—	—	—	0.8	458.7
Digital Identity & Security	2,879.6	—	(62.4)	—	6.5	2,823.7
<b>Total</b>	<b>6,034.4</b>	<b>30.6</b>	<b>—</b>	<b>(879.8)</b>	<b>17.7</b>	<b>5,202.9</b>

Goodwill is subject to annual impairment tests following the Group's budgetary timetable.

In the context of the interim closing, new tests are performed on the cash generating units (CGU) for which there is an indication of impairment; these tests take into account the latest events known at the closing date.

On 30 June 2022 the Group has conducted a review of impairment indicators of goodwill allocated to cash-generating units (CGUs) or groups of CGUs. The assumptions used in the impairment tests, updated where necessary, did not lead to the recognition of impairment losses in the first-half financial statements.

## 4.2. Property, plant and equipment and intangible assets

	01/01/22	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	30/06/22
Acquired Intangible assets	1,756.3	—	—	(175.0)	64.8	1,646.1
Capitalised development costs	35.3	8.5	—	(8.5)	1.8	37.1
Other	151.6	19.5	(0.1)	(26.6)	(2.1)	142.3
<b>Intangible assets</b>	<b>1,943.2</b>	<b>28.0</b>	<b>(0.1)</b>	<b>(210.1)</b>	<b>64.5</b>	<b>1,825.5</b>
Right-of-use from lease contracts	1,417.5	112.0	—	(100.4)	(5.3)	1,423.8
Acquired tangible assets	51.8	—	—	(11.5)	—	40.3
Property, plant and equipment	1,929.7	163.8	(7.5)	(174.7)	5.2	1,916.5
<b>Tangible assets</b>	<b>3,399.0</b>	<b>275.8</b>	<b>(7.5)</b>	<b>(286.6)</b>	<b>(0.1)</b>	<b>3,380.6</b>
<b>Total</b>	<b>5,342.2</b>	<b>303.8</b>	<b>(7.6)</b>	<b>(496.7)</b>	<b>64.4</b>	<b>5,206.1</b>
Less, new lease contracts		(112.0)				
<b>Operating investments *</b>		<b>191.8</b>				

	01/01/21	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	31/12/21
Acquired Intangible assets	2,056.8	—	—	(340.6)	40.1	1,756.3
Capitalised development costs	51.8	13.8	—	(19.8)	(10.5)	35.3
Other	168.1	55.8	(0.1)	(74.5)	2.3	151.6
<b>Intangible assets</b>	<b>2,276.7</b>	<b>69.6</b>	<b>(0.1)</b>	<b>(434.9)</b>	<b>31.9</b>	<b>1,943.2</b>
Right-of-use from lease contracts	1,543.1	137.2	—	(205.5)	(57.3)	1,417.5
Acquired tangible assets	74.8	—	—	(23.0)	—	51.8
Property, plant and equipment	1,952.0	381.2	(4.8)	(399.2)	0.5	1,929.7
<b>Tangible assets</b>	<b>3,569.9</b>	<b>518.4</b>	<b>(4.8)</b>	<b>(627.7)</b>	<b>(56.8)</b>	<b>3,399.0</b>
<b>Total</b>	<b>5,846.6</b>	<b>588.0</b>	<b>(4.9)</b>	<b>(1,062.6)</b>	<b>(24.9)</b>	<b>5,342.2</b>
Less, new lease contracts		(137.2)				
<b>Operating investments *</b>		<b>450.8</b>				

\* Presented in the statement of cash flows.

## 5. Investments in equity affiliates

### 5.1. Change in investment in equity affiliates

	30/06/22	31/12/21
<b>Investment at opening</b>	<b>1,341.6</b>	<b>1,283.1</b>
Less: investments from discontinued activities	—	(37.3)
<b>Share in net income of equity affiliates</b>	<b>107.4</b>	<b>103.6</b>
Translation adjustment	16.0	17.8
Cash flow hedge	(3.6)	(5.9)
Actuarial gains (losses) on pensions	1.3	11.5
<b>Share in comprehensive income of equity affiliates</b>	<b>121.1</b>	<b>127.0</b>
Dividends paid	(49.7)	(45.1)
Dividends voted and not paid yet	(14.0)	—
Change in scope and other	(0.8)	13.9
<b>Investments at closing</b>	<b>1,398.2</b>	<b>1,341.6</b>
<i>Including Naval Group</i>	812.3	763.9

### 5.2. Naval Group: summary financial information

<b>Balance sheet (100% interest ) *</b>	30/06/22	31/12/21
Non-current assets	2,042.2	1,937.4
Current assets	4,521.3	4,438.6
<b>Total assets</b>	<b>6,563.5</b>	<b>6,376.0</b>
Restated equity, attributable to shareholders	1,486.6	1,348.2
Non-controlling interests	0.4	0.5
Non-current liabilities	496.9	433.3
Current liabilities	4,579.6	4,594.0
<b>Total equity and liability</b>	<b>6,563.5</b>	<b>6,376.0</b>
<b>Net Cash</b>	<b>1,575.3</b>	<b>869.3</b>
<b>Thales share</b>		
Thales' share (35%)	520.3	471.9
Goodwill	292.0	292.0
<b>Share in net assets of Naval Group</b>	<b>812.3</b>	<b>763.9</b>

<b>Income statement (100% interest)*</b>	First half 2022	First half 2021	2021
Sales	2,496.6	2,006.3	4,052.9
Income (loss) from operating activities, after share in net income of equity	266.7	101.9	186.7
Financial income (loss)	9.6	(2.9)	(5.1)
Tax	(63.0)	(26.3)	(47.3)
Discontinued activities	(0.3)	(13.2)	(14.8)
<b>Restated net income</b>	<b>213.0</b>	<b>59.5</b>	<b>119.5</b>
<i>Of which, attributable to shareholders of the company</i>	213.0	59.5	119.6
<i>Of which, attributable to non-controlling interests</i>	—	—	(0.1)
<b>Thales share</b>			
<b>Thales' share in net income attributable to shareholders of the company</b>	<b>74.6</b>	<b>20.8</b>	<b>41.8</b>
<i>Of which, PPA amortisation</i>	(14.0)	(13.5)	(27.0)
<b>Share in net income, before PPA</b>	<b>88.6</b>	<b>34.3</b>	<b>68.8</b>
Dividends received from Naval Group	27.6	—	—

\* After Thales restatements, mainly PPA.

## 6. Financing and financial instruments

### 6.1. Financial income

	First half 2022	First half 2021	2021
Financial interests related to lease contracts	(11.2)	(11.1)	(22.6)
Other interest expense	(17.0)	(17.6)	(31.5)
<b>Financial interests from gross debt</b>	<b>(28.2)</b>	<b>(28.7)</b>	<b>(54.1)</b>
<b>Financial interests on cash and cash equivalents</b>	<b>(3.6)</b>	<b>0.3</b>	<b>(2.5)</b>
<b>Net interest income</b>	<b>(31.8)</b>	<b>(28.4)</b>	<b>(56.6)</b>
Foreign exchange gains (losses)	(10.6)	(4.5)	(6.9)
Change in fair value of currency derivatives *	(19.4)	(20.8)	(31.5)
Cash flow hedges, ineffective portion	(0.4)	(0.3)	(1.0)
<b>Foreign exchange gains (losses)</b>	<b>(30.4)</b>	<b>(25.6)</b>	<b>(39.4)</b>
<b>Other</b>	<b>0.8</b>	<b>(2.3)</b>	<b>(13.4)</b>
<b>Other financial income</b>	<b>(29.6)</b>	<b>(27.9)</b>	<b>(52.8)</b>

\* Includes the change in the fair value of swap points (-€10.5 million in first half 2022, -€15.2 million in the first half of 2021 and -€30.9 million in 2021).

### 6.2. Net cash (net debt)

Group net cash (debt) is as follows:

	30/06/22	31/12/21
Current financial assets	209.1	4.3
Cash and cash equivalents	4,252.5	5,049.4
<b>Cash and other short-term investments</b>	<b>(a) 4,461.6</b>	<b>5,053.7</b>
Financial debt	3,825.1	4,402.0
Lease debt	1,529.0	1,515.5
<b>Gross debt *</b>	<b>(b) 5,354.1</b>	<b>5,917.5</b>
<b>Net cash (debt) relating to continued operations</b>	<b>(a-b) (892.5)</b>	<b>(863.8)</b>
<b>Net cash relating to discontinued operations</b>	<b>(c) (1.8)</b>	<b>68.8</b>
<b>Net (debt) cash</b>	<b>(a-b+c) (894.3)</b>	<b>(795.0)</b>
* Including :		
Long term financial debt	4,005.0	4,602.4
Short term financial debt	1,346.8	1,319.0
Fair value of interest rate hedging derivatives	2.3	(4.0)

### Bonds: key features at the end of June 2022 :

Nominal value	Issue date	Maturity	Type of rate	Coupon	Effective rate	
					Before hedging	After hedging
600 M€	Jun. 2016	Jun. 2023	fixed	0.750%	0.84%	0.98%
500 M€	Apr. 2018	Apr. 2024	fixed	0.88%	0.94%	1.11%
500 M€	Jan. 2018	Jan. 2025	fixed	0.75%	0.91%	0.91%
500 M€	Nov. 2020	March 2026	fixed	—%	0.08%	0.08%
500 M€	Jan. 2020	Jan. 2027	fixed	0.25%	0.33%	0.33%
700 M€	May 2020	May 2028	fixed	1.00%	1.10%	1.10%

### 6.3. Summary of financial assets and liabilities

At end of June 2022, the classification of financial assets and liabilities remained identical to the one disclosed in note 6.5 to the 2021 consolidated financial statements.

The fair value of financial assets and liabilities approximates their carrying amount, except for long-term debts for which the fair value is €3,817.9 million, compared to €4,005.0 million for their carrying amount at 30 June 2022 (€4,638.9 million vs. €4,602.4 million at 31 December 2021).

## 7. Change in net cash (net debt)

	First half 2022	First half 2021	2021
<b>Net debt at opening</b>	<b>(795.0)</b>	<b>(2,549.2)</b>	<b>(2,549.2)</b>
Net cash flow from operating activities	1,072.7	554.0	2,706.7
Less, contributions to reduction of UK pension deficit	49.0	47.6	98.7
Net operating investments	(184.2)	(181.3)	(445.9)
<b>Free operating cash-flow relating to continued operations</b>	<b>937.5</b>	<b>420.3</b>	<b>2,359.5</b>
Acquisitions of subsidiaries and affiliates	(145.8)	(10.8)	(54.7)
Disposals of subsidiaries and affiliates	4.8	1.3	2.2
Contributions to reduction of UK pension deficit	(49.0)	(47.6)	(98.7)
Changes in loans	(31.8)	1.4	(14.2)
Dividends paid by the parent company	(416.2)	(289.6)	(417.0)
Third-party share in dividend distributions of subsidiaries	(12.0)	(11.8)	(13.5)
Treasury shares and subscription options exercised	(127.3)	6.6	(26.7)
New lease debts	(112.0)	(41.4)	(137.2)
Changes in exchange rates and other	(34.4)	36.8	30.8
<b>Change in net cash (debt) relating to continued operations</b>	<b>13.8</b>	<b>65.2</b>	<b>1,630.5</b>
<b>Change in net cash (debt) relating to discontinued operations</b>	<b>(113.1)</b>	<b>(12.2)</b>	<b>123.7</b>
<b>Net debt at closing</b>	<b>(894.3)</b>	<b>(2,496.2)</b>	<b>(795.0)</b>

## 7.1. Working capital requirements

Current operating assets and liabilities include working capital (WCR) components and reserves for contingencies.

The changes in these items are presented below :

Change for the period	01/01/21	Changes in WCR and reserves	Scope, exch. rate and reclass.	31/12/21	Changes in WCR and reserves	Scope, exch. rate and reclass.	30/06/22
Inventories, work in progress and set-up costs	3,508.5	(65.8)	(106.7)	3,336.0	353.5	69.4	3,758.9
Contract assets	2,935.2	(42.6)	(415.0)	2,477.6	256.7	(1.3)	2,733.0
Advance to suppliers	433.9	(9.4)	(13.5)	411.0	64.2	8.4	483.6
Accounts, notes and other receivables	5,038.3	1,100.2	(695.6)	5,442.9	207.8	21.1	5,671.8
Current derivatives - assets	254.2	(248.3)	93.8	99.7	(18.8)	97.8	178.7
Contract liabilities	(6,453.5)	(1,174.5)	559.5	(7,068.5)	(362.7)	(51.1)	(7,482.3)
Reserves for contingencies	(2,052.2)	82.4	198.0	(1,771.8)	16.0	4.4	(1,751.4)
Accounts, notes and other payables	(5,998.0)	(364.0)	295.4	(6,066.6)	(494.0)	(131.7)	(6,692.3)
Current derivatives - liabilities	(134.0)	—	(100.1)	(234.1)	—	(221.6)	(455.7)
<b>WCR and reserves, net</b>	<b>(2,467.6)</b>	<b>(722.0)</b>	<b>(184.2)</b>	<b>(3,373.8)</b>	<b>22.7</b>	<b>(204.6)</b>	<b>(3,555.7)</b>
<b>Restructuring provisions</b>		<b>(54.1)</b>			<b>(27.0)</b>		
<b>Increase (decrease) in WCR and reserves</b>		<b>(776.1)</b>			<b>(4.3)</b>		

The Group may assign trade receivables, mainly from the French State, and commercial paper. At 30 June 2022, outstanding derecognised receivables amounted to €223.9 million (€336.4 million at 31 December 2021).

## 7.2. Reserves for contingencies

	01/01/22	Utilisation	Additions	Reversal (surplus)	Exch. Rate and other	30/06/22
Restructuring	100.5	(27.7)	4.0	(3.3)	(6.1)	67.4
Technical and other litigation	354.0	(10.2)	19.4	(13.2)	2.1	352.1
Guarantees	267.2	(31.7)	28.6	(11.1)	2.4	255.4
Losses at completion	443.2	(50.7)	20.0	(6.7)	(2.9)	402.9
Provisions on contracts	387.1	(15.3)	74.2	(4.1)	(2.9)	439.0
Other*	219.8	(32.3)	55.5	(11.4)	3.0	234.6
<b>Total</b>	<b>1,771.8</b>	<b>(167.9)</b>	<b>201.7</b>	<b>(49.8)</b>	<b>(4.4)</b>	<b>1,751.4</b>

	01/01/21	Utilisation	Additions	Reversal (surplus)	Exch. Rate and other	31/12/21
Restructuring	162.3	(61.1)	45.3	(38.3)	(7.7)	100.5
Technical and other litigation	373.8	(61.2)	86.1	(31.7)	(13.0)	354.0
Guarantees	351.5	(87.9)	88.3	(21.3)	(63.4)	267.2
Losses at completion	547.4	(88.2)	88.2	(37.8)	(66.4)	443.2
Provisions on contracts	392.1	(41.0)	71.5	(19.3)	(16.2)	387.1
Other*	225.1	(63.0)	109.8	(20.8)	(31.3)	219.8
<b>Total</b>	<b>2,052.2</b>	<b>(402.4)</b>	<b>489.2</b>	<b>(169.2)</b>	<b>(198.0)</b>	<b>1,771.8</b>

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

## 8. Provisions for pensions and other long-term employee benefits

### 8.1. Actuarial assumptions

At 30 June 2022, the market value of plan assets as well as discount and inflation rates assumptions for the main countries (representing more than 90% of the net obligation) were updated. The assumptions used in the United Kingdom and in France are as follows:

<b>30 June 2022</b>	<b>United Kingdom</b>	<b>France</b>
Inflation rate	3.15%	2.37%
Discount rate	3.85%	3.21%
<b>30 June 2021</b>	<b>United Kingdom</b>	<b>France</b>
Inflation rate	3.17%	1.00%
Discount rate	1.88%	0.80%
<b>2021</b>	<b>United Kingdom</b>	<b>France</b>
Inflation rate	3.42%	1.50%
Discount rate	1.82%	0.91%

### 8.2. Changes in provision

	<b>First half 2022</b>	<b>First half 2021</b>	<b>2021</b>
<b>Provision at opening</b>	<b>(2,447.3)</b>	<b>(3,404.4)</b>	<b>(3,404.4)</b>
<b>Less: provision at opening relating to discontinued activities</b>	<b>(31.0)</b>	<b>345.6</b>	<b>345.6</b>
Current service cost (income from operations)	(61.4)	(61.7)	(133.0)
Amendments and settlements (non recurring operating income)	(18.7)		4.3
Net interest cost	(12.6)	(12.0)	(24.5)
Pension fund management cost	(2.8)	(2.5)	(5.7)
Actuarial gains and losses on other long-term employee benefits	30.9	7.2	8.3
Finance costs on pensions and other long-term employee benefits	15.5	(7.3)	(21.9)
<b>Total expense for the period</b>	<b>(64.6)</b>	<b>(69.0)</b>	<b>(150.6)</b>
<b>Actuarial gains and losses (other comprehensive income) *</b>	<b>1,048.0</b>	<b>356.8</b>	<b>628.7</b>
<b>Benefits and contributions</b>	<b>105.0</b>	<b>125.6</b>	<b>210.3</b>
- Of which, deficit payment in the United Kingdom	49.0	47.6	98.7
- Of which, other benefits and contributions	56.0	78.0	111.6
<b>Translation adjustment</b>	<b>(2.1)</b>	<b>(61.5)</b>	<b>(84.5)</b>
<b>Changes in scope of consolidation and other</b>	<b>16.1</b>	<b>(0.4)</b>	<b>7.6</b>
<b>Provision at closing</b>	<b>(1,375.9)</b>	<b>(2,707.3)</b>	<b>(2,447.3)</b>

\* In 2021 and in the first half of 2022, the revaluation is mainly due to an increase in discount rates, particularly in the United Kingdom.

## 9. Income tax

	First half 2022	First half 2021	2021
Net income	560.0	453.5	1,134.4
Less: net income of discontinued activities	(11.0)	(35.8)	(117.6)
Less: share in net income of equity affiliates	(107.4)	(28.9)	(103.6)
Less: income tax	105.4	33.6	147.7
<b>Net income before tax and share in net income of equity affiliates</b>	<b>547.0</b>	<b>422.4</b>	<b>1,060.9</b>
<b>Income tax benefit (expense) recognised in profit and loss</b>	<b>(105.4)</b>	<b>(33.6)</b>	<b>(147.7)</b>
<b>Effective tax rate</b>	<b>19.3%</b>	<b>8.0%</b>	<b>13.9%</b>

The income tax expense excludes research tax credit which is recorded in income from operations (respectively €99.1 million, €90,6 million in the first half of 2022 and 2021 and €186,9 million in 2021).

Tax expenses for the first half of 2021 and for the full year 2021 include an income of €44 million resulting from a tax measure in Italy allowing the revaluation of certain assets in order to amortize them for tax purposes in return for a flat tax of 3%.

## 10. Equity and earnings per share

### 10.1. Shareholders' equity

#### a) Share capital

	30/06/22			31/12/21		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
T.S.A.	54,786,654	25.67%	34.93%	54,786,654	25.67%	34.75%
French State (including one golden share)	2,060	—%	—%	2,060	—%	—%
Public sector (a)	54,788,714	25.67%	34.93%	54,788,714	25.67%	34.75%
Dassault Aviation (b)	52,531,431	24.62%	29.84%	52,531,431	24.62%	29.79%
Thales (c)	1,520,820	0.71%	—%	493,175	0.23%	—%
Employees (d)	6,404,418	3.00%	3.77%	6,899,087	3.23%	3.99%
Other shareholders	98,165,926	46.00%	31.46%	98,698,902	46.25%	31.47%
<b>Total (e)</b>	<b>213,411,309</b>	<b>100.00%</b>	<b>100.00%</b>	<b>213,411,309</b>	<b>100.00%</b>	<b>100.00%</b>

(a) Under the terms of shareholders' agreement with Dassault Aviation (the "Industrial Partner"), the "Public Sector" is represented by the company TSA, excluding the French State directly. Since January 29, 2018, EPIC Bpifrance holds the entire capital of TSA apart from one preferred share held by the French State. EPIC Bpifrance and the French State have also agreed to consult with TSA under the conditions described in AMF notice n° 218C0137 of January 16, 2018. All Thales shares held directly and indirectly by the French State have been directly registered for more than two years and therefore have double voting rights as of June 30, 2022.

(b) Dassault Aviation has held 42,154,349 shares in directly registered form, including 41,054,349 shares held for more than two years, thus granting it double voting rights as of June 30, 2022, and holds 10,377,082 shares in bearer form.

(c) Treasury shares represented 28,213 bearer shares (held under a liquidity contract) and 1,492,607 directly registered shares.

(d) This line shows total employees share ownership. For information purpose, under law No 219-846 of May 22, 2019, employees shareholding, according to the French Commercial Code (article L. 225-102), excludes free shares granted within LTI plans prior to 2016 (without explicit change in the articles of incorporation to include them) and represent, as of June 30, 2022, 5,002,013 shares and 9,037,796 voting rights, hence 2.34% of the capital and 2.88 % of the voting rights.

(e) No new shares were created in the first half of 2022, as the last stock option plans expired in November 2021.



## b) Treasury shares

Thales (parent company) held 1,520,820 of its own shares at 30 June 2022. They are accounted for as a deduction from consolidated equity in the amount of €(166.9) million. In accordance with the authorizations given to the board of Directors at the Annual General Meeting, the Company carried out, in 2021 and in the first half of 2021 and 2022 the following operations :

	First half 2022	First half 2021	2021
<b>Treasury shares at opening</b>	<b>493,175</b>	<b>497,596</b>	<b>497,596</b>
Purchases as part of a liquidity agreement	489,585	406,839	1,413,610
Disposals as part of a liquidity agreement	(581,117)	(541,222)	(1,494,365)
Transfer to employees as part of the employee share purchase plan	(36,106)	—	(563,536)
Delivery of free shares	(1,033)	(2,200)	(150,130)
Market purchases	1,156,316	65,100	790,000
<b>Treasury shares at closing</b>	<b>1,520,820</b>	<b>426,113</b>	<b>493,175</b>

## c) Parent Company dividend distribution

For the years 2020 and 2021, dividends per share amounted respectively to €1.76 (including a 0.40€ balance paid in 2020) and €2.56. Dividends paid in 2021 and 2022 are described below :

Year	Approved by	Description	Dividend per share (in euro)	Payment date	Payment method	Total (€ million)
2022	General Meeting on 11 May 2022	Balance for 2021	€1.96	May 2022	cash	416.2
	Board of Directors on 30 September 2021	2021 interim dividend	€0.60	Dec. 2021	cash	127.4
2021	General Meeting on 6 May 2021	Balance for 2020	€1.36	May 2021	cash	289.6
	Total dividends paid in 2021					417.0

## 10.2. Earnings per share

		First half 2022	First half 2021	2021
<b>Numerator (in € million):</b>				
<b>Net income, Group share</b>	<b>(a)</b>	<b>565.6</b>	<b>432.4</b>	<b>1,088.8</b>
Of which: net income relating to continued operations, Group share		554.6	396.4	971.0
<b>Denominator (in thousands):</b>				
<b>Average number of shares outstanding</b>	<b>(b)</b>	<b>212,695</b>	<b>212,933</b>	<b>212,852</b>
Share subscription and share purchase options *		—	27	15
Free shares and units plans **		290	180	218
<b>Diluted average number of shares outstanding</b>	<b>(c)</b>	<b>212,985</b>	<b>213,140</b>	<b>213,085</b>
<b>Net earnings per share (in euros)</b>	<b>(a) / (b)</b>	<b>€2.66</b>	<b>€2.03</b>	<b>€5.12</b>
Of which: basic earnings relating to continued operations, per share		€2.61	€1.86	€4.56
<b>Diluted net earnings per share (in euros)</b>	<b>(a) / (c)</b>	<b>€2.66</b>	<b>€2.03</b>	<b>€5.11</b>
Of which: diluted earnings relating to continued operations, per share		€2.60	€1.86	€4.56
<b>Average share price</b>		<b>€107.39</b>	<b>€81.59</b>	<b>€81.44</b>

\* Only option plans with an exercise price that is lower than the average share price are taken into account in the calculation of diluted earnings per share.

\*\* Performance shares / units subject to internal performance conditions are only taken into account when the performance targets are achieved.

## 11. Litigations

At the date of consolidated accounts approval, there are no government, judicial or arbitration claims of which the Group is aware, which are pending or threatened and which could have or have had any significant effect on the financial position or profitability of the Company and/or the Group in the last 12 months.

## 12. Related party transactions

Main related party transactions are disclosed in Note 13-a of the consolidated financial statements included in the 2021 Universal Registration Document.

Revenues with the French State amounted to €1,811.7 million in the first half of 2022 and €1,733.5 million in the first half of 2021.

## 13. Subsequent event

To the best of the Group's knowledge, no significant events occurred after the end of the reporting period.

*This is a translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

## **Thales**

Period from January 1 to June 30, 2022

**Statutory auditors' review report on the half-yearly financial information**

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Membre de la compagnie  
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Membre de la compagnie  
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## Thales

Period from January 1 to June 30, 2022

### Statutory auditors' review report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Thales, for the period from January 1 to June 30, 2022,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are your Board of Directors' responsibility. Our role is to express a conclusion on these financial statements based on our review.

#### 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France.

A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## 2. Specific verification

We have also verified the information presented in the half-yearly management report on the half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the half-yearly consolidated financial statements.

Paris-La Défense, July 20, 2022

The Statutory Auditors  
*French original signed by*

MAZARS

ERNST & YOUNG Audit



Dominique Muller



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