

Half-yearly financial report 2025

Report on business activity

Consolidated financial statements



HALF-YEARLY FINANCIAL REPORT 2025

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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 2025 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.

Meudon, 22nd July 2025

A handwritten signature in blue ink, reading "P. Caine", is positioned above a solid blue horizontal line.

Patrice Caine
Chairman & Chief Executive Officer

Report on 2025 first half business activity and results

Key figures¹

<i>In € millions except earnings per share (in €)</i>	H1 2025	H1 2024	Total change	Organic change
Order intake	10,352	10,767	-4%	-4%
Order book at end of period	50,038	46,958	+7%	+8%
Sales	10,265	9,493	+8.1%	+8.1%
Adjusted EBIT²	1,248	1,096	+13.9%	+12.7%
<i>as a % of sales</i>	12.2%	11.5%	+0.6 pts	+0.5 pts
Adjusted net income, Group share²	877	866	+1%	
Adjusted net income, Group share, per share²	4.27	4.21	+1%	
Net income from continuing operations, Group share	664	625	+6%	
Free operating cash flow²	499	(85)	+584	
Net cash (debt) at end of period²	(3,427)	(4,594)	+1,167	

¹ In order to enable better monitoring and benchmarking of its financial and operating performance, Thales presents adjusted data, including Adjusted 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.

² Non-GAAP financial indicators, see definitions in the "**Presentation of financial information**" section.

Presentation of financial information

Accounting policies

Thales' condensed interim consolidated financial statements for the six months ended 30 June 2025 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.

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 2024 (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:

- **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 recorded in the income from operations or in "financial results" which are directly related to business combinations, which by their nature are unusual;
 - Disposal of assets, change 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 or losses on long-term benefits 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 30 June 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 operating activities 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 following tabs.

Net cash (debt) corresponds to the difference between the sum of the "Cash and cash equivalents" and "Current financial assets" items, investments including the assets taken over from UK pension funds, and short- and long-term borrowings, after deduction of interest rate hedging derivatives. From January 1, 2019, it incorporates the lease liability recorded in the balance sheet pursuant to IFRS 16. Its calculation appears in Note 6.2 to the consolidated financial statements.

Please note that only the consolidated financial statements as of December 31, 2024 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 in Note

6.2 "Net cash (debt)", free operating cash flow, the definition and calculation of which is specified in 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 report.

The impact of these adjustment entries on the income statements at June 30, 2025 and June 30, 2024 is detailed in the tables there after.

Adjusted income statement, Adjusted EBIT and adjusted net income – H1 2025

In € millions except earnings per share (in €)	Consolidated income statement H1 2025	Adjustments					Adjusted income statement H1 2025
		(1)	(2)	(3)	(4)	(5)	
Sales	10,265	—	—	—	—	—	10,265
Cost of sales	(7,556)	203	—	—	—	46	(7,307)
Research and development expenses	(627)	—	—	—	—	—	(627)
Marketing and selling expenses	(774)	—	—	—	—	—	(774)
General and administrative expenses	(355)	—	—	—	—	—	(355)
Restructuring costs	(55)	—	—	—	—	—	(55)
Income from operations	898	203	—	—	—	46	1,147
Share in net income of equity affiliates	93	8	—	—	—	—	101
EBIT	N/A	211	—	—	—	46	1,248
Gains and losses on disposals of assets, changes in scope and other	(22)	—	22	—	—	—	—
Impairment of assets	—	—	—	—	—	—	—
Net financial interest	(56)	—	—	—	—	—	(56)
Other financial income and expenses	(44)	—	—	14	—	—	(30)
Finance costs on pensions and other long-term employee benefits	(22)	—	—	—	(4)	—	(26)
Income tax	(205)	(51)	(7)	(3)	1	(12)	(277)
Effective income tax rate*	27.2%	—	—	—	—	—	26.7%
Net income from continuing operations	642	160	16	10	(3)	34	859
Net income from discontinued operations	—	—	—	—	—	—	—
Net income	642	160	16	10	(3)	34	859
Non-controlling interests	22	(4)	—	—	—	—	18
Net income, Group share	664	156	16	10	(3)	34	877
Net income from continuing operations, share of the Group	664	156	16	10	(3)	34	877
Net income from discontinued operations, share of the Group	—	—	—	—	—	—	—
Average number of shares (thousands)	205,390	—	—	—	—	—	205,390
Net income, Group share per share (in €)	3.23	—	—	—	—	—	4.27

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

Adjustments (see definitions in the "Presentation of financial information" section):

- (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 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 (losses) on long-term benefits.
- (5) Impact of the evolution of the share price of Thales on long-term equity compensation plans.

Adjusted income statement, EBIT and adjusted net income – H1 2024

<i>In € millions except earnings per share (in €)</i>	Consolidated income statement H1 2024	Adjustments				Adjusted income statement H1 2024
		(1)	(2)	(3)	(4)	
Sales	9,493	—	—	—	—	9,493
Cost of sales	(6,985)	263	—	—	—	(6,722)
Research and development expenses	(599)	—	—	—	—	(599)
Marketing and selling expenses	(776)	—	—	—	—	(776)
General and administrative expenses	(335)	—	—	—	—	(335)
Restructuring costs	(32)	—	—	—	—	(32)
Income from operations	765	263	—	—	—	1,029
Share in net income of equity affiliates	59	8	—	—	—	67
EBIT	N/A	271	—	—	—	1,096
Gains and losses on disposals of assets, changes in scope and other	(20)	—	20	—	—	—
Impairment of assets	—	—	—	—	—	—
Net financial interest	(87)	—	—	—	—	(87)
Other financial income and expenses	30	—	—	2	—	32
Finance costs on pensions and other long-term employee benefits	(30)	—	—	—	2	(28)
Income tax	(124)	(66)	(3)	—	(1)	(193)
<i>Effective income tax rate*</i>	<i>18.8%</i>	—	—	—	—	<i>20.4%</i>
Net income from continuing operations	595	206	17	2	1	820
Net income from discontinued operations	392	(12)	(363)	1	—	19
Net income	987	194	(346)	4	1	839
Non-controlling interests	31	(4)	—	—	—	27
Net income, Group share	1,017	190	(346)	4	1	866
Net income from continuing operations, share of the Group	625	202	17	2	1	847
Net income from discontinued operations, share of the Group	392	(12)	(363)	1	—	19
<i>Average number of shares (thousands)</i>	<i>205,818</i>	—	—	—	—	<i>205,818</i>
Net income, Group share per share (in €)	4.94	—	—	—	—	4.21

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

Adjustments (see definitions in the "Presentation of financial information" section):

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

Order intake

<i>In € millions</i>	H1 2025	H1 2024	Total change	Organic change
Aerospace	2,658	2,688	-1%	-3%
Defence	5,751	6,120	-6%	-6%
Cyber & Digital	1,897	1,931	-2%	+0.2%
Total – operating segments	10,306	10,739	-4%	-4%
Other	46	29		
Total	10,352	10,767	-4%	-4%
Of which mature markets ³	7,031	7,328	-4%	-5%
Of which emerging markets ³	3,321	3,439	-3%	-3%

Order intake in H1 2025 amounted to **€10,352 million, down -4%** compared to H1 2024 (-4% also at constant scope and exchange rates). The Group continued to benefit from excellent sales momentum across all its activities and recorded a contract with unit value in excess of €1 billion in the second quarter related to the supply of 26 Rafale Marine to India. The book-to-bill ratio is 1.01 (1.13 in the first half of 2024).

Thales booked **10 large orders with a unit amount exceeding €100 million** in the first half of 2025, for a total amount of **€2,874 million**:

- 5 large orders booked 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 booked 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.

³ Mature markets and emerging markets: see table in appendices of the report on 2025 first half business activity and results.

At **€7,479 million**, order intake of a **unit amount below €100 million** showed an increase of 4% compared to the first half of 2024. Orders with a **unit value of less than €10 million** are up 5%.

Geographically⁴, order intake in mature markets amounted to €7,031 million, down compared to the first half of 2024 (-4% in total change and -5% on an organic basis). This decline is mainly explained by a high comparison base in the first half of 2024, which included the contract related to the order of two F126 frigates by the German Navy.

Order intake in emerging markets amounted to €3,321 million, down -3% in total and organic change. The registration of the order by the Indian Navy for 26 Rafale Marine in the first half of 2025 does not fully compensate the two contracts with a unit value exceeding €500 million recorded in the first half of 2024 in those markets.

Order intake in the **Aerospace** segment stood at **€2,658 million** compared to €2,688 million in the first half of 2024 (-3% at constant scope and exchange rates). The Avionics market enjoys sustained sales momentum in its various segments. Order intake in the Space activity, which had benefited from a favorable phasing in the first quarter with 3 orders worth more than €100 million each, was slightly down over the semester.

With an amount of **€5,751 million** (compared to €6,120 million in the first half of 2024, i.e., -6% at constant scope and exchange rates), order intake in the **Defence** segment continued to benefit from strong commercial momentum, while the basis for comparison with 2024 is high. Six orders with a unit amount exceeding €100 million were booked in the first half of 2025, including an order exceeding €1 billion from India for 26 Rafale Marine. The Group confirms its objective of a book-to-bill ratio above 1 in 2025 for the Defence segment, notably with the expected booking of new important contracts in the second half of the year, including the Air Defence contract with the United Kingdom for an amount of £1.16 billion, effective in July 2025.

The order book stood at **€38.9 billion** (compared to €36.5 billion in the first half of 2024), representing approximately 3.4 years of sales.

At **€1,897 million**, order intake in the Cyber & Digital sector is aligned with sales, as most of the activities in this segment operate on short cycles. The order book is therefore not significant.

⁴ Mature markets and emerging markets: see table in appendices of the report on 2025 first half business activity and results.

Sales

<i>In € millions</i>	H1 2025	H1 2024	Total change	Organic change
Aerospace	2,759	2,582	+6.8%	+5.8%
Defence	5,581	4,938	+13.0%	+12.7%
Cyber & Digital	1,862	1,934	-3.7%	-1.9%
Of which Cyber	708	746	-5.0%	-3.5%
Of which Digital	1,153	1,188	-2.9%	-0.8%
Total – operating segments	10,202	9,454	+7.9%	+7.8%
Other	63	39		
Total	10,265	9,493	+8.1%	+8.1%
Of which mature markets ⁵	8,135	7,545	+7.8%	+7.4%
Of which emerging markets ⁵	2,130	1,947	+9.4%	+10.7%

Sales for the first half of 2025 stood at **€10,265 million**, compared to €9,493 million in the first half of 2024, up 8.1% both in total and organic changes.

From a **geographical** standpoint⁵, sales recorded solid growth in emerging markets, with organic growth of +10.7%. Sales in mature markets grew organically by +7.4%, driven notably by Europe (+8.9%).

In the **Aerospace** segment, sales amounted to **€2,759 million**, up 6.8% compared with the first half of 2024 (+5.8% at constant scope and exchange rates). This solid growth reflects the continued strong momentum in the Avionics market, driven by aftermarket activities and the military domain. Space sales remained affected by last two years' low demand in telecommunications satellites; OEN (Observation, Exploration, Navigation) showed good performance.

Sales in the **Defence** segment totaled **€5,581 million**, up 13.0% compared to the first half of 2024 (+12.7% at constant scope and exchange rates). After a very strong first quarter (+15.0% at constant scope and exchange rates), the segment continued to record double-digit growth in the majority of its activities in the second quarter.

At **€1,862 million**, sales in the **Cyber & Digital** segment decreased by -3.7% compared to the first half of 2024 (-1.9% at constant scope and exchange rates). This evolution reflects the following trends:

- Cyber businesses recorded a decrease in the first half of 2025 (-3.5% at constant scope and exchange rates):
 - The Cyber Products business, slightly down in the second quarter after a first quarter of growth, remained affected as expected by disturbances related to the merger of Thales and Imperva's sales forces. This now completed merger is the final step of Imperva's integration and paves the way to the deployment of its product offering to its full potential. A progressive ramp-up in sales trajectory is expected in the second half of the year;
 - The Cyber Services business was affected by soft market demand during the first half of the year. With this offer, which represents approximately 20% of the Cyber activity (as per 2024 sales), the Group continues to refocus its strategy on segments offering profitable growth. This process, which involves streamlining and standardizing operations, aims at improving operating margin and can occasionally weigh on volumes.
- Digital businesses were stable in the first half of 2025 (-0.8% at constant scope and exchange rates):

⁵ Mature markets and emerging markets: see table in appendices of the report on 2025 first half business activity and results.

- Identity and Biometrics solutions were down over half-year. The activity, which had experienced a decline in sales in 2020 due to COVID, is affected in 2025 by an unfavorable comparison effect related to the significant catch-up that occurred post-pandemic and until 2024. The segment thus returns to a more usual run rate in 2025;
- Secure Connectivity solutions experienced robust and profitable growth, driven by digital solutions (including eSIMs as well as on-demand connectivity platforms);
- Within the Payment Services business, digital banking solutions stood out particularly this semester and recorded a solid performance.

Adjusted results

Adjusted EBIT	H1 2025	H1 2024	Total change	Organic change
<i>In € millions</i>				
Aerospace	252	167	+50.9%	+36.4%
<i>as a % of sales</i>	9.1%	6.5%	+2.7 pts	+1.9 pts
Defence	720	639	+12.6%	+13.5%
<i>as a % of sales</i>	12.9%	12.9%	0.0 pts	+0.1 pts
Cyber & Digital	265	272	-2.5%	-0.6%
<i>as a % of sales</i>	14.2%	14.1%	+0.2 pts	+0.2 pts
Total – operating segments	1,237	1,078	+14.7%	+13.6%
<i>as a % of sales</i>	12.1%	11.4%	+0.7 pts	+0.6 pts
Other – excluding Naval Group	(24)	(26)		
Total – excluding Naval Group	1,213	1,052	+15.3%	+14.1%
<i>as a % of sales</i>	11.8%	11.1%	+0.7 pts	+0.6 pts
Naval Group (share at 35%)	35	44		
Total	1,248	1,096	+13.9%	+12.7%
<i>as a % of sales</i>	12.2%	11.5%	+0.6 pts	+0.5 pts

The Group posted an **Adjusted EBIT⁶ of €1,248 million** for the first half of 2025, at **12.2%** of sales, compared to €1,096 million (11.5% of sales) in the first half of 2024.

The **Aerospace** segment recorded an Adjusted EBIT of **€252 million** (9.1% of sales), compared with €167 million (6.5% of sales) in the first half of 2024. The Adjusted EBIT margin recorded a strong increase, driven by the solid performance of the Avionics activities that posted a robust double-digit margin. It also benefited from the significant Adjusted EBIT improvement in Space, which is expected to be positive in 2025 before restructuring costs.

Adjusted EBIT for the **Defence** segment amounted to **€720 million**, compared with €639 million in the first half of 2024 (+13.5% at constant scope and exchange rates). At 12.9%, the margin in this sector is stable compared to last year (12.9% in the first half of 2024).

The **Cyber & Digital** segment recorded an Adjusted EBIT of **€265 million** in the first half of 2025 compared to €272 million in the first half of 2024. The margin was up slightly and amounted to **14.2%** of sales (against 14.1% in the first half of 2024). This evolution reflects the Group's ability to preserve its commercial margins thanks to a strict discipline in terms of pricing policy.

Excluding Naval Group, **unallocated EBIT** amounted to **-€24 million** compared to -€26 million in the first half of 2024.

At **€35 million** in the first half of 2025, **Naval Group's** contribution to Adjusted EBIT is lower compared to the first half of 2024. This change is mainly explained by the temporary additional contribution to corporate tax in France, whose impact on Naval Group's share amounts to €5 million this semester and is expected to reach €8 million for the full year.

Cost of net financial debt amounts to **-€56 million** compared to -€87 million in the first half of 2024. This improvement is mainly explained by a significantly lower net debt than at June 30, 2024. **Other adjusted financial income⁶** amounted to **-€30 million** over the first 6 months of 2025, compared with €32 million in the first half of 2024. This evolution reflects the non-recurrence in the first half of 2025 of exceptional items recorded during the first half of 2024, notably the distribution of dividends from non-consolidated affiliates as well as foreign exchange gains. **The adjusted financial expense on**

⁶ Non-GAAP financial indicators, see definitions in the "Presentation of financial information" section.

pensions and other long-term employee benefits⁷ was stable at **-€26 million** compared to -€28 million in the first half of 2024.

Adjusted net income, Group Share⁷ thus amounted to **€877 million**, compared with €866 million in the first half of 2024, after an adjusted income tax charge⁷ of -€277 million compared with -€193 million in the first half of 2024. This change is mainly explained by the recording in the first half of 2025 of the additional temporary contribution to corporate tax in France, which reduced Adjusted net income by €60 million. The effective tax rate as of June 30, 2025 stood at **26.7%** and at 21.0% excluding the additional contribution to corporate tax in France (compared to 20.4% as of June 30, 2024).

Adjusted net income, Group share, per share⁷ amounted to **€4.27**, up 1% compared with the first half of 2024 (€4.21).

Net income from continuing operations, Group share amounted to **€664 million**, an increase of 6% compared to June 30, 2024 (€625 million).

⁷ Non-GAAP financial indicators, see definitions in the "**Presentation of financial information**" section.

Consolidated results

Income from operations

After accounting of the purchase price allocation (PPA) and expenses directly related to acquisitions and disposals, the combined amount of which amounted to €203 million (€263 million as of June 30, 2024), as well as the impact of changes in the Thales share price on the expense related to LTI's plans (€46 million as of June 30, 2025⁸), reported **income from operations** stood at €898 million compared with €765 million in the first half of 2024. As with Adjusted EBIT, this increase reflects the leverage effect on the increase in revenue. **Income of operating activities before share in net income from equity affiliates** thus amounted to €876 million, compared with €746 million as at June 30, 2024.

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

The share in net income (loss) of equity affiliates was up and amounted to €93 million in the first half of 2025, against €59 million at June 30, 2024. **Income of operating activities after share in net income from equity affiliates** therefore comes to €968 million, compared to €805 million for the same period at June 30, 2024.

Net financial income (expense)

Net interest expense (-€56 million versus -€87 million in the first half of 2024) was down, as a consequence of the decrease in the amount of debt as at 30 June 2025 compared to 30 June 2024.

Other financial income stood at -€44 million over the first six months of 2025, compared with +€30 million in the first half of 2024. This evolution reflects the non-recurrence in the first half of 2025 of exceptional items recorded during the first half of 2024, notably the distribution of dividends from non-consolidated affiliates as well as foreign exchange gains.

The financial costs on pensions and other employee benefits stood at -€22 million compared with -€30 million in the first half of 2024.

The **income tax charge** amounted to €205 million in the first half of 2025 compared to €124 million in the first half of 2024. This change is mainly explained by the recording in the first half of 2025 of the additional temporary contribution to corporate tax in France, for an amount of €60 million. The effective tax rate stood at **27.2%** at June 30, 2025, compared with 20.4% at June 30, 2024.

Net income

Consolidated net income, Group share amounted to **€664 million** as at 30 June 2025, against €1,017 million as at June 30, 2024. This change is mainly explained by the integration in the H1 2024 consolidated net income, Group share of the capital gain on the disposal of the Transport business.

⁸The 2024 impact from this element was not significant.

Financial situation at June 30, 2025

<i>in € millions</i>	H1 2025	H1 2024	Variation
Operating cash flow before working capital changes, interest and tax	1,526	1,472	+54
+ Change in working capital and provisions for contingencies	(530)	(995)	+465
+ Payment of pension contributions, excluding contributions related to the reduction of the United Kingdom pension deficit	(76)	(57)	(20)
+ Net financial interest received (paid)	(40)	(74)	+34
+ Income tax paid	(71)	(54)	(17)
+ Net operating investments	(310)	(270)	(40)
Free operating cash flow, continuing operations	499	23	+475
Free operating cash flow, discontinued operations	N/A	(108)	+108
Free operating cash flow	499	(85)	584
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	(64)	528	(592)
+ Contribution to the reduction of pension financing deficits in the United Kingdom	(1)	(11)	+10
+ Dividends paid	(586)	(534)	(51)
+ Share buybacks (program approved in March 2022)	N/A	(176)	N/A
+ New lease liabilities (IFRS 16)	(118)	(95)	(23)
+ Exchange rates and other	(114)	(31)	(83)
Change in net cash (debt)	(383)	(404)	+21
Net cash (debt) at start of period	(3,044)	(4,190)	+1,146
+ Change in net cash (debt)	(383)	(404)	+21
Net cash (debt) at end of period	(3,427)	(4,594)	+1,167

Free operating cash flow was positive at **€499 million**, compared to -€85 million in the first half of 2024. This strong increase was mainly driven by the improvement in the change in working capital requirements.

Over 2025 half-year, the **net balance of acquisitions and disposals of subsidiaries and affiliates** of **-€64 million** 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 over the period.

As of June 30, 2025, the **net debt** amounted to **€3,427 million**, compared with €3,044 million as of December 31, 2024. This change mainly takes into account the net balance of disposals (acquisitions) of subsidiaries and affiliates for a negative net amount of **-€64 million**, dividends payments for **-€586 million** (-€534 million in the first half of 2024) and new lease liabilities for **-€118 million** (-€95 million in the first half of 2024).

Shareholders' equity, Group share amounted to **€7,138 million**, compared with €7,515 million as of December 31, 2024. This evolution reflects the positive contribution of net income from continuing operations, Group share (+€664 million) less the dividend paid (-€586 million).

Outlook for the current year

The robust sales performance in the first half, driven by the strength of the Avionics and Defence businesses, allows the Group to raise its annual organic sales growth target.

The commercial momentum in the second half is also well oriented as Thales continues to benefit from favorable prospects in the vast majority of its markets in the short, medium and long term.

Thales confirms its expectation of a solid increase in Adjusted EBIT margin, mainly driven by the margin progression in the Aerospace segment and continued high margin in Defence.

The Group still anticipates a contained direct impact of tariffs based on the information available as of July 23, 2025. Thus, the 2025 guidance assumes reciprocal tariffs of 10% from Europe and 25% from Mexico, and exclude any retaliatory measures that might be taken by Europe in this context.

Assuming no new disruption in the macroeconomic and geopolitical contexts, and assuming the aforementioned assumptions regarding tariffs, Thales upgrades its sales organic growth target for 2025 and confirms its other targets:

- An unchanged book-to-bill ratio above 1;
- An expected organic sales growth between +6% and +7%, versus to +5 to +6% previously, corresponding to a sales range of €21.8 to €22.0 billion⁹;
- An Adjusted EBIT margin between 12.2% and 12.4%.

⁹ Based on end of June 2025 scope, average foreign exchange rates for H1 and an assumption of average EUR/USD at 1.17 for H2.

Appendices to the report on operations and results for the first half of 2025

Order intake by destination – H1 2025

<i>In € millions</i>	H1 2025	H1 2024	Total change	Organic change	2025 weighting as a %
France	1,899	2,099	-10%	-10%	18%
United Kingdom	433	571	-24%	-25%	4%
Rest of Europe	2,706	2,884	-6%	-7%	26%
Subtotal Europe	5,037	5,554	-9%	-10%	49%
United States and Canada	1,376	1,274	+8%	+6%	13%
Australia and New Zealand	618	501	+23%	+30%	6%
Total mature markets	7,031	7,328	-4%	-5%	68%
Asia	2,516	1,823	+38%	+38%	24%
Near and Middle East	424	1,124	-62%	-62%	4%
Rest of the world	381	492	-22%	-20%	4%
Total emerging markets	3,321	3,439	-3%	-3%	32%
Total all markets	10,352	10,767	-4%	-4%	100%

Sales by destination – H1 2025

<i>In € millions</i>	H1 2025	H1 2024	Total change	Organic change	2025 weighting as a %
France	3,002	2,940	+2.1%	+1.2%	29%
United Kingdom	708	624	+13.5%	+11.7%	7%
Rest of Europe	2,669	2,250	+18.6%	+18.3%	26%
Subtotal Europe	6,378	5,814	+9.7%	+8.9%	62%
United States and Canada	1,312	1,268	+3.4%	+2.3%	13%
Australia and New Zealand	445	463	-3.9%	+1.2%	4%
Total mature markets	8,135	7,545	+7.8%	+7.4%	79%
Asia	999	929	+7.6%	+7.8%	10%
Near and Middle East	593	554	+7.1%	+7.9%	6%
Rest of the world	537	464	+15.8%	+20.0%	5%
Total emerging markets	2,130	1,947	+9.4%	+10.7%	21%
Total all markets	10,265	9,493	+8.1%	+8.1%	100%

Order intake and sales – Q2 2025

Order intake	Q2 2025	Q2 2024	Total change	Organic change
<i>In € millions</i>				
Aerospace	1,128	1,685	-33%	-32%
Defence	4,449	2,998	+48%	+50%
Cyber & Digital	975	1,028	-5%	-1%
Total – operating segments	6,552	5,711	+15%	+17%
Other	22	19		
Total	6,574	5,730	+15%	+17%

Sales

In millions of euros

Aerospace	1,417	1,400	+1.2%	+3.5%
Defence	2,896	2,633	+10.0%	+10.6%
Cyber & Digital	959	1,017	-5.8%	-1.6%
Of which Cyber	351	394	-11.0%	-7.0%
Of which Digital	608	623	-2.4%	+1.8%
Total – operating segments	5,273	5,050	+4.4%	+6.2%
Other	32	21		
Total	5,305	5,071	+4.6%	+6.4%

Organic change in sales by quarter

	2024 sales	Exchange rates effect	Impact of disposals	2025 sales	Impact of acquisitions	Total change	Organic change
<i>In € millions</i>							
Q1	4,421	+17	(6)	4,960	+90	+12.2%	+9.9%
Q2	5,071	(89)	(12)	5,305	+14	+4.6%	+6.4%
H1	9,493	(73)	(17)	10,265	+104	+8.1%	+8.1%

Main scope effects:

Acquisition:

- Cobham Aerospace Communications

Cession:

- Aeronautical Electrical Systems



**CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AT 30 JUNE 2025**

INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT

(in € millions)	Notes	First half 2025	First half 2024	2024
Sales	note 2	10,264.8	9,492.5	20,576.6
Cost of sales		(7,556.0)	(6,984.9)	(15,202.7)
Research and development expenses		(627.3)	(599.3)	(1,273.7)
Marketing and selling expenses		(773.6)	(775.9)	(1,590.3)
General and administrative expenses		(355.3)	(335.1)	(692.9)
Restructuring costs		(54.7)	(32.0)	(118.3)
Income from operations	note 2	897.9	765.3	1,698.7
Disposal of assets, changes in scope of consolidation and other	note 3.2	(22.4)	(19.6)	(278.9)
Impairment on non-current fixed assets	note 3.2	—	—	(157.6)
Income of operating activities before share in net income of equity affiliates		875.5	745.7	1,262.2
Share in net income of equity affiliates	note 5.1	92.8	59.2	95.1
Income of operating activities after share in net income of equity affiliates		968.3	804.9	1,357.3
Financial interests on gross debt		(116.2)	(153.7)	(289.3)
Financial interests on cash and cash equivalents		60.5	67.0	123.5
Interest expense, net	note 6.1	(55.7)	(86.7)	(165.8)
Other financial expenses	note 6.1	(43.9)	29.9	39.4
Finance costs on pensions and other employee benefits	note 8	(21.8)	(29.5)	(51.3)
Income tax	note 9	(204.9)	(124.1)	(247.3)
Net income relating to continued operations		642.0	594.5	932.3
Net income relating to discontinued operations	note 1.2	—	392.2	412.1
Net income		642.0	986.7	1,344.4
Shareholders of the parent company		663.7	1,017.3	1,419.5
Of which: net income relating to continued operations, Group share		663.7	625.1	1,007.4
Of which: net income relating to discontinued operations, Group share		—	392.2	412.1
Non-controlling interests		(21.7)	(30.6)	(75.1)
Basic earnings per share (in euros)	note 10.2	3.23	4.94	6.91
Diluted earnings per share (in euros)	note 10.2	3.22	4.93	6.89

Segment information (including adjusted EBIT calculation) is detailed in note 2.1.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	First half 2025			First half 2024			2024		
	Total attributable to:		Total	Total attributable to:		Total	Total attributable to:		Total
(in € millions)	Shareholders of the parent company	Non-controlling interests		Shareholders of the parent company	Non-controlling interests		Shareholders of the parent company	Non-controlling interests	
Net income	663.7	(21.7)	642.0	1,017.3	(30.6)	986.7	1,419.5	(75.1)	1,344.4
Translation adjustments	(564.5)	(3.6)	(568.1)	127.1	0.2	127.3	240.4	0.9	241.3
Cash flow hedge	147.1	8.7	155.8	(8.6)	(1.2)	(9.8)	(80.6)	(3.6)	(84.2)
Equity affiliates	(34.1)	—	(34.1)	(9.3)	—	(9.3)	1.8	—	1.8
Discontinued operations	—	—	—	18.7	—	18.7	17.8	—	17.8
Items that may be reclassified to income	(451.5)	5.1	(446.4)	127.9	(1.0)	126.9	179.4	(2.7)	176.7
Actuarial gains (losses) on pensions	(16.3)	(1.6)	(17.9)	33.3	(0.9)	32.4	64.2	1.6	65.8
Financial assets at fair value	3.6	5.4	9.0	(11.7)	(1.5)	(13.2)	(18.0)	(2.1)	(20.1)
Deferred tax	3.3	—	3.3	(8.3)	0.2	(8.1)	(32.0)	(2.9)	(34.9)
Equity affiliates	0.1	—	0.1	—	—	—	6.6	—	6.6
Discontinued operations	—	—	—	2.6	—	2.6	2.6	—	2.6
Items that will not be reclassified to income	(9.3)	3.8	(5.5)	15.9	(2.2)	13.7	23.4	(3.4)	20.0
Other comprehensive income (loss) for the period net of tax	(460.8)	8.9	(451.9)	143.8	(3.2)	140.6	202.8	(6.1)	196.7
Total comprehensive income for the period	202.9	(12.8)	190.1	1,161.1	(33.8)	1,127.3	1,622.3	(81.2)	1,541.1

INTERIM 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) net of tax	—	—	—	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 *	—	(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	—	—	—	663.7	—	—	—	663.7	(21.7)	642.0
Other comprehensive income (loss) net of tax	—	—	—	(9.3)	147.5	(599.0)	—	(460.8)	8.9	(451.9)
Total comprehensive income for first half 2025	—	—	—	654.4	147.5	(599.0)	—	202.9	(12.8)	190.1
Parent company dividend distribution	—	—	—	(585.5)	—	—	—	(585.5)	—	(585.5)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(2.5)	(2.5)
Share-based payments	—	—	—	16.8	—	—	—	16.8	—	16.8
(Acquisitions) / disposals of treasury shares	60	—	—	(5.8)	—	—	2.7	(3.1)	—	(3.1)
Other	—	—	—	(8.2)	—	—	—	(8.2)	0.7	(7.5)
At 30 June 2025	205,373	617.8	3,132.6	4,151.0	34.0	(707.5)	(89.8)	7,138.1	28.3	7,166.4

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

First half 2024

<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>	Group share	<i>Non- controlling interests</i>	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	—	—	—	1,017.3	—	—	—	1,017.3	(30.6)	986.7
Other comprehensive income (loss) net of tax	—	—	—	15.9	(11.2)	139.1	—	143.8	(3.2)	140.6
Total comprehensive income for first half 2024	—	—	—	1,033.2	(11.2)	139.1	—	1,161.1	(33.8)	1,127.3
Parent company dividend distribution	—	—	—	(534.2)	—	—	—	(534.2)	—	(534.2)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(3.7)	(3.7)
Share-based payments	—	—	—	13.5	—	—	—	13.5	—	13.5
(Acquisitions) / disposals of treasury shares	(1,289)	—	—	0.5	—	—	(184.5)	(184.0)	—	(184.0)
Other	—	—	—	(3.9)	—	0.8	—	(3.1)	2.0	(1.1)
At 30 June 2024	205,380	630.6	3,705.6	3,881.4	(43.6)	(229.9)	(660.8)	7,283.3	103.5	7,386.8

INTERIM CONSOLIDATED BALANCE SHEET

(in € millions)

ASSETS	Notes	30/06/25	31/12/24
Goodwill	note 4.1	8,529.1	8,899.2
Other intangible assets, net	note 4.2	2,171.2	2,532.7
Property, plant and equipment, net	note 4.2	3,707.2	3,715.5
Investments in equity affiliates	note 5	1,591.2	1,648.2
Non-consolidated investments		152.2	160.6
Other non-current financial assets		426.3	371.6
Deferred tax assets		1,276.8	1,366.6
Non-current assets		17,854.3	18,694.4
Inventories and work in progress	note 7.1	5,418.8	4,935.5
Contract assets	note 7.1	3,745.7	3,242.7
Advances to suppliers	note 7.1	809.7	895.7
Accounts, notes and other current receivables	note 7.1	6,741.8	7,146.2
Current derivatives – assets	note 7.1	302.1	135.1
Current tax receivable		127.7	160.6
Current financial assets	note 6.2	49.8	12.5
Cash and cash equivalents	note 6.2	3,837.1	4,767.1
Current assets		21,032.7	21,295.4
Total assets		38,887.0	39,989.8

EQUITY AND LIABILITIES	Notes	30/06/25	31/12/24
Capital, additional paid-in capital and other reserves		7,935.4	7,716.2
Cumulative translation adjustment		(707.5)	(108.5)
Treasury shares		(89.8)	(92.5)
Total attributable to shareholders of the parent company		7,138.1	7,515.2
Non-controlling interests		28.3	42.9
Total equity	note 10.1	7,166.4	7,558.1
Long-term loans and borrowings	note 6.2	4,032.7	4,550.9
Non-current derivatives – liabilities		—	—
Pensions and other long-term employee benefits	note 8	1,590.2	1,589.3
Deferred tax liabilities		555.5	634.8
Non-current liabilities		6,178.4	6,775.0
Contract liabilities	note 7.1	11,961.3	11,541.1
Reserves for contingencies	note 7.1	1,735.7	1,964.7
Accounts, notes and other current payables	note 7.1	8,078.0	8,332.7
Current derivatives – liabilities	note 7.1	221.6	352.7
Current tax receivable		264.1	193.0
Short-term loans and borrowings	note 6.2	3,281.5	3,272.5
Current liabilities		25,542.2	25,656.7
Total equity and liabilities		38,887.0	39,989.8

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

(in € millions)	Notes	First half 2025	First half 2024	2024
Net income		642.0	986.7	1,344.4
Less, net income relating to discontinued operations		—	(392.2)	(412.1)
Net income relating to continued operations		642.0	594.5	932.3
Add (deduct):				
Income tax expense (gain)		204.9	124.1	247.3
Net interest expenses		55.7	86.7	165.8
Share in net income of equity affiliates	note 5.1	(92.8)	(59.2)	(95.1)
Dividends received from equity affiliates	note 5.1	105.1	93.5	124.6
Depreciation and amortisation of PPE and intangible assets	note 4.2	526.6	541.1	1,155.4
Impairment on non-current fixed assets	note 4.1	—	—	157.6
Provisions for pensions and other employee benefits	note 8	69.0	82.5	148.8
Loss (gain) on disposal of assets and other		22.4	19.6	278.9
Provisions for restructuring, net		(1.1)	(2.6)	18.4
Other items		(5.8)	(8.0)	41.1
Operating cash flows before working capital changes, interest and tax		1,526.0	1,472.2	3,175.1
Change in working capital and reserves for contingencies	note 7.1	(530.2)	(995.0)	26.1
Cash contributions to pension plans and other long-term employee benefits, o.w.:		(77.3)	(67.5)	(129.9)
- UK buy-out remaining payments		(0.9)	(10.9)	(12.5)
- Recurring contributions/benefits		(76.4)	(56.6)	(117.4)
Interest paid		(86.0)	(129.1)	(267.3)
Interest received		46.2	55.6	127.7
Income tax received (paid)		(70.7)	(53.8)	(185.3)
Net cash flow from operating activities related to continued activities		808.0	282.4	2,746.4
Net cash flow from operating activities related to discontinued activities		—	(101.4)	(108.6)
NET CASH FLOW FROM OPERATING ACTIVITIES	- I -	808.0	181.0	2,637.8
Acquisitions of property, plant and equipment and intangible assets		(311.3)	(270.7)	(623.1)
Disposals of property, plant and equipment and intangible assets		0.9	0.5	6.3
Net operating investments	note 4.2	(310.4)	(270.2)	(616.8)
Acquisitions of subsidiaries and affiliates	note 7	(4.3)	(1,085.0)	(1,205.8)
Under deduction of the cash of acquired companies	note 7	—	36.9	36.8
Disposals of subsidiaries and affiliates	note 7	(77.1)	1,941.7	1,981.4
Under deduction of the cash of discontinued companies	note 7	—	(461.3)	(461.3)
Repayment of shareholder's loans	note 7	—	142.6	142.6
Decrease (increase) in loans and non-current financial assets		(56.1)	(1.9)	(6.3)
Decrease (increase) in current financial assets		(38.5)	97.2	101.5
Net financial investments		(176.0)	670.2	588.9
Net cash flow used in investing activities related to continued activities		(486.4)	400.0	(27.9)
Net cash flow used in investing activities related to discontinued activities		—	(34.9)	(34.9)
NET CASH FLOW USED IN INVESTING ACTIVITIES	-II-	(486.4)	365.1	(62.8)
Parent company dividend distribution	note 10	(585.5)	(534.4)	(708.4)
Third party share in dividend distribution of subsidiaries		(2.5)	(3.7)	(14.3)
Purchase of treasury shares		(2.9)	(184.0)	(275.4)
Issuance of debt		117.3	504.9	158.2
Repayment of debt		(707.7)	(721.2)	(1,155.1)
Net cash flow from financing activities related to continued activities		(1,181.3)	(938.4)	(1,995.0)
Net cash flow from financing activities related to discontinued activities		—	(7.3)	(7.3)
NET CASH FLOW FROM FINANCING ACTIVITIES	-III-	(1,181.3)	(945.7)	(2,002.3)
Exchange rate variation and other relating to continued operations	- IV -	(70.3)	79.5	63.7
Exchange rate variation and other relating to discontinued operations	-V-	—	(83.9)	(76.6)
CHANGE IN CASH AND CASH EQUIVALENTS	I+II+III+IV+V	(930.0)	(404.0)	559.8
Of which, continued activities		(930.0)	(176.5)	787.2
Of which, discontinued activities		—	(227.5)	(227.4)

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's condensed interim consolidated financial statements for six months ended 30 June 2025 were approved and authorised for issue by its Board of Directors on 22 July 2025.

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 statements

The condensed interim consolidated financial statements of the Thales Group have been prepared in accordance with IAS 34 - Interim Financial Reporting, as adopted by the European Union.

As these are condensed interim financial statements, the notes do not include all the information required under IFRS (International Financial Reporting Standards) for the preparation of full annual financial statements.

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 2024 (as described in the notes 1 and 13 to the consolidated financial statements).

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

1.2. Disposal of Transportation business

On 31 May 2024, Thales finalised the sale of its Transport business to Hitachi Rail for an enterprise value of € 1,660.0 million euros.

During the first half of 2025, the two Groups agreed on a final sale price of €1,865.0 million with no impact on the gain on disposal.

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

	First half 2025	First half 2024	2024
Selling price	(55.0)	1,936.0	1,920.0
Less, net cash at disposal date	—	(337.0)	(337.0)
Less, lease debt	—	75.0	75.0
Net impact of disposal on Group net debt	(55.0)	1,674.0	1,658.0

In the Group's financial statements, the business has been consolidated until the end of May 2024.

In accordance with IFRS 5, the provisional gain on disposal is presented within the net income from discontinued operations:

Income statement of discontinued operations	First half 2025	First half 2024	2024
Sales	—	718.1	717.9
Income of operating activities before share in net income of equity affiliates	—	35.9	27.0
Share in net income of equity affiliates	—	1.7	2.5
Financial result	—	(0.5)	(0.7)
Income tax	—	(7.5)	0.4
Net income of Transportation business	—	29.5	29.2
Gain on disposal of Transportation activities	—	362.7	382.9
Net income from discontinued operations	—	392.2	412.1

Free cash flow from operations for the Transportation business up to the date of the disposal is shown below:

	First half 2025	First half 2024	2024
Net cash flow from operating activities	—	(101.4)	(108.6)
Less: UK deficit payment	—	0.9	0.9
CAPEX	—	(7.8)	(7.8)
Operating free cash flow	—	(108.3)	(115.5)

2. Segment information

2.1. 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 2024 consolidated financial statements, which enable them to exclude some non-operating and/or non-recurring items.

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

First half 2025	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at the end of the period	10,181.2	38,923.2	855.8	77.3	50,037.5
Order intake – non-Group	2,658.2	5,750.9	1,896.9	46.3	10,352.3
Sales – non-Group	2,759.3	5,581.0	1,861.5	63.0	10,264.8
Sales – intersegment	74.1	164.9	47.5	(286.5)	—
Total Sales	2,833.4	5,745.9	1,909.0	(223.5)	10,264.8
Adjusted EBIT	252.0	719.9	265.1	10.9	1,247.9
Of which, Naval Group	—	—	—	34.6	34.6
Excluding Naval Group	252.0	719.9	265.1	(23.8)	1,213.2

First half 2024	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at the end of the period	9,593.1	36,467.9	819.5	77.0	46,957.5
Order intake – non-Group	2,687.9	6,119.5	1,931.2	28.8	10,767.4
Sales – non-Group	2,582.5	4,937.7	1,933.8	38.5	9,492.5
Sales – intersegment	81.7	167.0	40.0	(288.7)	—
Total Sales	2,664.2	5,104.7	1,973.8	(250.2)	9,492.5
Adjusted EBIT	167.0	639.2	271.9	17.5	1,095.6
Of which, Naval Group	—	—	—	43.7	43.7
Excluding Naval Group	167.0	639.2	271.9	(26.2)	1,052.0

2024	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at the end of the period	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	(82.6)	2,325.7

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 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 new definition now excludes the impact of changes in the Thales share price on the expense recognised in the income statement in respect of LTI plans.

The Cyber activities contribute as follows to the Cyber & Digital segment:

	First half 2025	First half 2024	2024
Order intake – non-Group	705.3	742.9	1,574.4
Sales – non-Group	708.2	745.5	1,566.4
Adjusted EBIT	96.6	102.3	238.1

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

	First half 2025	First half 2024	2024
Income from operations	897.9	765.3	1,698.7
Share in net income of equity from affiliates	92.8	59.2	95.1
Restatements:			
Amortisation of acquisition-related assets & liabilities (PPA):	195.0	245.9	534.4
- Intangible assets	188.6	202.0	461.3
- Property, plant and equipment	—	5.8	5.8
- Deferred revenues	6.4	38.1	67.3
Expenses directly linked to business combinations	7.9	17.3	38.6
P&L impact of change in Thales' share price relating to LTI plans (a)	46.4	—	—
PPA amortisation related to equity affiliates entities	7.9	7.9	51.8
Adjusted EBIT	1,247.9	1,095.6	2,418.6

(a) Retrospective application of the new definition of Adjusted EBIT has no significant impact on 2024 full year neither half year.

2.2. Sales

First half 2025	Aerospace	Defence	Cyber & Digital	Other	Thales
Country of destination:					
France	652.2	2,242.2	78.1	29.1	3,001.6
United Kingdom	84.5	501.3	119.5	2.4	707.7
Rest of Europe	1,187.8	1,076.6	391.1	13.5	2,669.0
Sub-total Europe	1,924.5	3,820.1	588.7	45.0	6,378.3
North America	359.5	386.6	562.8	3.2	1,312.1
Australia and New Zealand	23.8	371.5	49.0	0.4	444.7
Total mature markets	2,307.8	4,578.2	1,200.5	48.6	8,135.1
Emerging markets (a)	451.5	1,002.8	661.0	14.4	2,129.7
TOTAL	2,759.3	5,581.0	1,861.5	63.0	10,264.8

First half 2024	Aerospace	Defence	Cyber & Digital	Other	Thales
Country of destination:					
France	652.3	2,179.1	91.7	17.3	2,940.4
United Kingdom	75.2	436.1	110.3	1.9	623.5
Rest of Europe	1,061.1	775.1	408.4	5.5	2,250.1
Sub-total Europe	1,788.6	3,390.3	610.4	24.7	5,814.0
North America	359.8	319.5	585.5	3.6	1,268.4
Australia and New Zealand	21.0	386.0	55.8	0.1	462.9
Total mature markets	2,169.4	4,095.8	1,251.7	28.4	7,545.3
Emerging markets (a)	413.0	841.8	682.2	10.2	1,947.2
TOTAL	2,582.4	4,937.6	1,933.9	38.6	9,492.5

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
North America	785.0	907.9	1,220.8	7.0	2,920.7
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

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

3. Impact of changes in scope consolidation

3.1. Main changes in scope of consolidation

At the beginning of October 2024, Thales completed the acquisition of Digital Receiver Technology, Inc. from Boeing, a company specialising in software-defined radios for surveillance and intelligence for the US military. The business has been consolidated since that date. Preliminary goodwill amounted to €53.0 million at the end of 2024. In the first half of 2025, the Group carried out a provisional allocation of the acquisition price. After allocation to intangible assets (technologies and customer relations for €13.6 million and €12.2 million respectively, and associated tax), residual goodwill amounts to €34.8m.

3.2. Non-current income (expense) of operating activities

	First half 2025	First half 2024	2024
Disposal of investments	(2.9)	(0.1)	(0.8)
Acquisition and disposal related fees	(19.2)	(13.6)	(18.7)
Disposal of real estate and other tangible and intangible assets	(0.2)	1.9	1.7
Impact of settlements / amendments to pensions plans (Note 8)	(0.1)	(7.8)	(72.6)
Other non recurring items (a)	—	—	(188.5)
Disposal of assets, changes in scope of consolidation and other	(22.4)	(19.6)	(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.

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:

	01/01/25	Acquisitions	Disposal	Reclassi- fication	Exchange rate & other	30/06/25
Avionics	962.9	—	—	—	(1.8)	961.1
Space	488.0	—	—	—	(0.2)	487.8
Secured Communications and Information Systems (b)	833.5	(18.2)	—	—	(6.5)	808.8
Land and Air Systems	335.9	—	—	—	(1.8)	334.1
Defence Mission Systems	506.9	—	—	—	(8.7)	498.2
Cyber & Digital (c)	5,772.0	—	—	(4.2)	(328.7)	5,439.1
Total	8,899.2	(18.2)	—	(4.2)	(347.7)	8,529.1

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

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

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

Digital Receiver Technology goodwill, originally valued at €53.0 million, has been provisionally allocated to the first half of 2025 in the amount of €18.2 million.

(c) Imperva's goodwill (€3,466.5 million), recognised in 2023, has been allocated to intangible assets and deferred income in 2024 for an amount net of deferred tax of €865.0 million. The definitive goodwill amounts to €2,601.5 million.

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

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

In the context of the interim closing, Cash-Generating Units (CGUs) for which there is an indication of impairment are subject to new tests incorporating the effects of the latest events known at the half-year closing date.

At 30 June 2025, no indication of impairment had been identified.

4.2. Property, plant and equipment and intangible assets

	01/01/25	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	30/06/25
Acquired Intangible assets	2,348.8	—	—	(188.6)	(166.4)	1,993.8
Capitalised development costs	42.3	9.6	—	(8.9)	(2.9)	40.1
Other	141.6	23.2	—	(26.4)	(1.1)	137.3
Intangible assets	2,532.7	32.8	—	(223.9)	(170.4)	2,171.2
Right-of-use from lease contracts	1,282.0	117.7	—	(109.4)	(27.6)	1,262.7
Acquired tangible assets	—	—	—	—	—	—
Property, plant and equipment	2,433.5	278.5	(0.9)	(193.3)	(73.3)	2,444.5
Tangible assets	3,715.5	396.2	(0.9)	(302.7)	(100.9)	3,707.2
Total	6,248.2	429.0	(0.9)	(526.6)	(271.3)	5,878.4
Less, new lease contracts		(117.7)				
Operating investments (a)		311.3				

	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	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	539.7	(6.2)	(412.3)	74.1	2,433.5
Tangible assets	3,596.1	682.5	(6.2)	(627.4)	70.5	3,715.5
Total	4,884.2	765.9	(6.3)	(1,155.4)	1,759.8	6,248.2
Less, new lease contracts		(142.8)	—			
Operating investments (a)		623.1	(6.3)			

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

5. Investments in equity affiliates

5.1. Change in investment in equity affiliates

	30/06/25	31/12/24
Investment at opening	1,648.2	1,648.4
Share in net income of equity affiliates	92.8	95.1
Translation adjustment	(34.5)	4.4
Cash flow hedge	0.4	(2.6)
Actuarial gains (losses) on pensions	0.1	6.6
Share in comprehensive income of equity affiliates	58.8	103.5
Dividends paid	(105.1)	(124.6)
Dividends voted and not paid yet	(11.0)	6.5
Change in scope and other	0.3	14.4
Investments at closing	1,591.2	1,648.2
<i>Including Naval Group</i>	<i>864.4</i>	<i>882.4</i>

5.2. Naval Group: summary financial information

Balance sheet - 100% interest	30/06/25	31/12/24
Non-current assets	1,580.6	1,917.7
Current assets	5,871.2	5,742.3
Total assets	7,451.8	7,660.0
Restated equity, attributable to shareholders	1,635.3	1,686.8
Non-controlling interests	0.4	0.4
Non-current liabilities	415.7	352.2
Current liabilities	5,400.4	5,620.6
Total equity and liability	7,451.8	7,660.0
Net Cash	1,110.5	506.7

Thales's share	30/06/25	31/12/24
Thales's share (35%)	572.4	590.4
Goodwill	292.0	292.0
Share in net assets of Naval Group	864.4	882.4

Income statement - 100% interest	First half 2025	First half 2024	2024
Sales	2,223.8	2,275.5	4,354.6
Income from operating activities, after share in net income of equity affiliates	107.9	116.5	253.6
Financial income (loss)	17.5	24.8	42.1
Tax	(43.7)	(38.0)	(66.6)
Discontinued activities	0.8	5.2	3.9
Restated net income	82.5	108.5	233.0
<i>Of which, attributable to shareholders of the company</i>	<i>82.4</i>	<i>108.5</i>	<i>233.0</i>
<i>Of which, attributable to non-controlling interests</i>	<i>0.1</i>	<i>—</i>	<i>—</i>
Thales's share			
Thales's share in net income attributable to shareholders of the company	28.9	38.0	81.6
<i>Of which, PPA amortisation</i>	<i>(5.7)</i>	<i>(5.7)</i>	<i>(11.5)</i>
Share in net income, before PPA	34.6	43.7	93.0
Dividends received from Naval Group	46.5	45.3	45.3

6. Financing and financial instruments

6.1. Financial income

a) Net interest income

	First half 2025	First half 2024	2024
Financial interests related to lease contracts	(17.4)	(16.9)	(35.6)
Other interest expense	(98.8)	(136.8)	(253.7)
Interest income on cash and cash equivalents	60.5	67.0	123.5
Total	(55.7)	(86.7)	(165.8)

b) Other financial income

	First half 2025	First half 2024	2024
Foreign exchange gains (losses)	(34.2)	9.4	(1.7)
Cash flow hedges, ineffective portion	(0.9)	1.2	1.7
Change in fair value of derivatives (a)	(13.6)	(2.2)	4.1
Other	4.8	21.5	35.3
Total	(43.9)	29.9	39.4

a) Includes the change in the fair value of swap points (-€15.3 million in first half 2025, +€2.4 million in the first half of 2024 and -€1.7 million in 2024).

6.2. Net cash (net debt)

Group net cash (debt), as defined in Note 13-a of 2024 consolidated accounts, is as follows:

	30/06/25	31/12/24
Current financial assets	49.8	12.5
Cash and cash equivalents	3,837.1	4,767.1
Cash and other short-term investments (a)	3,886.9	4,779.6
Financial debt	5,944.3	6,430.9
Lease debt	1,369.6	1,392.3
Gross debt (a) (b)	7,313.9	7,823.2
Net cash (debt) relating to continued operations (a-b)	(3,427.0)	(3,043.6)
Net cash (debt) relating to discontinued operations (c)	—	—
Net (debt) cash (a-b+c)	(3,427.0)	(3,043.6)
(a) Including:		
Long term financial debt	4,032.7	4,550.9
Short term financial debt	3,281.5	3,272.5
Fair value of interest rate hedging derivatives	(0.3)	(0.2)

Current financial assets include mutual funds and other short-term investments purchased from first-rate counterparties.

Bonds: key features at the end of June 2025:

Nominal value	Issue date	Maturity	Type of rate	Coupon	Effective rate	
					Before hedging	After hedging
€ 600 million	Oct. 2023	Oct. 2025	fixed	4.00%	4.26%	4.26%
€ 500 million	Nov. 2020	March 2026	fixed	—%	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%

6.3. Summary of financial assets and liabilities

At end of June 2025, the classification of financial assets and liabilities remained identical to the one disclosed in note 6.5 to the 2024 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 €4,083.8 million, compared to €4,032.7 million for their carrying amount at 30 June 2025 (€4,545.1 million vs. €4,550.9 million at 31 December 2024).

7. Change in net cash (net debt)

	First half 2025	First half 2024	2024
Net debt at opening	(3,043.6)	(4,190.0)	(4,190.0)
Net cash flow from operating activities	808.0	282.4	2,746.4
Less, contributions to reduction of UK pension deficit and buy-in	0.9	10.9	12.5
Net operating investments	(310.4)	(270.2)	(616.8)
Free operating cash flow relating to continued operations	498.5	23.1	2,142.1
Net investment in subsidiaries and affiliates (a)	(64.3)	528.0	358.8
Of which, Cobham Aerospace Communications	—	(1,023.1)	(1,012.8)
Of which, Imperva	—	5.8	5.8
Of which, Transport business	(55.0)	1,674.0	1,658.0
Of which, other	(9.3)	(128.7)	(292.2)
Changes in loans	(56.1)	(1.9)	(6.3)
Contributions to reduction of UK pension deficit and buy-in	(0.9)	(10.9)	(12.5)
Dividends paid by the parent company	(585.5)	(534.4)	(708.4)
Third-party share in dividend distributions of subsidiaries	(2.5)	(3.7)	(14.3)
Treasury shares (b)	(2.9)	(184.0)	(275.4)
New lease debts	(117.7)	(94.6)	(142.8)
Changes in exchange rates and other	(52.0)	26.5	(42.8)
Contribution to change in net cash (debt) of continued operations	(383.4)	(251.9)	1,298.4
Contribution to change in net cash (debt) of discontinued operations	—	(152.0)	(152.0)
Net debt at closing	(3,427.0)	(4,593.9)	(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 share buy back plan for their cancellation.

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	01/01/24	Changes in WCR and reserves	Scope, exch. rate and reclass.	31/12/24	Changes in WCR and reserves	Scope, exch. rate and reclass.	30/06/25
Inventories & work in progress	4,250.8	602.4	82.3	4,935.5	611.7	(128.4)	5,418.8
Contract assets	2,897.0	312.9	32.8	3,242.7	587.4	(84.4)	3,745.7
Advance to suppliers	786.4	170.2	(60.9)	895.7	(76.2)	(9.8)	809.7
Accounts, notes and other receivables	6,269.1	918.9	(41.8)	7,146.2	(150.3)	(254.1)	6,741.8
Current derivatives - assets	133.4	1.4	0.3	135.1	20.2	146.8	302.1
Contract liabilities	(9,788.6)	(1,712.5)	(40.0)	(11,541.1)	(619.0)	198.8	(11,961.3)
Reserves for contingencies	(1,726.7)	22.2	(260.2)	(1,964.7)	123.6	105.4	(1,735.7)
Accounts, notes and other payables	(7,644.1)	(360.0)	(328.6)	(8,332.7)	33.9	220.8	(8,078.0)
Current derivatives - liabilities	(187.8)	—	(164.9)	(352.7)	—	131.1	(221.6)
WCR and reserves, net	(5,010.5)	(44.5)	(781.0)	(5,836.0)	531.3	326.2	(4,978.5)
Restructuring provisions		18.4			(1.1)		
Increase (decrease) in WCR and reserves		(26.1)			530.2		

The Group may assign trade receivables, mainly from the French State, and commercial paper. At 30 June 2025, outstanding derecognised receivables amounted to €4.7 million (€93.6 million at 31 December 2024). As these assignments have no recourse against the assignor in the event of default by the debtor, the receivables concerned are “derecognised” from assets.

7.2. Reserves for contingencies

	01/01/25	Utilisation	Additions	Reversal (surplus)	Exch. Rate and other	30/06/25
Restructuring	60.3	(12.1)	12.4	(1.4)	3.8	63.0
Technical and other litigation	242.9	(15.6)	7.1	(20.9)	(2.9)	210.6
Guarantees	246.2	(21.8)	16.9	(10.7)	(5.5)	225.1
Losses at completion	436.4	(56.9)	59.7	(10.5)	(3.7)	425.0
Provisions on contracts	459.7	(24.0)	57.8	(9.0)	(63.0)	421.5
Other (a)	519.2	(136.9)	46.7	(4.4)	(34.1)	390.5
Total	1,964.7	(267.3)	200.6	(56.9)	(105.4)	1,735.7

	01/01/24	Utilisation	Additions	Reversal (surplus)	Exch. Rate and other	31/12/24
Restructuring	40.7	(24.3)	47.6	(4.9)	1.2	60.3
Technical and other 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.

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

8.1. Actuarial assumptions

At 30 June 2025, the market value of plan assets as well as discount and inflation rates assumptions in France (representing 80% of the Group's net obligation) were updated:

30 June 2025	
Inflation rate	2.06%
Discount rate	3.66%
30 June 2024	
Inflation rate	2.27%
Discount rate	3.54%
2024	
Inflation rate	2.03%
Discount rate	3.39%

8.2. Changes in provision

	First half 2025	First half 2024	2024
Provision at opening	(1,589.3)	(1,552.5)	(1,552.5)
Current service cost (income from operations)	(47.1)	(45.2)	(97.5)
Amendments and settlements (non recurring operating income)	(0.1)	(7.8)	(72.6)
Net interest cost	(26.3)	(26.1)	(48.1)
Pension fund management cost	0.1	(1.9)	(0.5)
Actuarial gains and losses on other long-term employee benefits	4.4	(1.5)	(2.7)
Finance costs on pensions and other long-term employee benefits	(21.8)	(29.5)	(51.3)
Total expense for the period	(69.0)	(82.5)	(221.4)
Actuarial gains and losses (other comprehensive income)	(17.9)	32.4	65.8
Benefits and contributions	77.3	67.5	129.9
- Of which, deficit payment in the United Kingdom	—	5.0	—
- Of which, Thales UK Pension Scheme buy-out payment	0.9	5.9	12.5
- Of which, other benefits and contributions	76.4	56.6	117.4
Translation adjustment	9.7	(0.7)	(0.9)
Changes in scope of consolidation and other	(1.0)	(8.4)	(10.2)
Provision at closing	(1,590.2)	(1,544.2)	(1,589.3)

9. Income tax

	First half 2025	First half 2024	2024
Net income	642.0	986.7	1,344.4
Less: net income of discontinued activities	—	(392.2)	(412.1)
Less: share in net income of equity affiliates	(92.8)	(59.2)	(95.1)
Less: income tax	204.9	124.1	247.3
Net income before tax and share in net income of equity affiliates	754.1	659.4	1,084.5
Income tax benefit (expense) recognised in profit and loss	(204.9)	(124.1)	(247.3)
Effective tax rate	27.2%	18.8%	22.8%

The income tax expense excludes research tax credit which is recorded in income from operations (respectively €94.9 million, €110.9 million and €227.3 million in the first half of 2025 and 2024 and in 2024).

The tax charge for the first half of 2025 includes -€59.7 million in respect of a temporary additional income tax charge on large companies in France. This amount includes -€36.8 million relating to 2024 and fully booked in the first half year 2025. The effective tax rate restated for this item is 19.3%.

The full year temporary additional income tax charge remains estimated at €80.0 million.

10. Equity and earnings per share

10.1. Shareholders' equity

a) Share capital

	30/06/25			31/12/24		
	Number of shares	% of share capital	% of voting rights	Number of shares	% of share capital	% of voting rights
T.S.A.	54,786,654	26.60%	36.37%	54,786,654	26.60%	36.37%
French State (including one golden share)	2,060	—%	—%	2,060	—%	—%
Public sector (a)	54,788,714	26.60%	36.37%	54,788,714	26.60%	36.37%
Dassault Aviation (b)	54,750,000	26.59%	29.93%	54,750,000	26.59%	29.89%
Thales (c)	568,735	0.28%	—%	628,731	0.31%	—%
Employees (d)	6,034,825	2.93%	3.75%	6,558,307	3.18%	3.98%
Other shareholders	89,799,639	43.60%	29.95%	89,216,161	43.32%	29.76%
Total	205,941,913	100.00%	100.00%	205,941,913	100.00%	100.00%

(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. All Thales shares held directly and indirectly by the French State have been directly registered for more than two years and thus have double voting rights as of 30 June 2025.

(b) As of 30 June 2025, Dassault Aviation holds 44,372,918 directly registered shares, of which 35,319,349 have been held for more than two years and therefore have double voting rights as of 30 June 2025, and also holds 10,377,082 bearer shares.

(c) Treasury shares represented 56,300 bearer shares held under a liquidity contract and 512,435 directly registered shares.

(d) This line shows total employees share ownership. For information purposes, since Law No 2019-486 of 22 May 2019, employee share ownership within the meaning of 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 30 June 2025 to 4,779,788 shares and 8,994,203 voting rights, i.e., 2.32% of the capital stock and 2.99% of the exercisable voting rights, respectively.

b) Treasury shares

Thales (parent company) held 568,735 of its own shares at 30 June 2025. They are accounted for as a deduction from consolidated equity in the amount of €-89.8 million. In accordance with the authorisations given to the board of Directors at the Annual General Meeting, the Company carried out, in 2024 and in the first half of 2024 and 2025 the following operations:

	First half 2025	First half 2024	2024
Treasury shares at opening	628,731	3,541,786	3,541,786
Purchases as part of a liquidity agreement	234,211	264,218	603,565
Disposals as part of a liquidity agreement	(261,650)	(272,571)	(564,071)
Transfer to employees as part of the employee share purchase plan	(32,307)	—	(452,348)
Delivery of free shares	(250)	(2,891)	(352,731)
Market purchases	—	1,300,007	2,120,757
Cancelled shares	—	—	(4,268,227)
Treasury shares at closing	568,735	4,830,549	628,731

c) Parent Company dividend distribution

For the years 2023 and 2024, dividends per share amounted respectively to €3.40 and €3.70. 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	General Meeting on 16 May 2025	Balance for 2024	€2.85	May 2025	cash	585.5
	Board of Directors on 8 October 2024	2024 interim dividend	€0.85	Dec. 2024	cash	174.2
2024	General Meeting on 15 May 2024	Balance for 2023	€2.60	May 2024	cash	534.2
	Total dividends paid in 2024					708.4

10.2. Earnings per share

		First half 2025	First half 2024	2024
Numerator (in € million):				
Net income, Group share	(a)	663.7	1,017.3	1,419.5
Of which: net income relating to continued operations, Group share		663.7	625.1	1,007.4
Of which: net income relating to discontinued operations, Group share		—	392.2	412.1
Denominator (in thousands):				
Average number of shares outstanding	(b)	205,390	205,818	205,523
Free shares and units plans *		536	559	498
Diluted average number of shares outstanding	(c)	205,926	206,377	206,021
Net earnings per share (in euros)	(a) / (b)	3.23	4.94	6.91
Of which: basic earnings relating to continued operations, per share		3.23	3.04	4.90
Of which: basic earnings relating to discontinued operations, per share		—	1.90	2.01
Diluted net earnings per share (in euros)	(a) / (c)	3.22	4.93	6.89
Of which: diluted earnings relating to continued operations, per share		3.22	3.03	4.89
Of which: diluted earnings relating to discontinued operations, per share		—	1.90	2.00
Average share price		€224.08	€149.19	€148.29

* Performance shares are only taken into account when the performance targets are achieved.

11. Litigations

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

In addition, the investigations opened by the Parquet National Financier and the Serious Fraud Office and mentioned in the 2024 Universal Registration Document are continuing.

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 claims, pending or threatened, which could have any significant effect on the financial position or profitability of the Company and/or the Group.

12. Related party transactions

Main related party transactions are disclosed in Note 13-a of the consolidated financial statements included in the 2024 Universal Registration Document.

Revenues with the French State amounted to €2,231.4 million in the first half of 2025 and €2,207.2 million in the first half of 2024.

13. Subsequent events

As of 10 July following the buy-in already completed on 1 December 2023, the insurer Rothesay has taken over from Thales all its liabilities ("buy-out") under the Thales UK Pension Scheme. This latest transaction involves the legal transfer of the associated assets and liabilities, with no impact on the Group's results.

This is a free 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 the 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, 2025

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

PricewaterhouseCoopers Audit

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672 006 483 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
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Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles et du Centre

Thales

Period from January 1 to June 30, 2025

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, 2025;
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of the Board of Directors. 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 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 condensed half-yearly consolidated financial statements subject of our review.

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

Neuilly-sur-Seine and Paris-La Défense, July 22, 2025

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit

ERNST & YOUNG Audit

Cédric Haaser

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