© Thales Group

2024 UNIVERSAL REGISTRATION DOCUMENT

INCLUDING THE ANNUAL FINANCIAL REPORT

THALES
Building a future we can all trust

/Contents

2024

THALES

UNIVERSAL REGISTRATION **DOCUMENT**

Including the Annual Financial Report

AMF AUTORITÉ DES MARCHÉS FINANCIERS

The Universal Registration Document has been filed on April 8, 2025 with the AMF, as competent authority under Regulation (EU) 2017/1129, without prior approval pursuant to Article 9 of the said regulation.

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

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

The Universal Registration Document including the Annual Financial Report is a reproduction of the official version of the *Document d'enregistrement universel* including the *Rapport Financier Annuel* which was established in HTML and filed with the *Autorité des marchés financiers* on April 8, 2025.

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Foreword
Patrice Caine

2024 was another remarkable year for Thales, further consolidating our role as a global technology leader for the defence, aerospace and cyber & digital sectors.

The Group's performance in the marketplace remained strong, with annual sales exceeding 20 billion euros for the first time and the order book ending the year at a record high. Profitability increased and cashflow was once again exceptionally robust.

One of the decisive moments of 2024 was the creation of cortAIx, a new AI accelerator that will strengthen our leadership in the field of artificial intelligence for critical environments, where we already file more patents than any other company in Europe.

In another notable development, Thales was added to the CAC 40 ESG stock market index, reflecting the clarity of purpose of our environmental, social and governance strategy and further endorsing our ambitious objectives on these issues.

Also in 2024, Thales was listed for the twelfth time among Clarivate's Top 100 Global Innovators.

Another measure of Thales's success in 2024 is the significant headway we made in preparing for the future.

In particular, we forged ahead with the capacity ramp-up in our defence businesses, tripling production of Ground Master radars, for example, in the space of just one year.

Importantly, to support this increase in production capacity, we met all of our recruitment and skills development targets for the year. We received more than a million job applications worldwide in

2024, confirming Thales's continued attractiveness as an employer, and took on more than 8,000 new employees. And we are continuing to roll out a new strategic plan to promote knowledge sharing within the company as we strive to truly become a Learning Company.

2024 will also be seen as a pivotal year in the strategic realignment of our portfolio of businesses. In particular, we concluded the sale of our Ground Transportation Systems business and successfully completed the integration of Imperva and Cobham Aerospace Communications.

In the space segment, roughly half of the employees affected by our adaptation plan have now been reassigned to new roles, and in 2025 we will continue to implement this plan until we have restored the profitability and competitive performance of our space business.

Our strategy to promote Thales's premium positioning is helping to reinforce customer preference for our products and services, putting us in an excellent position to meet the steady growth in demand and seize new business opportunities in 2025 and beyond.

With our robust business model, the unflagging engagement of our employees and growing awareness of Thales's role in ensuring global security and stability, we face the future with confidence and determination.

1

The Group's business model

Profile

/ Breakdown of sales by geographic area

Thales (Euronext Paris: HO) is a global technology leader serving the Defence, Aerospace and Cyber & Digital markets. The company develops products and solutions that help to make the world safer, greener and more inclusive. Thales invests close to €4.2 billion a year in Research & Development, particularly in key areas of innovation such as artificial intelligence, cybersecurity, quantum technologies, cloud technologies and 6G. With more than 83,000 employees in 68 countries, the Group generated revenues of €20.6 billion in 2024.

/ 2024 in figures

€20.6bn
in sales

68
countries

83,000
employees

€4.2bn
in R&D including **€1.274bn** self-funded

€2,142m
in free operating cash flow from continuing operations[1]

-56.8%
CO_2 emissions (scopes 1 & 2)[2]

-24.7%
CO_2 emissions (scope 3)[2]

(1) Excluding the Transport activity sold on May 31, 2024.
(2) In absolute values against 2018 baseline.

Solid financial and sustainability performance

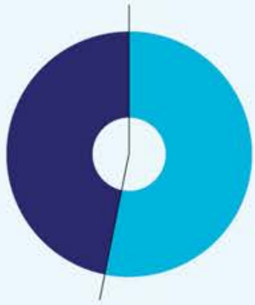
/ Financial performance:

SALES

€20.6bn
+8.3% organic growth[1]

2024	€20.6bn
2023	€18.4bn

SALES BREAKDOWN



53%
Defence

47%
Civil

ORDER INTAKE

€25.3bn
+6% organic growth[1]

2024	€25.3bn
2023	€23.1bn

ORDER BOOK

€50.6bn
+11% organic growth[1]

2024	€50.6bn
2023	€45.2bn

AJUSTED EBIT

€2,419m
+5.7% organic growth[1]

2024	€2,419m
2023	€2,132m

DIVIDEND PER SHARE

€3.70[2]
+8.8% increase

2024	€3.70
2023	€3.40

[1] Proposed at the Annual General Meeting on May 16, 2025.
[2] Subject to shareholders approval at the 2025 AGM.
[3] 34,767 managers trained out of a total of 51,619.
[4] Women as a percentage of the overall workforce: 27.4%.

In line with its corporate purpose of "Building a future we can all trust", Thales has set itself an ambitious objective in terms of Corporate Social Responsibility (CSR): to contribute to a safer, greener and more inclusive world.

/ Sustainability performance:

CLIMATE CHANGE

- **CO_2 emissions** (Scopes 1 & 2)

In absolute values against 2018 baseline

2030 Objective: -50%

2024 -56.8%
2023 -57.3%

- **CO_2 emissions** (Scope 3)

In absolute values against 2018 baseline

2030 Objective: -15%

2024 -24.7%
2023 -24.4%

- **Thales Climate Passport trainings**[3]

2024 Objective: 50% of managers trained

2024 67.4%

GENDER BALANCE

- **Management committees with at least 4 women**

2026 Objective: 75%

2024 64.1%
2023 52.6%

- **Women in senior management**[4]

2026 Objective: 22.5%

2024 21.1%
2023 20.4%

CORRUPTION PREVENTION

- **Potentially exposed employees trained in corruption prevention**

Target: 100% of target population

2024 100%
2023 100%

- **Extension of ISO 37001 certification for anti-bribery management systems**

Percentage of Group sales from certified entities

2024 64%
2023 58%

1 2 3 4 5 6 7 8

Highlights of 2024

STRATEGY

THE CORTAIX AI ACCELERATOR FOR DEFENCE

Thales has created cortAIx, which brings together the Group's AI capabilities in research, sensors and systems. Announced in March, cortAIx will provide armed forces, aircraft manufacturers and critical infrastructure providers with highly secure solutions for analysing ever-increasing amounts of data. cortAIx is designed to expand the integration of AI technology into all the Group's business sectors while addressing the specific constraints of cybersecurity, embeddability and frugality in critical environments.

CSR

THALES JOINS CAC 40 ESG INDEX

In September, Thales became part of the CAC 40 ESG index, a French stock market index comprising 40 stocks selected on the basis of environmental, social and governance (ESG) criteria from among the 60 companies in the CAC 40 and CAC Next 20 indexes. Thales's inclusion in this index reflects the Group's rapid progress on social and environmental responsibility issues.

STRATEGY

PRESENTATION OF GROUP'S STRATEGY AT CAPITAL MARKETS DAY 2024

On November 14, Thales presented the key features of its 2024-2028 roadmap to investors and financial analysts and outlined the Group's strategic priorities in terms of advanced technologies for the Defence, Aerospace and Cyber & Digital markets. It intends to leverage its leadership in cybersecurity and artificial intelligence to drive profitable growth, consolidate its premium positioning, differentiate itself from the competition through disruptive technologies, enhance its attractiveness as an employer and reinforce its leadership in CSR.

STRATEGY

STRATEGIC REFOCUS ON THREE BUSINESS SECTORS

After completing the sale of its Ground Transportation Systems business to Hitachi Rail in May, Thales has strengthened its strategic focus on three high-tech markets with a long-term growth trajectory: Defence, Aerospace and Cyber & Digital.

DEFENCE

PARADE, THE CUTTING EDGE OF DRONE COUNTERMEASURES

In April, the *Direction Générale de l'Armement* (DGA) selected the consortium led by Thales and CS Group to develop and deliver PARADE, a modular, scalable multi-mission drone countermeasures system. The PARADE programme (Protection déployAble modulaiRe Anti-DronEs) has a total budget of €350 million over 11 years. This deployable system will help protect airspace, infrastructure and people, in particular during large-scale events, to help deal with the proliferation of drones and the significant security challenges they present.

DEFENCE

FIRST CAPTAS-4 SONAR DELIVERED TO US NAVY

Thales has been a partner of the US Navy for over 20 years, and in February, ahead of schedule, the company delivered the first CAPTAS-4 sonar for the Navy's Constellation frigate programme. The award-winning CAPTAS-4 system will enable these new guided-missile frigates to detect, locate, classify and track increasingly stealthy and silent underwater threats.

DEFENCE

A RECORD YEAR FOR THE SALE OF DEFENCE SYSTEMS

Thales's activities in surface radars are experiencing strong growth, with more than 270 Ground Masters sold worldwide since 2010. In Ukraine in 2024, Thales delivered a ControlMaster 200 system, including a Ground Master 200 air surveillance radar, which will help protect Ukraine by providing the earliest possible threat detection in all airspace environments.

SPACE

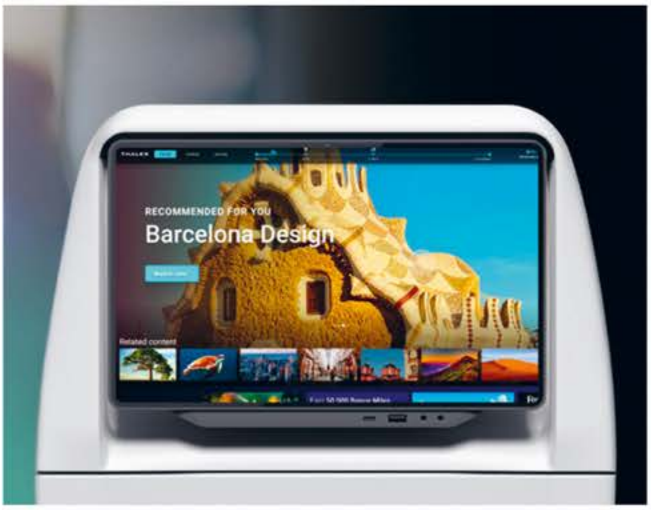
SIX MORE RADAR SATELLITES FOR IRIDE CONSTELLATION

In October, Thales Alenia Space signed a €107 million contract with the European Space Agency (ESA) to supply six additional radar satellites for the IRIDE constellation, a major Earth-observation programme launched by the Italian government. Scheduled for commissioning in 2026, the satellites will offer advanced surveillance capabilities and excellent resilience, making a key contribution to research, civil protection and new geospatial applications.

AEROSPACE

FLYTEDGE TO EQUIP QATAR AIRWAYS A321 NX AIRLINERS

In October, Qatar Airways signed an agreement with Thales to equip its new A321 NX fleet with FlytEDGE, the world's first cloud-native in-flight entertainment platform with edge caching functionality. Passengers will be able to instantly stream their favourite entertainment using their personal video subscriptions and continue watching their favourite programming on the ground, in the air and across flights. This world-exclusive agreement will take the passenger experience to new heights.



AEROSPACE

COMPLETION OF ACQUISITION OF COBHAM AEROCOMMS

In April, Thales strengthened its global leadership in cockpit safety and connectivity solutions with the integration of Cobham Aerospace Communications, a leading supplier of advanced technologies for flexible avionics systems. The Group's product portfolio now includes full L-band satellite communication antennas and transceivers, digital audio and radio management solutions and passive antenna arrays for connectivity, communications and navigation.

DEFENCE

CHILE: WORLD'S FIRST SOLAR-POWERED RADAR STATION

In March, Thales and the Chilean Directorate General of Civil Aviation inaugurated the world's first fully solar-powered air traffic control radar station. Located in the Atacama Desert at an altitude of over 3,500 metres, this technological innovation is powered by 340 solar panels, enhancing air traffic safety in northern Chile with a reduced environmental footprint.

CYBER & DIGITAL

DATA RISK INTELLIGENCE TO REDUCE DATA-RELATED THREATS

In December, Thales launched Data Risk Intelligence, its first solution to combine the threat identification capabilities of Imperva's Data Security Fabric and the data protection capabilities of Thales's CipherTrust Data Security Platform. Data Risk Intelligence will empower security teams and SOCs (Security Operations Centres) by providing enhanced visibility and greater control over security operations. This solution determines which critical data is most at risk in terms of severity and likelihood, and makes clear recommendations about any corrective action that should be taken.

CYBER & DIGITAL

S3NS JOINS SECNUMCLOUD CERTIFICATION PROCESS

S3NS, a joint venture between Thales and Google Cloud, had its application for SecNumCloud certification for its trusted cloud solution accepted by France's national agency for information system security (ANSSI) in July. This is a decisive step towards achieving the official stamp of approval that will enable cloud service providers to offer their customers best-in-class security protections.

Core business segments

BUSINESS MODEL

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

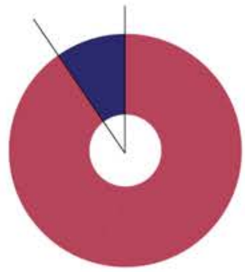
Defence

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

KEY FIGURES

No.1 in Europe
defence systems

No.1 in Europe
defence sensors



88% Defence | **12%** Civil

53%
of Group sales

€10,969m
+13.3% vs 2023
(organic growth[1])

13.1%
Adjusted EBIT margin

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

GROWTH DRIVERS

- Geopolitical factors driving increase in defence spending by major Thales customers in the short, medium and long term
- Rapid digital transformation of the armed forces
- Growing demand for sovereign cyberdefence solutions
- Increasing adoption of disruptive technologies (artificial intelligence, quantum technologies)

[1] At constant scope and exchange rates.

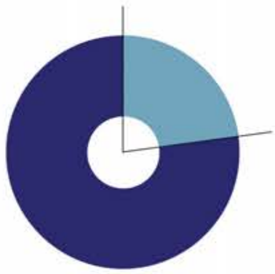
Aerospace

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

KEY FIGURES

No.3 worldwide
Avionics

No.1 in Europe
Satellites for institutional customers



77% Civil | **23%** Defence

27%
of Group sales

€5,471m
+2.9% vs 2023
(organic growth[1])

7.2%
Adjusted EBIT margin

SPACE

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

AEROSPACE

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

GROWTH DRIVERS

- Strong, steady growth in air traffic volumes
- Growth in civil aviation markets driven by new commercial aircraft manufacturing
- Expanded portfolio of cockpit safety and connectivity solutions through the acquisition of Cobham Aerospace Communications
- Higher government spending on Earth observation and space exploration
- Military satellite programmes a priority for many countries

Cyber & Digital

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

KEY FIGURES

No.3 worldwide
ID data

No.1 in Europe
Data security

100% Civil

20%
of Group sales

€4,024m
+1.4% vs 2023
(organic growth[1])

14.5%
Adjusted EBIT margin

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

GROWTH DRIVERS

- Massive impact of cyberattacks
- Access to fast-growing markets (cybersecurity, cloud, connectivity management platforms)
- Growing demand for cloud authentication and data protection solutions
- Digitalisation of SIM cards, payment cards and ID documents
- Leadership in cybersecurity through acquisition of Imperva and new solutions such as Data Risk Intelligence

Value creation

BUSINESS MODEL

/ Resources

INTELLECTUAL CAPITAL

- **€1.274bn** in self-funded R&D
- Portfolio of more than **21,000** patents
- More than **40% of the Group's employees** involved in research, engineering and technological development
- More than **600 experts** in artificial intelligence

HUMAN CAPITAL

- **83,000 employees**
- **€9.25bn** in payroll
- **94.2%** full-time contracts
- **97.6%** permanent contracts

INDUSTRIAL CAPITAL

- Operations in **68 countries**
- **20 sites** with more than **1,000 employees**
- **17,000** suppliers

ENVIRONMENTAL CAPITAL

- Strategy for a **low-carbon future** based on 2030 objectives validated by the SBTi and aligned with Paris Agreement target of **1.5° C** for operational CO_2 emissions (Scopes 1 & 2)
- **R&D on technologies** with high environmental potential: nano-neurons, lasers for fusion energy, quantum antennas

SOCIETAL CAPITAL

- Policy of non-engagement in the design, manufacture or sale of controversial weapons
- **ISO 37001** certification (anti-bribery management systems) of entities accounting for more than **64% of Group sales**
- **6,214 employees** trained in corruption prevention **(100% of target population)**
- **100%** of new suppliers bound to the principles of Thales's Integrity & Corporate Responsibility Charter
- One of the only companies in the sector to have adopted a Digital Ethics Charter

FINANCIAL CAPITAL

- Limited net debt: **€3.04bn** at December 31, 2024
- Long-term generation of free operating cashflow
- Solid credit ratings **(A- S&P, A2 Moody's)**

/ Value creation

INTELLECTUAL VALUE
- **400 new patent** claims in 2024
- **Ranked among the world's 100 most innovative companies by Clarivate for the 12th time**
- Europe's leading publisher of research papers in the field of physics according to international scientific journal Nature

INDUSTRIAL VALUE
- Procurement spend of over **€9.2bn** in 2024
- **€2.8bn** in products and services purchased from more than **3,800 small and medium-sized suppliers** in France
- More than **2,000 startups** listed as Group suppliers since 2016
- **Responsible Supplier Relations and Procurement** certification in France

HUMAN VALUE
- **19 hours** of learning per employee on average in 2024
- **21.1% women** in senior management in 2024
- **64.1%** of management committees with at least **4 women** in 2024
- **31** internal training academies available for employees

ENVIRONMENTAL VALUE
- Flight path optimisation solutions to achieve **10%** reduction in civil aircraft CO_2 emissions by 2030
- Central role of **Thales Alenia Space** satellites on major oceanography and environmental monitoring
- **56.8%** decrease in Scopes 1 & 2 CO_2 emissions in absolute values since 2018
- **24.7%** decrease in Scope 3 CO_2 emissions in absolute values since 2018

SOCIETAL VALUE
- **50+ countries** rely on Thales equipment to protect their populations and territorial integrity
- **Two out of three** aircraft in the world take off and land using **Thales** equipment
- **30,000+ organisations** use Thales identity management and data protection technologies
- Interbank fund transfers worth approx. **€5bn** are protected every day
- **300** government ID verification programmes around the world rely on Thales solutions
- Over **150,000 young people** learned about STEM careers through the Vocation Makers initiatives

FINANCIAL VALUE
- **35** large orders with a unit value of more than **€100m**
- Strong increase in global sales
- **€2.142bn** of free operating cash flow from continuing operations(1)
- **Double-digit** Adjusted EBIT margin

(1) Excluding the Transport activity sold on May 31, 2024.

Dialogue with stakeholders

BUSINESS MODEL

Underpinning our model of profitable growth is a commitment to sharing value with all of our stakeholders. To pursue its growth trajectory in a climate of trust, **Thales is developing a policy of structured interaction with its stakeholders in each of its countries of operation.**

Shared value and stakeholder engagement:

FRANCE **€5,932m**

UNITED KINGDOM **€1,355m**

REST OF EUROPE **€5,155m**

NORTH AMERICA **2,921m**

AUSTRALIA AND NEW ZEALAND **€940m**

ASIA **€1,977m**

MIDDLE EAST **€1,210m**

REST OF WORLD **€1,086m**

SUPPLIERS **€9,200m**
17,000 suppliers worldwide – €2.8bn of products and services purchased from SMEs in France

EMPLOYEES **€9, 247m**
Total payroll

SHAREHOLDERS **€708m**
Dividend per share: €3.70(1)

GOVERNMENTS **€247m**
Effective tax rate: 22.8%

SELF-FUNDED R&D **€1,274m**
6.2% of sales invested in self-funded R&D

NET INCOME **€1,900m**
adjusted Group share

CAPITAL EXPENDITURES **€617m**

(1) Proposed at the Annual General Meeting on May 16, 2025.

Selected highlights

INDUSTRY PARTNERS AND GOVERNMENTS

Thales at Euronaval

Euronaval is a key gathering for decision-makers from the world's naval forces and naval defence industry. Against a backdrop of heightened tensions on the world's seas and oceans, Thales presented its innovative solutions for coastal protection, air defence, missile defence and unmanned naval systems.

INDUSTRY PARTNERS AND GOVERNMENTS

Thales at Eurosatory

With high-intensity conflicts high on the geopolitical agenda, Thales took part in the Eurosatory land/airland defence exhibition in Paris in June to showcase its latest technological innovations to government and industry stakeholders from around the globe. The company presented some of the smart solutions, from virtual reality to digital platforms and AI, that will support the armed forces in their missions and help to protect national security and sovereignty.

SUPPLIERS

700 suppliers at the Global Supplier Conference

The supplier convention on October 9 was attended by representatives of 700 companies from 35 countries. The event was an opportunity for senior Thales executives to explain what they expect of the supplier community and engage them in Thales's strategic priorities.

INVESTORS AND SHAREHOLDERS

Thales holds its Capital Markets Day

This one-day event for investors and financial analysts on November 14 was a chance to highlight the successful transformation of Thales's business portfolio as the Group consolidates its technology leadership in the Defence, Aerospace and Cyber & Digital markets. Patrice Caine, Pascal Bouchiat and other Executive Committee members provided details of the Group's strategic priorities and outlined its financial targets to 2028.

INDUSTRY PARTNERS AND GOVERNMENTS

Advocating for trusted AI at the AI Action Summit

This international gathering for heads of state, policymakers and business leaders from around the world was organised in Paris on February 11, 2025. Patrice Caine took part in discussions on artificial intelligence in national security and the role of Europe's AI champions. Experts from Thales's cortAIx accelerator also organised demonstrations on the impact of AI in such critical areas as optronic sensors, multi-robotic systems and mission planning.

Strategic priorities

BUSINESS MODEL

Thales's common core of advanced technologies and expertise has no equivalent anywhere in the world. At the Capital Markets Day on November 14, the Group announced the five strategic priorities for the period to 2028 that will support its ability to deliver profitable growth in the medium and long term.

High-end solutions for profitable growth

Thales is a global technology leader serving the Defence, Aerospace and Cyber & Digital markets. The Group's extensive portfolio of innovative solutions for civil and defence customers provides a unique competitive advantage in that more than 80% of its sales come from fast-growing markets with excellent long-term visibility. Thales serves customers in 68 countries. The Group actively manages its portfolio of businesses and solutions to further strengthen its leadership in all of its markets. Future growth will be driven in particular by higher defence spending due to the current geopolitical context, expansion of the portfolio of avionics solutions in line with the continuous increase in air traffic, and improved profitability of the space business. Together with the Group's leadership in cybersecurity, these factors enable Thales to step up to the challenges of creating a safer, greener and more inclusive world.

Premium positioning

Thales's overriding objective is to provide its customers with a decisive competitive advantage. To achieve this objective, its top priorities are to:

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

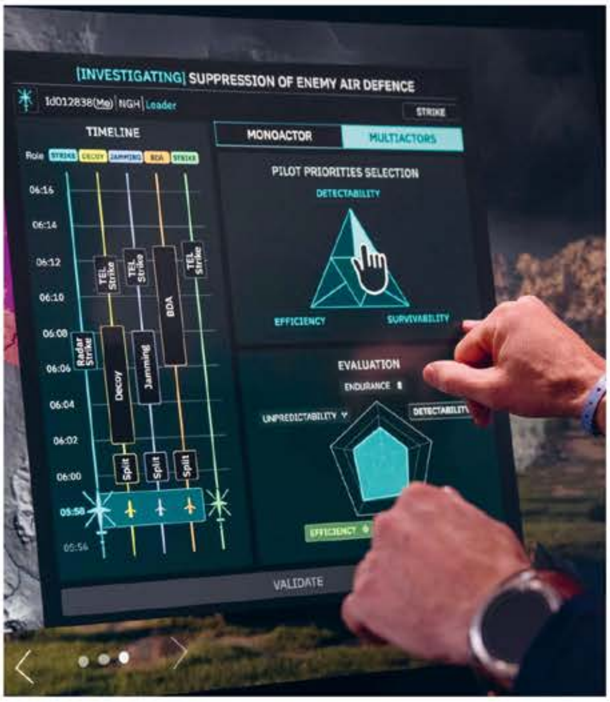
Disruptive technologies

More than 40% of Thales employees are involved in Research & Development. They work hand-in-hand with some of the world's most renowned scientists, including several winners of the Nobel Prize in Physics, to continue to consolidate the Group's technological leadership. The Group's annual R&D budget is valued at €4.2 billion, of which €1.3 billion is self-funded. This R&D capacity is a key differentiator for Thales and forms the bedrock of the disruptive technologies that are transforming its business today. The Group's unwavering commitment to R&D investment is delivering tangible benefits today. Some of its solutions already rely on AI and edge computing technologies, while further advances in cryptography and open source hardware are expected in the near

40%
Thales employees in R&D

600
AI experts

future, and the transformation will continue in the longer term as 6G and quantum technologies reach maturity. With 600 experts and the dedicated AI accelerator cortAIx, which was set up in 2024, Thales has developed trusted AI algorithms that are already part of around 100 solutions for applications ranging from data capture and communication to situational awareness, risk analysis and machine autonomy. The objective is to embed these in all the Group's solutions.



Employer brand and attractiveness

Thales is considered one of the most attractive employers in several countries, with more than a million job applications received in 2024 (55% more than in 2020) and 30,000 new hires between 2022 and 2024. To attract the best talent, Thales has formed partnerships with 60 prestigious universities and academic research institutes in more than 10 countries.

The Group is progressively becoming a Learning Company, leveraging the potential of new training technologies and an unshakable commitment to continuous professional development.

CSR leadership

Thales rigorously upholds its CSR commitments by developing responsible products and services that help ensure the physical and digital security of users and cement their trust in technology, and by maintaining a proactive anti-corruption programme and ensuring strict adherence to its internal Integrity and Corporate Responsibility Charter. The Group is reducing the environmental impacts of its operations and those of its customers by following a 2030 carbon trajectory validated by the independent Science Based Targets initiative (SBTi). These efforts are focused in particular on more intensive use of renewable energy sources, improved energy efficiency and the large-scale adoption of the principles of eco-design. Thales is also helping to build a more inclusive society. This is done by preventing discrimination, deploying ambitious action plans to improve gender balance across the Group, and by encouraging young people to pursue careers in science, technology, engineering and mathematics through a new scholarship and mentoring programme called "STEM for ALL" launched in early 2025.

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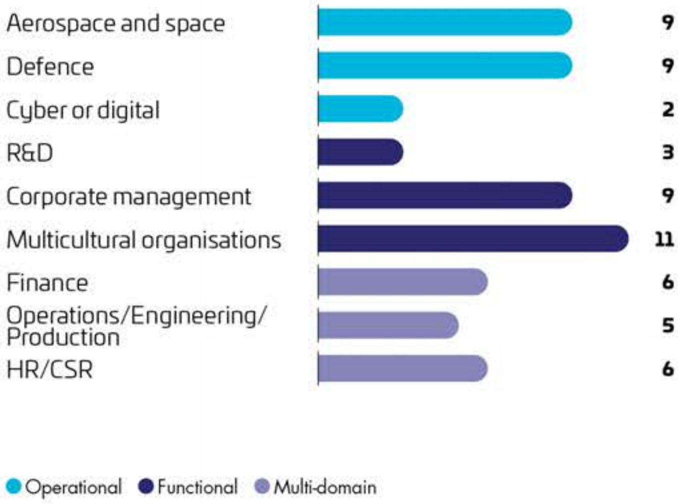
Fit-for-purpose Governance

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

/ A balanced and experienced Board of Directors(1)

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



16
number of directors

25%
independent directors(2)

44%
women directors

ENGAGEMENT OF THE BOARD OF DIRECTORS

7
meetings in 2024

95%
attendance rate

3
Board committees:
- Audit and Accounts Committee
- Governance and Compensation Committee
- Strategy and Corporate Social Responsibility Committee: this committee, which comprises five members and is chaired by the Chairman & CEO, is tasked with reviewing the Group's CSR strategy and monitoring related performance. The committee includes two Board members with a specific advisory role on CSR-related matters

ACTIVITY OF THE BOARD OF DIRECTORS

- Monitoring of the main strategic issues in the various business areas of the Group
- Monitoring the execution of the divestment of the Transport activity
- Integration of Imperva and Cobham Aerocomms
- Acquisition opportunities
- Preparation for the Capital Markets Day on November 14
- Implementation of the annual LTI (long-term incentive) plan with performance conditions, applicable to Group employees
- The 2024 employee share ownership project ("Sharing Thales")
- Review of the Group's human capital with a focus on becoming a Learning Company, and the Group's attractiveness
- The Group's CSR (Corporate Social Responsibility) programme
- Preparation of the first sustainability report to be published in 2025
- The Group's technological ambition
- Procurement Policy

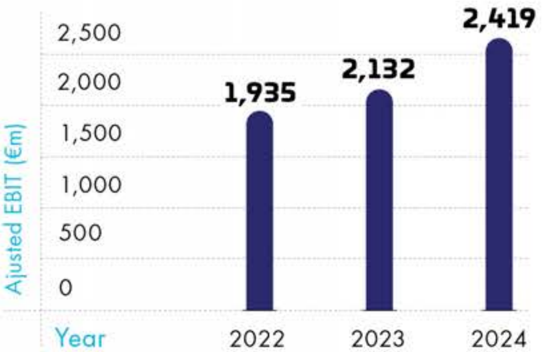
/ Membership of Executive Committee

14
members

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

/ Principles of compensation paid to the Chairman & CEO

COMPENSATION AND PAY RATIO[3]



PERFORMANCE CRITERIA FOR VARIABLE ANNUAL COMPENSATION, 2024

Financial criteria:

35%
Adjusted EBIT

20%
Order intake

20%
Free operating cashflow

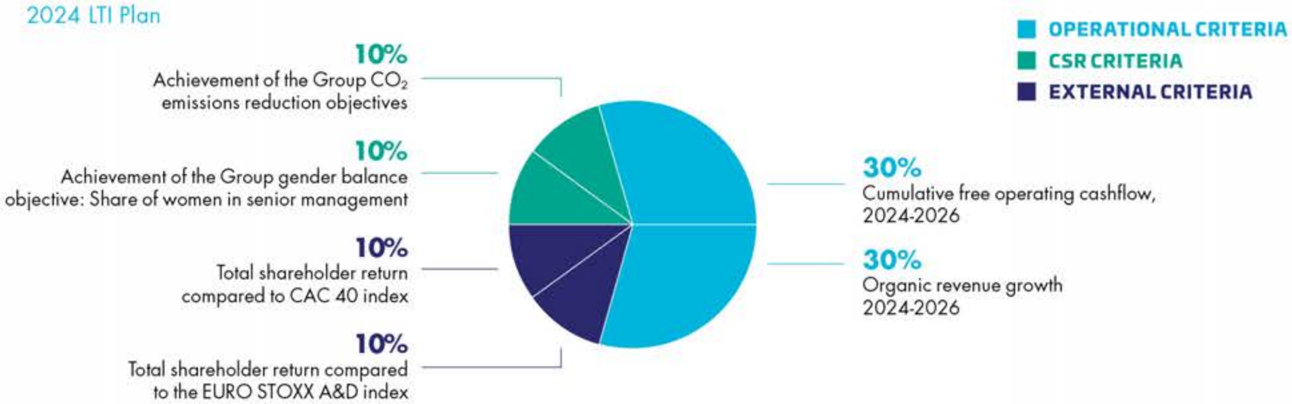
Extra-financial criteria:

25%

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

CRITERIA FOR LONG-TERM COMPENSATION

2024 LTI Plan



(1) As of December 31, 2024.

(2) Rate based on the total membership of the Board. The rate increases to 31% when the employee representative directors and the employee shareholders' representative director are excluded from the calculation.

(3) Compensation paid to the Chairman & CEO divided by median salary of Thales employees in France.

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THALES

2

Business review

2.1 Operating segments

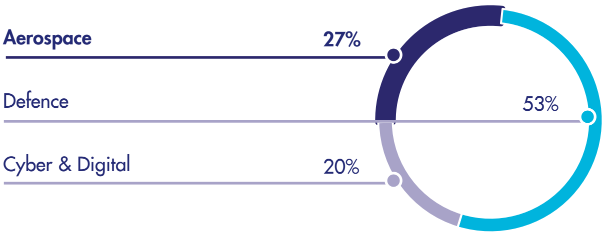
2.1.1 Aerospace segment

2.1.1.1 Key figures

(in millions of euros)	**2024**	**2023**
Order book at December 31	10,486	9,281
Order intake	6,434	5,606
Sales	5,471	5,221
Adjusted EBIT [(a)]	391	369
Consolidated headcount	19,225	18,388

(a) Non-GAAP indicator. See definition on page 41.

Sales



2.1.1.2 Avionics

2.1.1.2.1 General overview

Thales supports aircraft manufacturers, armed forces, airlines, operators, pilots, crews and passengers in making flights more environmentally responsible, better connected and safer. Cyber-secured and connected by design, Thales's systems enable aircraft, helicopters and drones to fly in any conditions and allow all the elements of the air transport ecosystem to interface together, on the ground and in the air.

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

- **flight avionics:** piloting and control of all types of aircraft, specifically with certified or open-source electronic and computer systems and solutions that ensure the secure and optimized flight of aircraft in an increasingly dense, connected and automated airspace;
- **passenger experience:** airlines call on Thales to personalize the inflight services they offer to their passengers through latest generation in-flight multimedia systems with high-speed connectivity. Thales also makes use of the latest technology in data analytics to enable airlines to tap into new sources of revenue generated by specific applications offered to passengers depending on their profiles;
- **simulation and training:** simulator training for land, sea and air forces to help them prepare more effectively for missions while at the same time reducing training costs. Thales supplies simulators for several defence programs as well as providing training and instruction.

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

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

2.1.1.2.2 Competitive position

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

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

There are numerous competitors in the simulation solutions market, notably North American companies such as CAE, FlightSafety International, Lockheed Martin and RTX.

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

2.1.1.2.3 Significant events in 2024

The acquisition of Cobham Aerospace Communications was completed in 2024, reinforcing Thales' position as the world leader in secure cockpit communications and connectivity. As a result, Thales's integrated product range now includes complete L-band satellite communication systems (antennas and transceivers) and complete digital radio and audio management solutions, as well as passive antennas for connectivity, communication and navigation.

In the field of **civil avionics**, U.S. start-up JetZero chose Thales' Fly-by-Wire flight control solution to secure the flight of its innovative aircraft, which features an integrated, ultra high-performance fuselage ("blended wing body") reducing fuel consumption by 50%. Eve Air Mobility picked the anemobarometric system developed by Thales to equip its future hybrid vertical takeoff and landing (eVTOL) aircraft. Thales' ScaleFlyt avionics solutions contributed to the safety of a complete drone system, which received the first comprehensive Design Verification Report (DVR) for drone operations issued by the European Union Aviation Safety Agency (EASA). This reinforces the Group's position in the emerging drone market, and contributes to the development of technological solutions for autonomous flight. In this field, Thales is cooperating in the Autonomy of Future Air Mobility (AMAF) project, with the support of the Consortium for Research and Innovation in Aerospace in Quebec (CRIAQ). Thales also announced its role as leader of the DECOR project launched by the French Civil Aviation Authority (DGAC) to support the environmental transformation of air transportation through digital solutions for optimizing flight paths and managing air traffic flows. This project brings together ten key players. Finally, Thales announced the supply of the Inmarsat SwiftBroadband AVIATOR 700S satellite communication system to Collins Aerospace, as part of a program to provide communication and navigation systems for commercial aircraft.

With regard to **military avionics**, Thales booked its first orders for the upgrading of the satellite communication system of the U.S. Air Force's fleet of Boeing C-17 transport aircraft. These orders herald the introduction of the AVIATOR 700D satellite communications system to provide global Inmarsat Aero H+ and SwiftBroadband services to the fleet. Lufthansa Technik chose Thales to supply the audio/radio communication system for its SIGINT (Signals Intelligence) aircraft. The French Defense Procurement Agency DGA launched the OMEGA program to modernize the armed forces' satellite-based geolocation and navigation equipment. The year 2025 will mark a significant step forward in this program, with the start of testing of the TopShield CRPA (Controlled Reception Pattern Antenna) anti-jamming antenna developed by Thales, which will give helicopters the resilience they need to cope with the increasing number of satellite navigation signal jamming incidents.

In terms of **services to airlines**, Thales has signed an extension to an MRO (Maintenance, Repair and Operations) cooperation agreement with Eastern Airlines Technic for China Eastern Airlines aircraft, a long-term Service Level Agreement with Airbus Helicopters, and a multi-year Parts-by-the-Hour contract with Babcock France to ensure the availability of the EC135 helicopter fleet for the French *Gendarmerie* and Customs. In 2024, a dedicated FlytCare station was also opened in Addis Ababa, Ethiopia, to support Ethiopian Airlines, and an important milestone was reached with the deployment on 100 Southwest Airlines aircraft of the AvioCast by AvioBook (a Thales company) solution, as a gateway for the EFB (electronic flight bag). Finally, Thales was ranked second in the annual Airbus Supplier Support Ratings for the second year running.

In the area of **onboard multimedia**, Thales presented FlytEDGE, the first in-flight entertainment system based on cloud technologies, which won the prestigious Crystal Cabin Award. Qatar Airways was the first airline to announce the selection of FlytEDGE to equip its A321 NX fleet. The year 2024 also saw the delivery to Ethiopian Airlines of Africa's first Airbus A350-1000 equipped with the AVANT Up inflight entertainment system, as well as the first A350-900 to Emirates, also equipped with AVANT Up.

In the field of **training and simulation**, Thales announced the signing of a contract with Airbus Helicopters to train the German armed forces with eight Reality H flight simulators. Thales also won a contract to simulate the driving of the Piranha IV armored vehicle for the Swiss armed forces. As part of the Polygone program, Thales won a three-year contract with the BAAINBw, the German armed forces procurement agency, to maintain components for mobile threat simulators and their peripherals. In France, the defence procurement agency DGA (French Defense Procurement Agency) notified Thales of rider 3 to the CERBERE program to upgrade the instrumentation for the French Army's combat training centers, involving deployment of the system at the CENTAC combat training center in Mailly-le-Camp (Aube). In the UK, Thales was awarded a contract by Airbus for the A400M simulator software upgrade program. Helisim, a joint venture between Airbus Helicopters, Thales and DCI, ordered a second Reality H H160 simulator. This simulator will equip Helisim's training center in Grand Prairie, Texas, USA. In the Faroe Islands, Atlantic Airways took delivery of its Reality H AW139 flight simulator and helicopter winching training system.

In the field of **imaging and microwave subsystems** for the space industry, Thales won all 2024 opportunities for civil geostationary communication satellites. In this respect, Thales was notified of a first order, to Airbus, for ka-band Dual-Traveling Wave Tubes for two Al Yah 4 and 5 satellites, delivered the first Dual-Traveling Wave flight models to Thales Alenia Space and Airbus Defense & Space, and booked the first significant order from Swissto12 for the development of solid-state power amplifier (SSPA) solutions. For defence markets, Thales successfully ramped up production of transmitters for missile guidance systems. In the field of science, Thales continued its deployment in the fusion market, with an order for three additional gyrotrons in 2024 (Germany). In radiology, Thales launched three new detector ranges (EZ C-X, EZ HD and Efficiency II), booked a first order from a major manufacturer in South Korea for EZ HD detectors, and finalized an agreement with a major player in cardiovascular equipment to become its main supplier by 2027.

2.1.1.3 Space

2.1.1.3.1 General overview

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

Space to connect: Thales Alenia Space offers various product lines tailored precisely to the new expectations of the telecommunications market. Ranging from a proposal based on the Spacebus 4000B2 platform, which is particularly suited to regional operators, through Space INSPIRE, the new line of digitalized satellites that are completely reprogrammable in geostationary orbit, to Spacebus NEO, providing very high-speed internet around in the world, Thales Alenia Space provides operators with concrete answers on a case-by-case basis to support connectivity and mobility and to bridge the digital divide. In addition, Thales Alenia Space was the first company in the world to offer fully digital payload processing up to a terabit class. Thales Alenia Space is also the only satellite manufacturer to equip its payloads with a powerful fifth (soon sixth) generation digital processor. With three constellations, the Group is also a global leader in operational constellations to ensure the complementarity of needs for medium and low orbits.

Space to secure and defend: numerous countries have chosen to draw on the expertise of Thales Alenia Space in military or dual-purpose telecommunications systems used in supporting their armed forces in theaters of operation. In the field of Earth Observation dedicated to surveillance applications, Thales Alenia Space offers state-of-the-art high and very high resolution optical and radar payloads, as well as constellation solutions, achieving precision and high revisit and combining the best of optical and radar technologies with a multifunction ground segment. These solutions can provide permanent, near-real-time surveillance, day and night, whatever the weather conditions.

Space to observe and protect: from altimetry, through oceanography, climatology, environmental monitoring and the study of the carbon cycle to mapping and crisis management, Thales Alenia Space satellites help us better understand and protect the Earth, and reflect the Group's ability to carry out complex Earth observation missions in a variety of configurations, including optical and radar solutions. In addition to developing the latest generation of geostationary weather satellites, Thales Alenia Space is involved in 11 of the 12 missions of the European Copernicus program dedicated to environmental monitoring, capitalizing on its proven expertise in altimetry and oceanography.

Space to explore: Thales Alenia Space has always been a key partner aboard famous international exploration missions throughout the solar system. Thales Alenia Space supplied half the pressurized volume on the International Space Station, will provide the first five modules for the future lunar space station, the first three modules of the Axiom commercial space station and built cargo modules for the ATV and Cygnus cargo vessels, thus becoming the global leader in pressurized modules. The company has capitalized on its expertise in orbital infrastructures to address the future exploration and space transport systems markets. Thales Alenia Space is also at the heart of iconic scientific missions past, present and future, such as Cassini-Huygens (exploration of Saturn), ExoMars and Mars Sample Return, Solar Orbiter, BepiColombo (Mercury), Juice (Jupiter Icy Moons Explorer) and Euclid (dark matter and energy studies). It also proposes a new offering of dedicated on-orbit servicing vehicles. These vehicles will be able to carry out a wide range of on-orbit operations ranging from inspection through robotic manipulation or de-orbiting of space debris to the extension of a satellite's operational life.

Space to travel and navigate: at the forefront of satellite navigation in Europe, Thales Alenia Space is the prime contractor for the EGNOS system now in use, supplies the ground mission segment for the Galileo program, and is building 6 of the 12 *Second Generation* Galileo satellites. KARI, the South Korean space agency, took delivery of a Thales Alenia Space system for the supply of *Safety of Life* services for avionic applications in particular (now operational), and the company has deployed several MEOLUT Next stations dedicated to *Search and Rescue* services. Thales Alenia Space is also the system architect of Kinéis the leading French constellation composed of 25 nanosatellites dedicated to the Internet of Things (IoT) and has developed the first two satellites of the Omnispace constellation. Thales Alenia Space is also working with ESA to provide a global solution for the LEO-PNT (low earth orbit positioning navigation and timing) orbital demonstrator. This constellation will work in conjunction with Galileo and other satellite navigation systems to guarantee centimeter-accurate geolocation, robustness and resistance to jamming and spoofing attacks, as well as low latency (ultra-fast acquisition).

2.1.1.3.2 Competitive position

The year 2024 was marked by a recalibration in the commercial geostationary telecommunications satellite market. Indeed, the addressable market for geostationary commercial telecommunications satellites has structurally stabilized at a low level, dropping from around 20 to 10 satellites per year over the past 4 years. Thales Alenia Space competes not only with traditional prime contractors such as Airbus, Maxar and Boeing, but also with *new* players positioned in the small satellite or constellation range (Swiss2twelve, Astranis). China and the United States are investing significantly in space. With its smaller budget, Europe is determined to remain a leader in all areas of space activity.
In this highly competitive telecommunications environment, Thales Alenia Space offers an innovative solution, Space INSPIRE, which is fully digital and reprogrammable in orbit, and is ready to address the constellation challenges of the future. This Space INSPIRE solution is currently being integrated in Thales Alenia Space clean rooms, with delivery of the first flight model scheduled for 2026.

Thales Alenia Space has also been very successful in the fields of Earth observation and space exploration, where it has strengthened its leadership in orbital infrastructures. Thales Alenia Space will be a key player in the ARTEMIS mission, which aims to return astronauts to the Moon (in orbit and on the Moon's surface) for long-duration missions. The company's involvement in this type of mission is by way of partnerships with mainly American and European players.

Satellite manufacturers have to meet the major challenges of sovereignty, defence and security, environmental protection and connectivity, but also sustainable space and eco-responsibility, as well as Europe's independence, including from the point of view of electronic components.

Telecommunications market

In the telecommunications market, **9 geostationary satellites were ordered in 2024:** 4 commercial satellites on the competitive market and 5 government satellites (including 1 by mutual agreement).

Telecommunications satellites are essential for connectivity and sovereignty. Multi-orbit GEO/MEO/LEO complementarity seems to be the model adopted by operators, and the notion of multi-use has also entered the landscape, particularly in the field of constellations. On-board flexibility for reconfiguring in-orbit missions has become a priority for major operators. Beyond the commercial needs identified, governments are beginning to integrate these solutions into their studies, as in the case of the IRIS^2 constellation initiative, the new flagship project of the European Union or the LEO PNT of the European Space Agency which will improve the performance of the Galileo navigation constellation.

Observation Market

In the observation market, we note a segmentation around two families of products: HR (high resolution, less than 30 cm, allowing strategic surveillance, i.e., detection and identification) and HREV (high revisit, submetric resolution (50 cm)) to meet both new uses and State requirements. Demand for complementary optical and radar constellations appears to be growing in this market. Faced with this trend, Thales Alenia Space has clearly positioned itself in growing market segments driven by the emergence of new needs such as the Internet of Things, and high revisit, and has strengthened its offer within the *Space Alliance* to also propose services.
Over the past years, Thales Alenia Space has developed promising partnerships with *startups*, working on numerous programs including Omnispace, Kineis, ARGOS NEO and BlackSky. With the increase in geopolitical conflicts, more and more countries are showing an interest in high-revisit solutions, combining optical and radar technological capabilities. Thales Alenia Space addresses this type of request with its ALL-IN-ONE solution.

Exploration Market

The United States calls on the expertise of the European space industry, notably in the context of the Artemis program, which aims to return astronauts to the Moon and to cislunar orbit. Thales Alenia Space's expertise is at the heart of all these emblematic programs (Lunar Gateway Space Station, Orion spacecraft, multi-purpose lunar habitats, telecommunications and navigation systems around the Moon). Private sector missions are also much in evidence: the AXIOM space station, Space Cargo's REV-1 supply ship, etc. We see more and more new countries wishing to play a role in exploration (United Arab Emirates, South Korea, Turkey, India and Japan) and beyond Mars and the Moon, we see Europe positioning itself to take a place in manned flight and increase its involvement in space infrastructures.

Navigation Market

Thales Alenia Space is the only manufacturer to deploy *satellite-based augmentation systems* (SBAS) for export, based on the EGNOS legacy: in South Korea with KASS and in Africa as part of its cooperation with ASECNA. The company is consolidating its positions on Galileo Second Generation (six satellites out of twelve plus the ground mission segment) and is working on the LEO-PNT (Low Earth Orbit Positioning Navigation and Timing) project, which will foster the emergence of new applications.

2.1.1.3.3 Significant events in 2024

Commercial market

In 2024, Thales Alenia Space was chosen by the Japanese operator SKY Perfect JSAT to supply an electrically-powered, digital satellite, reconfigurable in orbit, the JSAT-31. This satellite is based on Thales Alenia Space's new Space INSPIRE platform.

Thales Alenia Space and Hispasat also started the development of the world's first quantum key distribution system capacity from geostationary orbit.

The Moroccan company Panafsat and Thales Alenia Space announced a Memorandum of Understanding (MoU) to build a Moroccan satellite communications system. Its aim is to bring ultra-high-speed connectivity to 26 African countries, 23 of them French-speaking, with a population of over 550 million spread over an area of 12 million km².

Last year, three telecommunications satellites were successfully launched: Merah Putih-2, to help bridge the digital divide in the Indonesian archipelago, followed by the ASTRA 1P satellite for SES, and Koreasat 6A, which will improve satellite telecommunications and navigation services in South Korea.

Institutional market

In Earth Observation, the year was marked by the launch at the end of the year of Sentinel-1C, a satellite in the European Copernicus program for environmental monitoring.

The year was also marked by the announcement of several contracts. Thales Alenia Space will supply OHB with two Synthetic Aperture Radar (SAR) instruments for the two future satellites in ESA's Harmony program. Together with Sentinel-1, Harmony promises to deliver invaluable data on ocean-ice-atmosphere interactions at unprecedented resolution, for a better understanding of thermal changes in the upper layers of the oceans, the drivers of extreme weather events and the impacts of long-term climate change.

Thales Alenia Space was also chosen to lead Carb-Chaser, the first French constellation to monitor anthropogenic CO_2 emissions, particularly those from industrial sites. The company will also supply OHB with an additional payload for the CO2M program, designed to measure atmospheric carbon dioxide produced by human activity. CO2M is one of the twelve missions part of the European Copernicus environmental monitoring program.

In space exploration, the year was marked by the signing of a contract with ESA for the continuation of the ExoMars 2028 mission. While the TGO (Trace Gas Orbiter) has been orbiting the red planet for many years studying its atmosphere, this second mission will scan the Martian soil for traces of life - a quest that has long fascinated mankind. The mission comprises a transfer module, a descent module and a landing platform containing the "Rosalind Franklin" rover. One of its objectives will be to detect the presence of any organic contaminants, whether living or fossilized, which would then be considered as evidence of current or past life on Mars. Thales Alenia Space is the industrial prime contractor for the entire program. The company will also produce the ESA orbiter satellite EnVision, the future scientific exploration mission to the planet Venus.

Thales Alenia Space also signed an initial contract with ESA to demonstrate a complete cargo transport service to and from space stations in low-Earth orbit by 2028. The development of this logistics service is called "LEO Cargo Return Service".

As part of ESPRIT initial contract, Thales Alenia Space also signed a contract amendment with ESA to significantly increase the size of the Lunar View module on board the future cislunar space station, Gateway. This pressurized compartment will offer the best 360° bird's-eye view of the Moon. The company will also develop and build the Emirates Airlock module, ordered by the Mohammed Bin Rashid Space Centre (MBRSC). The Emirates Airlock will be designed to allow extravehicular activities (EVA) for astronauts.

In satellite navigation, Thales Alenia Space was awarded a contract by ESA to supply a global solution for the LEO-PNT orbital demonstrator. This future program will address emerging applications such as high-range vehicles (offering continuous coverage in dense urban areas), unmanned aerial and maritime systems (UAS/MUS) and the synchronization of terrestrial 5G/6G telecommunications networks.

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Defence market

In 2024, Thales Alenia Space was chosen by ESA to supply six additional radar satellites for the dual Italian constellation, IRIDE. The company will build a total of 13 satellites for the IRIDE constellation - 12 radar satellites and one optical satellite. Supported by Italy's National Recovery and Resilience Plan and managed by the European Space Agency alongside the Italian Space Agency, this program will provide unparalleled insights into environmental monitoring, resource management, and sustainability.

Thales Alenia Space also offers the ALL-IN-ONE Earth observation solution, which combines the best of optical and radar space capabilities to offer high revisit and near-real-time surveillance, day and night and in all weather conditions.

At the end of 2024, the European Commission, ESA and the SpaceRISE operators' consortium signed a contract that marks the starting point of the IRIS^{2} constellation. This project aims to equip Europe with a large-scale "telecoms" program to support its sovereignty in space. Thanks to its expertise in constellations, Thales Alenia Space will be in a position, if applicable, to actively participate in this project.

Other 2024 event

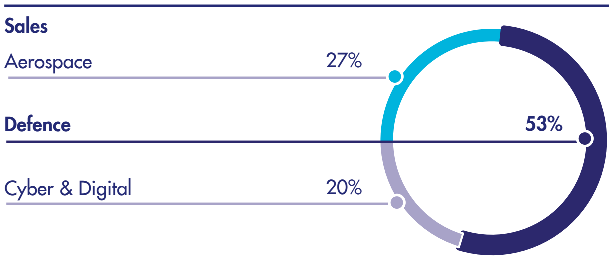
In 2024, Thales Alenia Space launched an adaptation plan aimed at strengthening its competitiveness in a radically changing space market, in order to remain a leading global player in this sector. Measures were taken to adapt the company's size to changing market conditions, while continuing to focus on innovation and competitiveness. Indeed, the addressable market for geostationary commercial telecommunications satellites has structurally stabilized at a low level, dropping from around 20 to 10 satellites per year over the past 4 years. The adaptation plan was also designed to provide all the flexibility needed to meet future demand for telecommunications satellites and constellations. This approach will enable Thales Alenia Space to increase its profitability in the medium term, while improving its global competitiveness.

2.1.2 Defence segment

2.1.2.1 Key figures

(in millions of euros)	**2024**	**2023**
Order book at December 31	39,154	35,081
Order intake	14,723	13,944
Sales	10,969	9,628
Adjusted EBIT [a]	1,432	1,270
Consolidated headcount	35,278	35,397

(a) Non-GAAP indicator. See definition on page 41.



2.1.2.2 Secure communications and information systems

2.1.2.2.1 General overview

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

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

- **radio communication products**: Thales designs on-board and tactical radio communications systems for land, air and sea, as well as IFF (identification, friend or foe) systems, solutions for electronic communications warfare and aeronautical radio navigation systems. The armed forces of more than 50 countries around the world are equipped with Thales solutions. The Group is a major player in the development of inter-operable secure software-defined radio solutions and is the prime contractor for the French Armed Forces' CONTACT program;
- **networks and infrastructure systems**: Thales designs, supplies, deploys, supports and operates fixed and mobile communications systems for defence and security forces, international agencies or organizations and critical infrastructure operators. Its resilient secure systems draw on a full range of military and commercial technology. In France, Thales is renovating the MoD's communications networks with the DESCARTES program, as well as renovating the government's strategic networks. Through the Astride program, awarded in 2022, Thales is responsible for designing the French army's high-speed communications network in theaters of operation, a major asset for collaborative combat, as well as the operation of the information system of the HQ of the MoD. Beyond that, Thales operates communication systems in theaters of operation as well as secure communication infrastructures for large European organizations. Thales also offers satellite communication ground systems in France through the Syracuse program, and also for export; Finally, the Group is involved in all the major naval programs currently underway: the FDI frigates in France and Greece, the T31 in the UK and the F126 in Germany, as well as the emblematic aircraft carrier Charles de Gaulle in France and Queen Elizabeth class aircraft carriers in the UK;
- **protection systems**: Thales develops collaborative combat systems enhanced by the use of drones and robots and information command and intelligence systems for armed forces (C4ISR – Command, Control, Communications, Computers, Intelligence, Surveillance, Reconnaissance). These technologies, developed for its military customers (France, NATO, Export), also respond to growing security needs for cities, major events, critical infrastructure, airports and other particularly sensitive sites. These systems aim to make decision-making better and faster, whether these decisions are automatic or made by operators;

- **sovereign cybersecurity technologies**: Thales is a major player in this field, and advises its customers on their cyber strategy upstream of their projects. Its services include training customer teams to combat cyber risk or in the event of crisis offering direct support in the identification and qualification of attacks and their remediation. Thanks to an evolving and in-depth knowledge of attacks, gained from cyberthreat intelligence, the Group helps its customers to better anticipate detect and address cyberthreats. Thales operates eleven secure cybersecurity operations centers around the world and protects networks and data, especially sensitive or classified data using high-grade cyber security products. The civil part of these activities was transferred to the global Cyber & Digital business on January 1, 2024;
- **critical information systems**: Thales' mastery of critical information systems makes it a major player in France, helping its customers work towards secured digital transformation. The Group primarily designs native secure information systems through its software development and integration services, including in the context of its clients' secure transformation programs, and by outsourcing these systems, particularly as part of cloud hybridization projects.

2.1.2.2.2 Competitive position

In the defence sector - radio communications, networks, command and control - the competitors are the U.S. companies L3Harris and RTX (Raytheon Technologies), Israel's Elbit Systems and Rafael, and Turkey's Aselsan. The main European competitors are Airbus, Rohde & Schwarz, BAE Systems and Leonardo. Software solution suppliers, such as the Denmark's Systematic, and generalist information system integrators such as Eviden and Sopra Steria, are also competitors.
In security, Thales' competitors come primarily from the aeronautic and defence segment (ST Engineering, Honeywell and Airbus), equipment makers (Siemens, Johnson Controls and Motorola), services (Equans, Ineo and Vinci Energies) and information systems (IBM, Eviden, Capgemini and Sopra Steria). These last-named companies also compete with Thales in the critical information systems segment.

In cybersecurity defence, Thales competes with companies such as Orange Cyberdefense in the civil sector, Airbus and Secunet, and in IT consulting with companies such as Sopra Steria, Capgemini and Orange.

2.1.2.2.3 Significant events in 2024

In the field of **radiocommunications products**, the French CONTACT software-defined radio program for land, air and naval forces is continuing, with the signing at the end of 2024 of rider 13, which defines a new roadmap to 2030 for France in the tactical field, and introduces a new incremental development logic for Rafale combat aircraft and new platforms: MRTT tanker aircraft, ARCHANGE strategic intelligence aircraft, and the Tiger helicopter.

Significant contracts won in 2024 include, in France, the contract for connectivity systems for the fleet of Standard 2 MRTT transport and refueling aircraft, amendment 3 to the SYMETRIE electronic warfare contract, several service contracts and, in particular, the ABSOLU contract for the support of all Thales ground equipment. On the international front, Thales booked new orders for Combat Net Radios for the U.S. Army, as well as a significant contract for SYNAPS tactical radios in Belgium.

In the area of **networks and infrastructure systems**,the year was marked by activities around the SYRACUSE IV program, notably with the award of the Nautonier contract (renewal of Maintenance in Operational Condition for the whole program) and the Neptune contract (order for new SATCOM On-The-Pause (SOTP) stations for armored vehicles in the SCORPION program). Rider 1 was notified for ASTRIDE, enabling the hybridization of communications with 4G/5G commercial civil resources. Naval stations were delivered to Malaysia and Egypt, and LOS (Line of Sight) radar systems to Iraq.

With regard to infrastructure networks, the deployment of DESCARTES, the French armed forces' network infrastructure throughput, is continuing, as is the maintenance in operational conditions dedicated to nuclear transmissions.

In ground-to-air networks, the pilot station for the JERNAS ground-to-air project in the United Arab Emirates has passed the acceptance stage. On the naval side, the design review for the German F126 frigates was successfully completed. In the UK, deliveries for the T31 frigate program took place, and the major MCCS (Maritime Communications Capability Support) contract was awarded at the end of the year. MCCS covers the operational maintenance of the UK fleet's communication systems over a 10-year period. In Poland, Liaison L22 was developed for the Miecznik frigates.

In Services, a new solution to measure direct and indirect carbon emissions linked to the supply chain, and thus reduce environmental impact, was launched as part of the LORCA program. The hosting base for the Armed Forces Information System was redesigned to further reduce deployment times. The Guillaume exercise with Nexium Defense Cloud demonstrated this improvement. The Smart Digital Platform, a new perimeter surveillance system, was commissioned at Balard, the HQ of France's MoD.

With regard to **protection systems**, the Group consolidated its position in the field of collaborative combat through the OpenDRobotics initiative, facilitating partnerships with drone and robot manufacturers, notably via NATO-approved standards. Combined with the Combat Digital Platform, a solution that facilitates collaborative engagement, this initiative gives the armed forces a tactical advantage. 2024 marked the tenth anniversary of the Scorpion program for the French Army, with the delivery of 760 GRIFFON and 100 JAGUAR vehicles to the DGA. NATO renewed its confidence in Thales for the deployment of its NATO Common Operational Picture (NCOP) in its Ballistic Missile Defense (BMD) version. Finally, in 2024, the Athea joint venture between Thales and Eviden successfully completed the final phase of the Artemis AI program for the French Military Intelligence Directorate, with the implementation of a mass data processing and artificial intelligence solution.

In the area of security, new contracts were signed with Adani (India) and Changi (Singapore) airports to optimize the passenger experience. Fly-to-Gate, a contactless biometric solution, enhances both the passenger experience and airport infrastructure security.

In the field of **sovereign cybersecurity technologies**, Thales won several major contracts in France and the rest of Europe, including the GESA project, a key management infrastructure for defence, and the development of a new security component for critical systems. Thales products obtained new certifications, testifying to the expertise and know-how of the teams. One example is the approval of the ELIPS diode to NATO and EU Secret (French Very Secret) level.

In Germany, Thales will begin designing the Data Transfer Device III (DTD III), a high-security integrated device used to distribute and load cryptographic material in systems, particularly embedded systems, for the German Ministry of Defence (GE MoD). Finally, the cyber assessment center (CESTI) obtained new certifications (automotive, IoT) and consolidated its position as a world leader (third place).

Critical information systems: in 2024, Thales' digital business won the Numéum x KPMG Growth Strategy Trophy for its double-digit organic growth. This success is the result of positioning aimed at ensuring the performance, resilience and security of customers' critical information systems. Several major contracts were signed this past year. Among the most significant were: for CNES, the French Space Agency, the "Surveillance and Crisis Management" contract as part of France 2030, which aims to support the actions of the State and public players through the implementation of advanced processing of open and commercial satellite data; a contract with b.connect, a start-up launched by five major French banking groups, which tackles the security and fluidity of password-free connections; and finally, a contract for managed services for the supervision, administration and operation of infrastructures and applications for insurer Klésia. Thales' digital business also renewed its contracts with the French Ministry of the Interior for the Harmonization, Analysis, Cross-Referencing and Orientation of Reports (PHAROS), which fights against illicit online content, and with the Lisi Group, and in particular Lisi Aerospace, for information system hosting and outsourcing.

The French Cybersecurity Agency (ANSSI) validated the entry of the "trusted cloud" offering from S3NS, a company majority-owned by Thales, into the SecNumCloud qualification process. The award of the "J0" milestone marks the official start of S3NS's application to ANSSI, with the aim of qualification by summer 2025. Some 30 "pioneer" customers, including Matmut, AGPM, Club Med, Birdz and b.connect, started to rely on Thales from December 2024.

2.1.2.3 Land and air systems

2.1.2.3.1 General overview

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

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

Thales specializes in integrated **air defence and surveillance systems**, including command and control systems. These systems are designed to protect airspace, and are present in over 45 countries. As a systems integrator, Thales actively contributes to major international military programs such as the French Armed Forces' command and control system for aerospace operations (SCCOA), the Swiss air force's system for airspace surveillance and air operations (FLORAKO) and NATO's air command and control system (ACCS). Thales excels in the domains of systems integration, complex program management, real-time and deferred software, human-machine interfaces (HMI), and service-oriented architecture.

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

In all continents, Thales offers one of the broadest lines of commercial and military ground-based and naval **radar** for surveillance and air traffic management. The Group's civil radar is in service in over 100 countries and the Group equips over 80 countries with commercial radar, with more than 4,000 radar sets in service worldwide.

In the field of **optronics**, which combines optical and electronic systems, the Group designs and manufactures components and systems for day and night surveillance, reconnaissance, protection, threat detection, and target acquisition on all types of land, sea (surface and sub-surface) or air platforms, for defence and security customers worldwide.

Thales also equips disembarking combatants, whether special or conventional forces, with innovative solutions for optimal perception of the combat situation: night vision binoculars, multifunction thermal binoculars, spotting scopes, contact drones and remotely operated munitions. In this field, Thales intends to put together an ecosystem of start-ups and SMEs to facilitate the integration of the most innovative solutions in combat and meet the needs of the French armed forces in terms of contact drones.

Thales' expertise also applies to the civilian markets for high-end Angénieux optics for the film industry and ultra-high-power laser for scientific, industrial and space applications.

Thales high-power lasers (photonics) are on Mars aboard NASA's Curiosity and Perseverance rovers, contributing every day to a better understanding of the Martian soil. Since 2012 more than a million laser shots have been fired on Mars.

Based on the CPA (Chirped Pulse Amplification) technique, which earned its designers the Nobel Prize in Physics in 2018, Thales' laser systems are the most efficient in the world.

In 2024, Thales created GEN F, a company selected by France 2030 in the context of the call for "innovative nuclear reactor" projects; GEN F was supported by CEA, CNRS and Polytechnique. GEN F aims to develop and industrialize the production of electrical energy from deuterium-tritium nuclear fusion reactions obtained by inertial confinement under the pressure of high-energy lasers.

Thales designs, manufactures and maintains **armored military vehicles** such as the Hawkei and the Bushmaster. These vehicles offer armed forces outstanding protection, mobility and payload. Since 2005, Thales has produced over 1,200 Bushmasters, which have been deployed in operations in the Middle East, Africa, the Pacific Rim and Europe. The open architecture systems of vehicles provide highly standardized "plug and play" capability for on-board subsystems and products, increasing vehicle capability and performance whilst reducing size, weight and operator workload, and whole-life system costs.

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

Thales has set up Innovation Labs dedicated to air traffic management in Australia, Singapore and France.

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

2.1.2.3.2 Competitive position

In the military sector, Thales is the top European supplier of multi-domain optronics without any European competition in the area of airborne targeting pods used for combat. Its competitors are Lockheed Martin and Rafael. Thales has targeting pod expertise in both land and naval applications. In these segments, its main competitors are suppliers in North America (Raytheon, Lockheed Martin and Flir Systems) and Israel (primarily Elbit) as well as Safran, Leonardo and Hensoldt.

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

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

Thales is a leading provider of air operations surveillance and control systems. Its main competitors in this segment are the U.S. groups Lockheed Martin and Raytheon, and Airbus, Indra and Saab in Europe.

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

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

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

2.1.2.3.3 Significant events in 2024

In the field of **airspace protection**, Thales played an active role in protecting the major events organized in Paris in 2024. PARADE, the anti-drone system developed in collaboration with CS Group, is a modular, multi-mission system designed to detect, classify and securely neutralize micro and mini drones. PARADE can also be used for the protection of fixed military sites, or projected in external operations (OpEx).

Also used at these events, the SAP (Single Air Picture) system provides a general aerial situation, detecting and tracking drones in an urban environment. Other systems were also implemented to protect medium-range airspace during these events, such as the SAMP/T system, for which Thales supplies the engagement module, fire control and radar. In 2024, Thales also received an order to supply Portugal's first ForceShield short-range system, as well as orders from the U.K. Ministry of Defence for LMM (Lightweight Multirole Missile) short-range missiles.

Thales' **surface radar** business is growing strongly, particularly for products in the Ground Master range (GM400 alpha, GM200, GM200 MM/C & GM200 MM/A), leading to a total of more than 270 Ground Masters sold worldwide since 2010. Thales is also continuing to develop its new product range, with the first sea trials for the Sea Fire, the first delivery of the NS50 naval radar and the introduction of artificial intelligence in data processing. In another particularly important innovation, Thales and the Chilean Civil Aviation Authority installed the first air traffic control radar to be powered entirely by solar energy in the Atacama Desert - a first in the civil aviation world.

To keep pace with this strong growth in a war-type economy, Thales has adapted its industrial resources, even tripling production capacity for certain products.

In **optronics**, the European Union signed a contract to launch the STORE (Shared daTabase for Optronics image Recognition and Evaluation) collaborative research project, coordinated by Thales. The aim of this project is to set up a shared image database and to develop and evaluate Artificial Intelligence (AI) algorithms dedicated to the analysis and processing of data from imagery systems on terrestrial platforms.

Thales acquired Aeromapper, an SME specializing in the development and production of civil and military UAVs. This acquisition strengthens the Thales drone offer. Together, Thales and Aeromapper have all the key technological building blocks for UAV systems: GCS (Ground Control Station), C2, data link, avionics, payloads, mission system, artificial intelligence, data management, connectivity/interoperability, survivability, essential for UAV systems and remotely-operated munitions deployed and operated on the battlefields of high-intensity warfare.

Thales won a contract to supply Sophie Ultima portable thermal imaging cameras to Canada's armed forces.

In the field of **contact drones**, Thales demonstrated its ability to deploy swarms of drones at an unrivaled level of autonomy thanks to AI.

In the field of **air mobility solutions**, Thales will modernize Bahrain's airspace with the TopSky - AMHS aeronautical messaging system.

COCESNA, the Central American Corporation for Navigational Services, and Thales signed two contracts to modernize the AMHS (Aeronautical Message Handling System) and the AIM (Aeronautical Information Management), as well as the navigational aids infrastructure (NAVAIDS) in Belize, Guatemala, Costa Rica, Honduras, El Salvador and Nicaragua.

Thales will supply six new-generation distance measuring equipment (DME) units to equip the Croatian airports of Vodnjan and Zemunik with high-level navigation and surveillance systems.

Thales and a subsidiary of Thaicom, one of Asia's leading satellite operators and providers of integrated satellite communications, are laying the groundwork for the deployment of UAV Traffic Management (UTM) to support the growth of Thailand's drone ecosystem.

2.1.2.4 Defence mission systems

2.1.2.4.1 General overview

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

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

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

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

In the field of **underwater warfare**, Thales offers a wide range of solutions, including the entire sonar suite for submarines, hull and towed sonars for surface ships, mine countermeasure systems, including naval UAVs, and acoustic sensors for underwater guidance.

2.1.2.4.2 Competitive position

Thales is one of the leading European players in electronic combat systems, competing with Leonardo, Saab, Hensoldt and Indra, U.S. companies Raytheon, Northrop Grumman and L3Harris and the U.K.'s BAE Systems.

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

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

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

2.1.2.4.3 Significant events in 2024

Electronic combat systems

International interest in the Rafale continues to grow. In January, the third part of Indonesia's contract, for 18 Rafales, came into effect. The entire contract, for 42 Rafales, is now effective. Deliveries will take place between 2026 and 2030. In August, Serbia ordered 12 Rafales, scheduled for delivery in 2028.

After confirming the Rafale's F5 standard, in October 2024 the French MoD announced the launch of development of the combat drone that will complement the Rafale's future F5 standard.

As part of the development of this new standard, Thales is mobilized to develop the new RBE2 XG radar and the SPECTRA F5 electronic warfare system for the Rafale and the combat drone. Development of the RBE2 XG, notified in 2023, is proceeding according to schedule, with delivery of the first assembled radar in 2027, first flight in 2028 and first flight with functional content in 2031. This radar will significantly enhance the Rafale's performance, enabling it to achieve unrivaled levels of detection and stealth. This will enable crews to maintain operational superiority even in a hostile and highly disturbed electromagnetic spectrum.

Two initial installments were notified this year, enabling preliminary development work to begin on the SPECTRA F5 suite, as well as the electronic warfare suite for combat UAVs.

To enhance the Rafale F5's survivability by 2033, in a context of the increasing proliferation of threats, the SPECTRA self-protection suite continues to evolve, in terms of both hardware and algorithms. For this new F5 version, including the combat drone, the challenge is to achieve a technological breakthrough by going all-digital with the instantaneous broadband receiver.

In the support sector, business was brisk, with orders booked throughout the year, notably for Mirage 2000 fleets in France, the United Arab Emirates and India, with the latter country increasing local content to meet its need for autonomy.

Development of a demonstrator for the suite of connected sensors dedicated to the Future Combat Air System (FCAS) continues. Progress on this phase, known as 1B, which is being carried out jointly at European level with industrial partners Indra and FCMS, is nominal, and is scheduled to end in December 2025.

Program execution is proceeding in line with the increase in production rates required to meet customer commitments. For Greece, the SPECTRA electronic warfare suites on the 18 aircraft of the first contract have been upgraded to the same configuration as the six aircraft of the second contract delivered this year. Egypt has qualified its new standard and deployed it on its first 23 Rafales. Egypt also took delivery of the first aircraft in the second tranche, which will comprise 31 aircraft, to be delivered between now and 2026. Croatia accepted the eight aircraft delivered in 2024. Four are still to be delivered in 2025. Indonesia qualified the standard for its 42 Rafales. Finally, the United Arab Emirates validated all the definition phases of the 80 Rafale batches to be delivered between 2026 and 2031.

Surveillance and intelligence systems

In the field of naval electronic warfare, various export customers chose GE Vigile Mk2 and Vigile D systems to equip or modernize their ships.

The SENTINEL system, selected for the French and Greek navies' future Defense and Intervention Frigates (FDI) and for the mid-life modernization of Horizon-class frigates in service with the French and Italian navies, successfully passed key milestones on various programs such as conclusive sea trials and crew maintenance training.

As part of its preparations for the future, the French defence procurement agency (DGA) has commissioned Thales to study the development of an offset ejected decoy payload. In support of the development of navies and the use of UAVs, Thales also took part in the French Navy's first dronathlon, with the Curco drone equipped with an electronic warfare system, and in NATO's Repmus 2024 exercises with the Schiebel S100 drone.

The Peregrine program, launched in 2023 to supply the Royal Navy with a system of S100 aerial drones equipped with maritime surveillance sensors to protect a Type 23 frigate, is on schedule. The Royal Navy was able to test the system at sea as early as August 2024.

In the airborne sector, interest in Thales' self-protection electronic warfare solution is confirmed. Having already selected it for the future Guépard and the MRTT tanker aircraft, France has now reiterated its choice for the Tiger Mk3. For airborne surveillance radars, 2024 was marked by strong innovation, with progress on the development of the AirMaster C selected for the Guépard helicopter, and acceleration on AI functions. In collaboration with the DGA and the French Navy, *smart radar* applications based on AI functions were flight-tested on board the ATL2 (Atlantique 2 maritime patrol aircraft).

Surface naval systems

Thales is proud to be involved in many Surface Naval Programs around the world, through the inclusion of radar and/or sonar, electronic warfare, mission system integration or our Combat Management System TACTICOS. Customers from around the world, know they can rely on us for both highly innovative and technological solutions to support and service their fleet.

After the significant commercial successes of 2023, 2024 was a year of project execution in which we worked on the previously contracted major projects.

In a European context, in 2024, the German Navy confirmed the acquisition of two additional F126 frigates, bringing the program entire programme to six ships. Which marked a great milestone for the international team working on the project.

Similarly, a large international Thales team made great progress on the British T31 frigates as well as ship's class land-based Shore Integration Facility.

Additionally, we moved onto the project phase of major programs, such as the Anti-Submarine Warfare Frigates (ASWF) for the Netherlands and Belgium and the Polish Miecznik programme. But also, in services and maintenance contracts such as Regional Maintenance Provider (RMP) East in Australian or in-service support agreements in Canada.

Underwater warfare systems

In France, Thales delivered the first anti-mine drone system to the French Navy, in series production, as part of the Franco-British MMCM (Maritime Mine Counter Measures) program. This is a world first: the first autonomous surface drone system capability in service with a Navy. Thales has achieved a technological feat with autonomous, cyber-secure drone systems that include Artificial Intelligence (AI). Delivery of the first production system to the Royal Navy is scheduled for early 2025.

As part of the SLAM-F program (Future Mine Countermeasures System), Thales was awarded a contract by the French Defense Procurement Agency (DGA) to supply eight autonomous submarine vehicles, equipped with new-generation SAMDIS 600 sonars. This program aims to renew the French Navy's mine warfare capabilities, using exclusively unmanned systems; eight other systems are planned as options.

The Royal Australian Navy also awarded Thales the contract, as system integrator, to develop a full operational capability (FOC) for the SEA 1778-1 Deployable Mine Countermeasures (DMCM) program. The acquisition of this capability represents a significant step towards evolutionary autonomy in mine warfare, identified as a sovereign defence priority by Australia.

Within the framework of the European Defense Fund (EDF), and following on from the SEANICE project completed at the end of 2023, Thales was entrusted with the management of the SEACURE project, the aim of which is to ensure European sovereign capabilities in anti-submarine warfare and on the seabed. Launched in November 2024, this 45-month program will involve 35 partners from 13 EU member states.

As part of the European E=MCM project, financed by the EDF, Thales has supplied a SAMDIS 600 sonar for integration on board Naval Group's XXL submarine drone.

For the third year running, Thales took part in the REPMUS exercise, demonstrating its innovative solutions for autonomous systems in real-life conditions. Its multiple UAV management capabilities, intelligent sensors and combat management systems enable naval forces to develop new concepts of operation, combining manned and unmanned systems to carry out missions requiring ever greater responsiveness and flexibility.

During the first edition of the Dronathlon organized by the French Navy, the DGA and the Defense Innovation Agency, Thales was rewarded for its multi-drone and multi-milieu demonstrations based on two operational scenarios: reconnaissance in coastal areas and simulation of situation on the high seas.

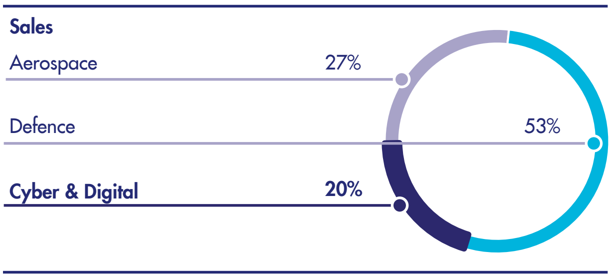
In research and development, Thales signed a strategic agreement in September 2024 for the protection of critical infrastructures. The Group acquired a stake in FEBUS Optics, a French company specializing in innovative distributed fiber-optic sensing (DFOS) solutions. The aim of this partnership is to co-develop advanced solutions for the protection of critical underwater infrastructures (CUI).

2.1.3 Cyber & Digital segment

2.1.3.1 Key figures

(in € millions)	**2024**	**2023**
Order book at December 31	875	632
Sales	4,024	3,504
Adjusted EBIT [(a)]	585	491
Consolidated headcount	17,077	16,209

(a) Non-GAAP indicator. See definition on page 41.



2.1.3.2 Cyber and Digital

2.1.3.2.1 General overview

In a world, where the number of digital connections and cyberattacks are constantly growing, Thales provides products and services which create a circle of trust between people, objects and the digital services they rely on. The world's leading companies and governments in 180 countries trust Thales to secure personal and sensitive data and all the paths to it: people's and objects' identities and their most critical applications.

More than 30,000 organisations in the world depend on Thales solutions to secure digital journeys while issuing and verifying identities, granting access to digital services, encrypting data, protecting applications, securing digital transactions. Thales brings trust and resilience to key industries including financial services, retail, healthcare, manufacturing, utilities, telecommunications, airports and critical infrastructures.

Thales' cybersecurity products and solutions are at the heart of networks worldwide, protecting digital identities, data and applications. Cybersecurity is embedded at every stage, from design to delivery and beyond. Thales consults, shares intelligence, analyses risk, trains people, detects and responds, and tests cyber defences to continuously counter the growing array of threats.

In the area of digital identity, Thales provides modern and responsible payment solutions, empowering its customers to deliver innovative payment experiences to their cardholders, in a financial services ecosystem driven by regulatory changes and digital transformation. The company designs, develops and delivers ethical identity and biometric solutions to governments allowing them to protect individual identities and citizens' rights with the highest level of security and convenience. In the world of cellular communications, Thales securely connects billions of individuals and hundreds of millions of devices, building simple, reliable and trusted solutions for consumers' and businesses' daily life.

In all these fields, Thales works to realise the full potential of transformative technologies including biometrics, quantum computing, cloud, IoT and AI.

Thales' cybersecurity and digital identity technologies are designed to bring solutions for a more sustainable digital transformation, contributing to a more secure, greener, and more inclusive world. Committed to developing TrUE technologies (Transparent, Understandable and Ethical), Thales provides trusted digital identities, data privacy and cybersecurity for all. In 2024, Thales Cyber & Digital reached 24% of more eco-responsible removable and embedded SIMs and payment cards, an increase of 8% compared to previous year. By the end of 2024, the organization was utilizing 100% renewable electricity, thereby diminishing its environmental impact and that of customers.

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

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

2.1.3.2.2 Competitive position

Thales is a world-class cybersecurity leader, in a €46 billion market at the crossroads of cybersecurity and digital identity (sources: Gartner, IDC, Accenture, ABI research).

73% of the sales in 2024 came from offers for markets in which Thales is a global leader.

Its main competitors are Idemia, Giesecke & Devrient, Broadcom, IBM, F5 Networks, Okta, Ping Identity, Cloudflare and Varonis. There are also many smaller competitors in several niche or local markets.

Thales has the broadest portfolio of products combining identity management, data and application security, securing the most critical assets thus enabling the creation of a circle of trust between people, connected objects and the digital services of companies and governments. This unique expertise is based on decades of experience, significant investments in R&D and more than 5,000 patents. It also draws on all of Thales' technological resources.

2.1.3.2.3 Significant events in 2024

In Cybersecurity:

Thales empowers organisations to strengthen cybersecurity and prepare for post-quantum cryptography. In collaboration with Quantinuum, Thales launched the Post-Quantum Crypto Starter Kit, an innovative solution that provides a quick and easy way for organisations to test and measure their post-quantum readiness for protection against quantum computing attacks using Thales Luna Hardware Security Modules (HSM) and Quantinuum's quantum random number generation (QRNG) technology.

In June 2024 Thales and Google Cloud have signed a new partnership to deploy a global SOC (Security Operation Centre) platform and provide Thales customers with advanced cybersecurity incident detection and response capabilities. These new-generation services combine Thales' expertise with Google Cloud's widely acclaimed Intel-driven, AI-powered SecOps capabilities.

A year after the acquisition of Imperva in December 2023, Thales launched Data Risk Intelligence, the first solution uniting the data security capabilities from the Imperva Data Security Fabric and Thales CipherTrust Data Security Platform. This solution enhances data risk visibility, prioritizes threats, and provides actionable recommendations to secure sensitive data across hybrid environments.

In addition, several industry analyst and technology partners recognized Thales for its market leadership in cybersecurity:

- Gartner recognized Thales as a Visionary in the Gartner® Magic Quadrant for Access Management (December 2024);
- IDC recognized Thales as a leader in its MarketScape for Worldwide Web Application and API Protection Enterprise Platforms (September 2024);
- Thales was announced as the overall winner in the Identity Trailblazer category at the Microsoft Security Excellence Awards. Microsoft recognized the company's leadership in the identity space, innovative IAM and CIAM solutions, and driving identity-related initiatives.

In Digital identity and biometrics:

Through its partnership with Google, Thales has launched the eSIM Discovery solution, streamlining eSIM activation for Android devices with seamless subscription management. Simultaneously, Eseye has selected Thales to deliver optimal local network connectivity for IoT devices. Both collaborations simplify deployment, enhance user convenience, and ensure resilient, future-proof connectivity across billions of devices worldwide.

Thales has partnered with the Mauritius Prime Minister's Office to modernize the national identity system with advanced eID cards and Africa's first ISO-compliant Digital ID Wallet, enhancing security and convenience. In Australia, Queensland Digital Licence App developed by Thales with local partners, has reached over 500,000 users since its launch on 1 November 2023, a significant milestone. The app, powered by Thales' Digital ID Services Platform, offering a secure, privacy-centric solution for managing and sharing identity data, has been praised by ABI Insight praised as a blueprint for digital identity systems globally.

In India, Thales and Adani Airport Holdings Ltd (AAHL), India's largest private airport operator, have partnered to transform airport operations and passenger experience across the country. Thales' FlytoGate solution has been deployed at seven AAHL-managed airports, reducing passenger processing time by 30%.

Thales launched Brazil's first Voice Payment Card, designed to assist visually impaired users by vocalizing transaction details via a Bluetooth-connected app. This innovation enhances security and inclusivity, while aligning with Thales' commitment to more responsible, eco-friendly payment solutions.

In France, Thales, Ile-de-France Mobilités and Apple, have introduced the digital Navigo Card for iPhone and Apple Watch. This new digital card simplifies travel in the Paris region, by eliminating the need to line up at ticket vending machines to purchase tickets.

2.1.4 Ground Transportation Systems (GTS) business

2.1.4.1 Key figures

(in millions of euros)	2024	2023
Order book at December 31	–	5,200
Order intake	1,006	2,313
Sales	718	1,822
Adjusted EBIT [a]	23	112
Consolidated headcount	–	9,013

(a) *Non-GAAP indicator. See definition on page 41.*

2.1.4.2 Ground Transportation Systems

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

With this sale, Thales strengthens its strategic focus on three high-tech markets with long-term growth: Defence, Aerospace, and Cybersecurity & Digital.

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

2.2 Research and innovation

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

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

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

2.2.1 Research and development, the key to competitiveness and growth

From research through to engineering, the Group's technical activities involve some 33,000 people. In the restricted area of R&D, a key factor of competitiveness, Thales spent €1,274 million on self-funded R&D in 2024, equivalent to 6.2% of its total sales.

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

- innovations across the technological spectrum, with a particular emphasis on sovereignty technologies which are important for customers in the countries where Thales is present;
- new system and product concepts;
- new critical information system engineering tools and methods.

2.2.2 The four key technical areas

Governance of research and development in key technologies is divided into four segments:

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

FOCUS 1

Thales Alenia Space at the forefront of NASA and ESA planetary defence missions against asteroid and comet collisions

In October 2024, Hera, ESA's first planetary defence mission, was launched towards Dimorphos, a 160-meter-diameter moonlet of an asteroid intentionally deflected by NASA's DART space probe in 2022. In 2027, NASA will launch the NEO Surveyor mission, to map near-Earth objects larger than 140 meters.

The communication systems for these spacecraft, enabling them to communicate with each other over distances of up to several hundred million kilometers, are based on products from Thales Alenia Space. The Thales Alenia Space site in Spain was responsible for the Hera sub-system, using band-X transponders developed by Italy and high-power amplifiers developed by Belgium. BAE Systems, prime contractor for NEO Surveyor, chose Thales' Spanish S-band transponders, French modulators and Belgian K-band tubes for its subsystem. A success without borders to save our planet!

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

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

In 2024, Thales created cortAIx - AI by Thales, bringing together all the Group's artificial intelligence activities under a single banner, representing some 600 experts throughout the Group. CortAIx has three pillars: cortAIx Sensors, which focuses on sensor design; cortAIx Factory, which aims to integrate artificial intelligence into command and control systems; and cortAIx Labs, which focuses on research, particularly in terms of "frugal learning", reinforcement learning and the key issue of AI cybersecurity, to create trusted AI for mission-critical systems.

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

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

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

FOCUS 2

A world-record Thales gyrotron

Thales and the Max Planck Institute for Plasma Physics set a world record in nuclear fusion using the Thales TH1507U gyrotron, developed specifically for the Wendelstein 7-X stellarator. This gyrotron reached a power of 1.3 megawatts at a frequency of 140 gigahertz for 360 seconds, playing an essential role in heating and stabilizing the plasma. The Wendelstein 7-X project, inaugurated in 2015 in Germany, aims to deepen our understanding of plasmas to support the creation of commercial fusion reactors, a potential source of clean energy. Nuclear fusion, which involves heating a gas to extremely high temperatures to create a plasma, has been identified as a solution for reducing global carbon emissions. Thales' record-breaking gyrotron reinforces the company's position as an innovation leader in the field of nuclear fusion.

In the United Kingdom, Thales has joined forces with several major British universities, through the TRT-UK research center, including strategic partnerships with the University of Southampton and the University of Bristol, along with a long-term relationship with Cranfield University.

In the cyber sector, Thales UK has also set up a number of collaborations, including the Center for Secure Information Technologies (CSIT), based at Queen's University Belfast, and the London Office of Rapid Cybersecurity Advancement (LORCA).

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

FOCUS 3

FlyEDGE: Revolutionizing the passenger experience

The fruit of an innovation project by Thales AVS in Bordeaux, FlyEDGE is a cutting-edge in-flight entertainment solution developed and offered worldwide by the Inflyt Experience (IFE) business line.

Thanks to its innovative, digital design, FlyEDGE is redefining the in-flight multimedia landscape. Leveraging cloud-hosted architecture and consumer technologies, it integrates an onboard data center meeting aerospace standards, unlocking powerful edge computing capabilities.

This pioneering approach gives airlines access to a connected and adaptable platform, enabling them to manage their fleet remotely, host a wide range of consumer entertainment applications and access detailed data ranging from system health monitoring to passenger engagement rates.

Unveiled in 2024, FlyEDGE has already won industry recognition with several prestigious awards, including a Crystal Cabin in 2024, and has also been selected by several airlines for deployment by 2026.

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

For the past 10 years, Thales has been effectively facilitating startups. During this period, more than 2,000 start-ups have been referenced by Thales, and nearly 200 Proof of Concept exercises have been completed.

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

2.2.3 A dynamic intellectual property management policy

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

The Group filed nearly 400 new patent applications in 2024. This volume reflects the attention Thales pays to innovation, and the transformation of the results of research into competitive advantages.

Comprising over 21,000 patents and applications, the portfolio is regularly adapted to the requirements of the operational units, specifically to protect their market shares.

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

2.3 Report on operations and results

This section looks at the Group's financial performance in 2024. The analysis of its non-financial performance is presented in chapter 5 of this document (pages 142 to 234).

2.3.1 Adjusted Key figures

In € millions, except earnings and dividend per share (in €)	2024	2023	Total change	Organic change
Order intake	25,289	23,132	+9%	+6.4%
Order book at end of period	50,602	45,251	+12%	+11%
Sales	20,577	18,428	+11.7%	+8.3%
Adjusted EBIT [a]	2,419	2,132	+13.4%	+5.7%
as a % of sales	*11.8%*	*11.6%*	*+0.2 pt*	*-0.3 pt*
Adjusted net income, Group share [a]	1,900	1,768	+7%	
Adjusted net income, Group share, per share [a]	9.24	8.48	+9%	
Consolidated net income, Group share	1,420	1,023	+39%	
Free operating cash flow from continuing operations [a] [c]	2,142	1,968	+9%	
Free operating cash flow [a]	2,027	2,026	+1	
Net cash (debt) at end of period [a]	(3,044)	(4,190)	+1,146	
Dividend per share [b]	3.70	3.40	+0.30	

(a) Non-GAAP financial indicators. See definitions, section 2.3.2, page 41.
(b) Proposed at the Annual General Meeting on May 16, 2025.
(c) Free operating cash flow from continuing operations, excluding the Transport activity sold on May 31, 2024.

In accordance with standard IFRS 5, the financial data for the "Transport" operating segment for 2023 and 2024 have been classified under "discontinued operations" following entry into exclusive negotiations with Hitachi Rail with a view to disposing of this business.

Order intake for the 2024 financial year increased by 9% compared with 2023 at **€25,289 million** and by **+6%** on an **organic basis** (i.e. at constant scope and exchange rates). Commercial performance was once again supported by strong demand in the Defence segment and by continued sustained momentum in the Aerospace segment. As at 31 December 2024, the consolidated **order book** amounted to nearly **€51 billion**, a record level, up by nearly €5.4 billion compared with the end of 2023.

Sales totaled **€20,577 million**, up 11.7% from 2023 (+8.3% in organic growth). This robust growth reflects in particular the solid performance of the Defence business throughout the year.

Adjusted EBIT [1] stood at **€2,419** million in 2024 (11.8% of sales), compared with €2,132 million (11.6% of sales) in 2023, an increase of 13.4% (+5.7% organic change).

At **€1,900 million**, **Adjusted net income, Group share** [1] was up 7% compared to 2023.

Consolidated net income, Group share, stood at **€1,420 million**, up sharply by +39% from 2023. This increase can be explained notably by the recognition in 2023 of a non-current and non-recurring expense linked to the implementation of insurance coverage for the Group's commitments under the Thales UK Pension Scheme. These commitments were transferred to Rothesay at the end of 2023.

The **free operating cash flow from continuing operations** [1][2] amounted to **€2,142 million**, compared with €1,968 million in 2023. Including the contribution of discontinued operations, **free operating cash flow** [1] amounted to **€2,027 million**, compared with €2,026 million in 2023.

Calculated on the basis of the scope of continuing operations, the cash conversion ratio of Adjusted net income, Group share, into operating free cash flow was 114%. This once again exceptional performance, which saw the cash conversion ratio exceed 100% for the fifth consecutive year, reflects the excellent momentum of new orders, the phasing effects on cash inflows related to contracts' execution and the continued Group's mobilization of its CA$H! plan aimed at optimizing this conversion ratio.

In this context, the Board of Directors decided to propose the payment of a **dividend** of **€3.70** per share, corresponding to a payout ratio of 40% of the Adjusted net income, Group share. An interim dividend of €0.85 per share was paid on December 5, 2024. The balance of €2.85 will be paid on May 22, 2025.

(1) Non-GAAP financial indicators. See definition page 41.
(2) Free operating cash flow from continuing operations, excluding the Transport activity sold on May 31, 2024

2.3.2 Presentation of financial information

Accounting principles

The accounting policies used to prepare the consolidated financial statements of the Thales Group comply with the International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union as of December 31, 2024.

Definitions of non-GAAP financial indicators

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

- **Adjusted EBIT**, an adjusted operating indicator, corresponds to income from operations plus the share in the net income of equity affiliates, 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). In application of IFRS 5, it does not include the contribution to EBIT from discontinued operations.
- **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 and other,
  - impairment of assets,
  - change in fair value of derivative instruments (recognized in "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).

  In accordance with IFRS 5, this aggregate includes net income from discontinued operations, after deduction of the corresponding adjustment items.
- **free operating cash flow** corresponds to the net cash flow from operations before contributions to reduce the pension deficit in the United Kingdom, and after deducting net operating investments.

To facilitate comparison with Adjusted net income, free operating cash flow is obtained by summing free cash flow from continuing operations and free cash flow from discontinued operations.

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

Net cash (debt) corresponds to the difference between the sum of the "cash and cash equivalents" (including investment assets transferred from the UK pension fund) and "current financial assets" items and short and long-term borrowings after deduction of interest rate derivatives. From January 1, 2019, it has included lease liabilities recorded on the balance sheet pursuant to standard IFRS 16. Its calculation appears in Note 6.2 to the consolidated financial statements.

The **organic change** of a monetary indicator measures its evolution independently of the mechanical effects of changes in the Group's exchange rates and scope of consolidation. It is obtained by calculating the difference between the indicator for the previous year discounted at the exchange rates applicable for the current year for entities whose reporting currency is not the euro, less the contribution of entities divested during the current year, and the value of the indicator for the current year, less the contribution of entities acquired during the current year. The calculation of the organic change in sales is detailed below.

ORGANIC CHANGE IN SALES BY QUARTER

(In € millions)	Sales 2023	Exchange rate effect	Impact of disposals	Sales 2024	Impact of acquisitions	Total change	Organic change
1st quarter	4,026	(17)	(32)	4,421	+131	+9.8%	+7.9%
2nd quarter	4,690	+1	(34)	5,071	+211	+8.1%	+4.4%
1st half year	**8,716**	**(16)**	**(66)**	**9,493**	**+342**	**+8.9%**	**+6.0%**
3rd quarter	4,138	(22)	(33)	4,576	+226	+10.6%	+6.6%
4th quarter	5,574	+22	(1)	6,508	+182	+16.7%	+13.0%
FULL YEAR	**18,428**	**(15)**	**(100)**	**20,577**	**+749**	**+11.7%**	**+8.3%**

MAIN SCOPE EFFECTS ON SALES

(In € millions)	Q1	Q2	Q3	Q4	2024
Acquisitions					
Aerospace		**59**	**60**	**75**	**194**
Cobham Aerospace Communications		59	60	75	194
Defence		**6**	**13**	**25**	**44**
Get Sat		6	12	15	33
Other			1	10	11
Cyber & Digital	**131**	**146**	**154**	**80**	**511**
Imperva	116	127	136	80	459
Tesserent	15	19	18	–	52
Total acquisitions	**131**	**211**	**226**	**182**	**749**
Disposals					
Aerospace	**(31)**	**(33)**	**(33)**	**—**	**(97)**
Aeronautical electrical systems	**(31)**	**(33)**	**(33)**	–	(97)
Defence					
Cyber & Digital	**(1)**	**(1)**	**(1)**	**(1)**	**(4)**
Other	(1)	(1)	(1)	(1)	(4)
Total disposals	**(32)**	**(34)**	**(33)**	**(1)**	**(100)**
Net impact	**100**	**176**	**193**	**181**	**649**

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 appear in Note 13 a) "Presentation of the financial statements"and Note 6.2 "Net cash (borrowings)", free operating cash flow from continuing operations, the definition and calculation of which are specified in Note 13 a) "Presentation of the financial statements" and Note 6.3 "Changes in net debt", and free operating cash flow from discontinued operations, the calculation of which is set out in Note 1.3 "Classification of the Transport business as discontinued operations". Adjusted financial information other than that provided in these notes is subject to the verification procedures applicable to all information included in document.

The impact of these adjustment entries on the profit and loss accounts at December 31, 2024 and at December 31, 2023 is detailed in the tables on pages 43 and 44. The calculation of free operating cash flow is detailed on page 45.

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

in € millions, except earnings per share (in €)	Consolidated income statement 2024	Adjustments (1)	(2)	(3)	(4)	Adjusted income statement 2024
Sales	**20,577**	**—**	**—**	**—**	**—**	**20,577**
Cost of sales	(15,203)	573	—	—	—	(14,630)
Research and development expenses	(1,274)	—	—	—	—	(1,274)
Marketing and selling expenses	(1,590)	—	—	—	—	(1,590)
General and administrative expenses	(693)	—	—	—	—	(693)
Restructuring costs	(118)	—	—	—	—	(118)
Income from operations	**1,699**	**573**	**—**	**—**	**—**	**2,272**
Share in net income of equity affiliates	95	52	—	—	—	147
Income from operations, including net income of equity affiliates	1,794	—	—	—	—	N/A
Adjusted EBIT	**N/A**	**625**	**—**	**—**	**—**	**2,419**
Gain and losses on disposals of assets, changes in scope and other	(279)	—	279	—	—	—
Impairment of non-current assets	(158)	—	158	—	—	—
Net financial interest	(166)	—	—	—	—	(166)
Other financial income and expenses	39	—	—	(4)	—	35
Finance costs on pensions and other long-term employee benefits	(51)	—	—	—	3	(49)
Income tax	(247)	(143)	(38)	1	(1)	(427)
Effective income tax rate [a]	*22.8%*	—	—	—		*20.4%*
Net income from continuing operations	932	482	399	(3)	2	1,812
Net income from discontinued operations	412	—	(393)	2	—	21
Net income	**1,344**	**482**	**6**	**(1)**	**2**	**1,833**
Non-controlling interests	75	(8)	—	—	—	67
NET INCOME, GROUP SHARE	**1,420**	**474**	**6**	**(1)**	**2**	**1,900**
Average number of shares *(thousands)*	205,523	—	—	—	—	205,523
NET INCOME, GROUP SHARE PER SHARE *(in €)*	**6.91**	**—**	**—**	**—**	**—**	**9.24**

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

Adjustments:

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

(2) Income from disposals of assets, changes in scope and other, and impairment losses on non-current assets.

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

(4) Actuarial gains or losses on long-term employee benefits.

ADJUSTED INCOME STATEMENT, ADJUSTED EBIT AND ADJUSTED NET INCOME – 2023

in € millions, except earnings per share (in €)		Adjustments				
	Consolidated income statement 2023	**(1)**	**(2)**	**(3)**	**(4)**	**Adjusted income statement 2023**
Sales	**18,428**	**—**	**—**	**—**	**—**	**18,428**
Cost of sales	(13,662)	390	–	–	–	(13,272)
Research and development expenses	(1,108)	–	–	–	–	(1,108)
Marketing and selling expenses	(1,384)	–	–	–	–	(1,384)
General and administrative expenses	(621)	–	–	–	–	(621)
Restructuring costs	(91)	–	–	–	–	(91)
Income from operations	**1,562**	**390**	**—**	**—**	**—**	**1,952**
Share in net income of equity affiliates	147	32	–	–	–	180
Income from operations, including net income of equity affiliates	1,710	–	–	–	–	N/A
Adjusted EBIT	**N/A**	**422**	**—**	**—**	**—**	**2,132**
Gain and losses on disposals of assets, changes in scope and other	(388)	–	388	–	–	–
Impairment of non-current assets	–	–	–	–	–	–
Net financial interest	2	–	–	–	–	2
Other financial income and expenses	(65)	–	–	28	–	(37)
Finance costs on pensions and other long-term employee benefits	(78)	–	–	–	2	(76)
Income tax	(252)	(97)	(14)	(5)	–	(370)
Effective income tax rate [(a)]	*24.4%*	–	–	–	–	*20.1%*
Net income from continuing operations	929	325	373	22	1	1,651
Net income from discontinued operations	74	–	20	11	–	105
Net income	**1,003**	**325**	**394**	**33**	**1**	**1,756**
Non-controlling interests	21	8	–	–	–	13
NET INCOME, GROUP SHARE	**1,023**	**317**	**394**	**33**	**1**	**1,768**
Average number of shares *(thousands)*	208,507	–	–	–	–	208,507
NET INCOME, GROUP SHARE PER SHARE *(in euros)*	**4.91**	**—**	**—**	**—**	**—**	**8.48**

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

Adjustments:

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

(2) Income from disposals of assets, changes in scope and other, and impairment losses on non-current assets.

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

(4) Actuarial gains or losses on long-term employee benefits.

- **CALCULATION OF FREE OPERATING CASH FLOW**

(in millions of euros)	2024	2023	Change
Operating cash flow before interest and tax	**3,175**	**2,704**	**+471**
+ Change in working capital and provisions for contingencies	26	173	-147
+ Payment of pension contributions, excluding contributions related to the reduction of the UK pension deficit	(117)	(103)	-14
+ Net financial interest received (paid)	(140)	11	-151
+ Income tax paid	(185)	(195)	+10
+ Net operating investments	(617)	(622)	+5
Free operating cash flow from continuing operations	**2,142**	**1,968**	**+174**
+ Free operating cash flow, discontinued operations	**(116)**	**57**	**-173**
Free operating cash flow	**2,027**	**2,026**	**+1**
+ Net balance of disposals (acquisitions) of subsidiaries and affiliates	359	(3,464)	+3,823
+ Contributions related to the reduction of the UK pension deficit	(13)	(1,078)	+1,066
+ Dividends paid	(708)	(634)	-75
+ Share buyback (program approved in March 2022)	(176)	(461)	+285
+ New lease liabilities (IFRS 16)	(143)	(166)	+24
+ Other	(199)	(378)	+179
Change in net cash (debt)	**1,146**	**(4,155)**	**+5,301**
Net cash (debt) at start of period	(4,190)	(35)	-4,155
+ Change in net cash (debt)	1,146	(4,155)	+5,301
NET CASH (DEBT) AT END OF PERIOD	**(3,044)**	**(4,190)**	**+1,146**

2.3.3 Order intake

Order intake for the 2024 financial year totaled **€25,289 million,** up 9% from 2023 in total change and up +6% at constant scope and exchange rates [1]. For the fourth consecutive year, the order intake was more than 20% higher than sales (book-to-bill). The book-to-bill ratio was 1.23, flat against 2023, and 1.28 excluding the Cyber & Digital business, where the order intake is structurally very close to sales.

(in millions of euros)	2024	2023	Total change	Organic change
Aerospace	6,434	5,606	+15%	+14%
Defence	14,723	13,944	+6%	+5%
Cyber & Digital	4,032	3,524	+14%	+1%
TOTAL - OPERATING SEGMENTS	**25,189**	**23,073**	**+9%**	**+6%**
Other	100	58		
TOTAL	**25,289**	**23,132**	**+9%**	**+6%**
Of which mature markets [a]	19,010	18,683	+2%	-1%
Of which emerging markets [a]	6,279	4,449	+41%	+39%

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

In 2024, Thales signed **35 large orders with a unit value of over €100 million**, representing a total of **€8,674 million**:

- four large orders booked in Q1 2024:
  - the entry into force of the third phase of the order placed by Indonesia in 2022 for the purchase of 42 Rafale aircraft (18 aircraft and support services),
  - phased contract with the French Defence Procurement Agency (DGA) to develop the next generation of sonars to equip French nuclear-powered ballistic-missile submarines (SSBN),
  - order of an aerial surveillance system for a military customer in the Middle East,
  - second tranche of the contract signed in 2023 between France and Italy for the production of 400 ASTER B1NT ground-to-air missile;.
- eight large orders booked in Q2 2024:
  - order for a next generation cloud native "FLYTEDGE" InFlight Entertainment System for a major worldwide airline,
  - order by SKY Perfect JSAT to Thales Alenia Space of JSAT-31, a new generation of satellite reconfigurable in orbit using Space INSPIRE technology,
  - Exomars 2028, a contract signed between industrial prime contractor Thales Alenia Space and the European Space Agency (ESA) to relaunch the European space mission dedicated to the exploration of the Red Planet,
  - order of two new F126 frigates by the German Navy. This additional contract brings the number of F126 frigates acquired by the German Navy to six in the past four years,

(1) Taking into account a currency effect of €49 million and a net scope effect of €625 million.

  - order by the Dutch Ministry of Defence of seven additional Ground Master 200 multi-mission compact radars,
  - service contract for the maintenance of the Royal Australian Navy fleet,
  - order by an Asian customer of latest-generation Ground Master 400 Alpha long-range air surveillance radars,
  - order by France's Joint Munitions Command (SiMu) of tens of thousands of 120mm rifled ammunition;
- seven large orders booked in Q3 2024:
  - notification by the DGA of the second tranche of the development of the future RBE2 XG radar for the Rafale F5,
  - order for the supply of anti-submarine warfare systems for the first phase of the construction of six HUNTER-class frigates for the Royal Australian Navy,
  - order for the renovation of an air traffic management system,
  - order from the UK Ministry of Defence for the supply of Lightweight Multi-role Missiles (LMM) to strengthen Ukraine's air defence capabilities,
  - order of LMM for the British armed forces,
  - order for the supply of Ground Fire multifunction radar and engagement modules following France's acquisition of seven SAMP/T NG air defence systems,
  - order for the supply of communications, vetronics, navigation and optronics equipment for vehicles in the French Army's SCORPION program;
- sixteen large orders were booked in Q4 2024:
  - order for the supply of a satellite for the European Space Agency's EnVision scientific mission to understand the planet Venus,
  - contract amendment signed with OHB System for the payload of the third satellite of the European CO_2M mission focused on CO_2 emissions generated by human activity,
  - amendment to the contract with the European Space Agency for the development of the ESPRIT communications and refueling module for the future lunar space station, Gateway,
  - order for the development of the world's first quantum key distribution (QKD) system from geostationary orbit, in collaboration with Hispasat,
  - contract with the Mohammed Bin Rashid Space Centre to develop the Emirates Airlock Module on board the future lunar space station Gateway,
  - entry into force of the contract for the supply of 12 Rafale to Serbia,
  - order from Naval Group for the supply of equipment for the submarine delivery contract in the Netherlands,
  - order under the AJISS contract to provide In-Service Support to Royal Canadian Navy ships,
  - order for the development and production of 430 new-generation MICA-NG interception, combat and self-defence missile seekers,
  - order from the UK Ministry of Defence for the development and preparation of large-scale production of STARStreak HVMs (High Velocity Missiles) for the armed forces,
  - order from the French Air Navigation Services Directorate (DSNA) aimed at improving the 4-Flight air traffic management system,
  - amendment to the CONTACT contract with the DGA providing the armed forces with a range of software-defined radios designed for collaborative combat,
  - order from the UK Ministry of Defence to ensure the permanence and maneuverability of the Royal Navy's operational communications,
  - order from the DGA as part of the SYRACUSE IV program to equip the French army's SCORPION vehicles with Thales' secure satellite communications solution,
  - order from the DGA for the design, delivery and maintenance of a resilient communication system,
  - order from the DGA to produce an encryption key management and distribution system and key injector for the Ministry of the Armed Forces.

With a total amount of **€16,615 million,** order intake **with a unit value of less than €100 million** continued to record favorable momentum.

Order intake in the **Aerospace** segment totaled **€6,434 million** compared to €5,606 million in 2023 (+14% at constant scope and exchange rates). This solid growth reflects several trends.

- The different segments of the Avionics market continued to record sustained demand in 2024.
- The Space business posted sustained growth in order intake, including five orders with a unit value of more than €100 million recorded in the fourth quarter, four of which in OEN (Observation, Exploration & Science and Navigation) activities.
- At December 31, 2024, the segment's order book stood at €10.5 billion, up 13% from 2023.

At **€14,723** million compared to €13,944 million in 2023, order intake in the **Defence** segment set a new record (+5% at constant scope and exchange rates). The book-to-bill ratio was 1.34, above 1.2 for the sixth consecutive year. This high level is explained by continued strong demand in all activities, with twenty-seven contracts with a unit value of more than €100 million recorded in 2024. The segment's order book reached a new record at **€39.2 billion** (up 12%), corresponding to 3.6 years of sales, offering strong visibility for the years ahead.

At **€4,032 million**, order intake in the **Cyber & Digital** segment was structurally very close to sales as most business lines in this segment operate on short sales cycles. The order book is therefore not significant.

ORDER INTAKE BY DESTINATION - 2024

(in millions of euros)	2024	2023	Total change	Organic change	2024 weighting as a %
France	6,229	6,132	+2%	+1%	25%
United Kingdom	1,682	3,095	-46%	-48%	7%
Rest of Europe	7,292	6,248	+17%	+16%	29%
Subtotal Europe	**15,203**	**15,476**	**-2%**	**-3%**	**60%**
United States and Canada	2,796	2,368	+18%	+5%	11%
Australia and New Zealand	1,011	839	+21%	+13%	4%
Total mature markets	**19,010**	**18,683**	**+2%**	**-1%**	**75%**
Asia	2,990	2,403	+24%	+22%	12%
Near and Middle East	2,263	1,246	+82%	+80%	9%
Rest of the world	1,027	799	+28%	+28%	4%
Total emerging markets	**6,279**	**4,449**	**+41%**	**+39%**	**25%**
TOTAL ALL MARKETS	**25,289**	**23,132**	**+9%**	**+6%**	**100%**

Geographically, order intake in mature markets amounted to €19,010 million, very close to that recorded in 2023, which though included the £1.8 billion MSET contract in the United Kingdom. Sales momentum elsewhere was also solid, particularly in the rest of Europe (up by 16% on an organic basis) and in Australia and New Zealand (up by 13% on an organic basis).

Order intake in emerging markets was up sharply in 2024, amounting to €6,279 million (+39% at constant scope and exchange rates) thanks to continued strong momentum in the Near and Middle East (with an organic increase of 80%).

2.3.4 Sales

(in millions of euros)	2024	2023	Total change	Organic change
Aerospace	5,471	5,221	+4.8%	+2.9%
Defence	10,969	9,628	+13.9%	+13.3%
Cyber & Digital	4,024	3,504	+14.8%	+1.4%
Total - operating segments	**20,463**	**18,353**	**+11.5%**	**+8.1%**
Other	113	75	+50.0%	+52.9%
TOTAL	**20,577**	**18,428**	**+11.7%**	**+8.3%**
Of which mature markets [a]	16,303	14,615	+11.6%	+7.9%
Of which emerging markets [a]	4,273	3,814	+12.1%	+9.6%

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

Note: full-year 2023 figures have been restated to reflect the transfer of cyber civil activities from the Defence segment to the Cyber & Digital segment.

Sales for the 2024 financial year totaled **€20,577 million**, compared to €18,428 million in 2023, up 11.7% in total change and 8.3% in organic terms (at constant scope and exchange rates [1], driven in particular by the robust performance of the Defence segment.

Sales in the **Aerospace** segment totaled **€5,471 million**, up 4.8% from 2023 (+2.9% at constant scope and exchange rates). Momentum in this segment reflects contrasting trends:

- the Avionics business posted mid-single digit organic growth in 2024, notably driven by strong momentum in both original equipment activities and aftermarket services, with a return to pre-Covid levels in air traffic. However, as expected, the fourth quarter was impacted by delays in aircraft deliveries to airlines, which postponed in-flight entertainment (IFE) sales;
- as expected, sales were almost flat in the Space business. The telecommunications segment continued to be impacted by structurally lower demand in the geostationary satellite market. Conversely, trends remain positive for OEN activities.

Sales in the **Defence** segment totaled **€10,969 million**, up 13.9% from 2023 (+13.3% at constant scope and exchange rates). This strong growth came against a backdrop of steady growth in the Group's production capacity, enabling it to meet high demand in all product lines. Growth was notably driven by land and air systems, such as tactical vehicles and systems or surface radars. The fourth quarter of 2024 also benefited from favorable cut-off effects.

At **€4,024 million**, sales in the **Cyber & Digital** segment increased by 1.4% at constant scope and exchange rates (and +14.8% in total change including the positive scope effect of the acquisitions of Imperva and Tesserent). This moderate organic sales growth reflects different trends depending on the activities:

- strong momentum continued for cyber businesses, including a strong performance from Imperva;
- against a high comparison basis in 2023, payment services sales were impacted by destocking by our customers in North America;
- lastly, the digitalization of secure connectivity solutions maintained its strong growth. Sales generated in fully digital connectivity solutions (including eSIMs and on-demand connectivity platforms) recorded double-digit organic growth and accounted for more than half of sales of this secure connectivity solutions business in 2024.

- **SALES BY DESTINATION – 2024**

(in millions of euros)	2024	2023	Total change	Organic change	2023 weighting as a %
France	5,932	5,437	+9.1%	+8.3%	29%
United Kingdom	1,355	1,208	+12.2%	+7.6%	7%
Rest of Europe	5,155	4,578	+12.6%	+11.4%	25%
Subtotal Europe	**12,442**	**11,223**	**+10.9%**	**+9.5%**	**60%**
United States and Canada	2,921	2,581	+13.2%	+1.1%	14%
Australia and New Zealand	940	812	+15.8%	+8.3%	5%
Total mature markets	**16,303**	**14,615**	**+11.6%**	**+7.9%**	**79%**
Asia	1,977	1,728	+14.4%	+10.3%	10%
Near and Middle East	1,210	1,111	+8.9%	+7.6%	6%
Rest of the world	1,086	974	+11.5%	+10.5%	5%
Total emerging markets	**4,273**	**3,814**	**+12.1%**	**+9.6%**	**21%**
TOTAL ALL MARKETS	**20,577**	**18,428**	**+11.7%**	**+8.3%**	**100%**

Geographically, sales recorded solid growth in both mature markets (+7.9% in organic terms) and emerging markets (+9.6% in organic terms), driven by double-digit growth in Asia.

(1) The calculation of the organic change in sales is shown on page 41.

2.3.5 Adjusted net income

For 2024, the Group posted **Adjusted EBIT** [1] of **€2,419 million**, or 11.8% of sales, compared to €2,132 million (11.6% of sales) in 2023.

Adjusted EBIT *(in millions of euros)*	**2024**	**2023**	**Total change**	**Organic change**
Aerospace	**391**	**369**	**+6.0%**	**-13.9%**
As a % of sales	*7.2%*	*7.1%*	*0.10 pts*	*-1.10 pts*
Defence	**1,432**	**1,270**	**+12.7%**	**+13.0%**
As a % of sales	*13.1%*	*13.2%*	*-0.10 pts*	*0.00 pts*
Cyber & Digital	**585**	**491**	**+19.2%**	**-0.8%**
As a % of sales	*14.5%*	*14.0%*	*0.50 pts*	*-0.30 pts*
Total – operating segments	**2,408**	**2,130**	**+13.1%**	**+5.2%**
As a % of sales	*11.8%*	*11.6%*	*0.20 pts*	*-0.30 pts*
Other - excluding Naval Group	(83)	(89)		
Total – excluding Naval Group	**2,326**	**2,041**	**+14.0%**	**+5.9%**
As a % of sales	*11.3%*	*11.1%*		
Naval Group (share at 35%)	93	91		
TOTAL	**2,419**	**2,132**	**+13.4%**	**+5.7%**
As a % of sales	*11.8%*	*11.6%*		

The **Aerospace** segment recorded Adjusted EBIT of **€391 million** (7.2% of sales), compared with €369 million (7.1% of sales) in 2023. The segment's Adjusted EBIT margin is driven by the Avionics business, which posted a double-digit margin and improving, including the contribution of Cobham Aerospace Communications. However, Space activities weighed on the segment's margin, recording as expected a negative Adjusted EBIT margin in 2024 resulting from several factors: an expected increase in R&D spending, restructuring costs linked to the adaptation plan announced in March 2024 and the impact of inflation not reflected on past contracts.

Adjusted EBIT for the **Defence** segment amounted to **€1,432 million**, compared with €1,270 million in 2023 (an increase of +13.0% at constant scope and exchange rates). The margin for this segment was stable at 13.1%, compared to 13.2% in 2023.

At **€585 million** (14.5% of sales), Adjusted EBIT in the **Cyber & Digital** segment recorded solid growth in both value and margin. The improvement in profitability was notably due to the successful integration of Imperva and the robust margin on payment services and secure connectivity solutions for mobile networks in highly competitive markets.

Naval Group's contribution to the Group's Adjusted EBIT amounted to **€93 million** in 2024, compared with €91 million in 2023.

At **-€166 million**, compared with €2 million in 2023, **net financial interest** increased sharply, as expected. This increase was mainly linked to the substantial rise in debt following the acquisitions made in 2023. **Other adjusted financial income** [1] stood at **€35 million** in 2024 versus -€37 million in 2023, reflecting the exceptional positive impact of dividends on non-consolidated affiliates and foreign exchange gains. The **adjusted financial expense on pensions and other long-term employee benefits** improved significantly (**-€49 million** compared with -€76 million in 2023), reflecting the removal of the interest expense following the transfer of UK pension obligations in December 2023.

At **€21 million**, compared with €105 million in 2023, the **Adjusted net income, Group share, from discontinued operations** was in line with trends in the Transport business, which was sold on May 31, 2024.

As a result, **Adjusted net income, Group share** [1] was **€1,900 million**, compared to €1,768 million in 2023, after an adjusted income tax charge [1] of -€427 million, compared to -€370 million in 2023. At 20.4% in 2024 compared to 20.1% in 2023, the effective tax rate was stable.

The **Adjusted net income, Group share, per share** [1] amounted to €9.24, up **9%** from 2023 (€8.48).

(1) *Non-GAAP financial indicator. See definition on page 41, and calculation on pages 43 and 44.*

2.3.6 Consolidated net income

(in € millions)	**2024**	**2023**
Sales	**20,576.6**	**18,428.4**
Cost of sales	(15,202.7)	(13,662.0)
Research and development expenses	(1,273.7)	(1,107.7)
Marketing and selling expenses	(1,590.3)	(1,384.0)
General and administrative expenses	(692.9)	(621.0)
Restructuring costs	(118.3)	(91.4)
Income from operations	**1,698.7**	**1,562.3**
Disposal of assets, changes in scope of consolidation and other	(278.9)	(387.9)
Impairment of assets	(157.6)	—
Income of operating activities before share in net income of equity affiliates	**1,262.2**	**1,174.4**
Share in net income of equity affiliates	95.1	147.4
Income of operating activities after share in net income of equity affiliates	**1,357.3**	**1,321.8**
Financial interests on gross debt	(289.3)	(159.6)
Financial interests on cash and cash equivalents	123.5	161.4
Interest expense, net	**(165.8)**	**1.8**
Other financial expenses	39.4	(65.0)
Finance costs on pensions and other employee benefits	(51.3)	(77.8)
Income tax	(247.3)	(252.2)
Net income relating to continued operations	**932.3**	**928.6**
Net income relating to discontinued operations	**412.1**	**74.3**
NET INCOME	**1,344.4**	**1,002.9**
Shareholders of the parent company	**1,419.5**	**1,023.4**
Of which: net income relating to continued operations, Group share	1,007.4	949.1
Of which: net income relating to discontinued operations, Group share	412.1	74.3
Non-controlling interests	**(75.1)**	**(20.5)**
Basic earnings per share (in euros)	6.91	4.91
Diluted earnings per share (in euros)	6.89	4.89

Income from operations

Income from operations amounted to **€1,699 million**, compared to €1,562 million in 2023, up 8.7%. This increase was due to a 11.7% rise in sales, and a 0.3 point improvement in gross margin.

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

Income from operating activities after share in net income of equity affiliates came to **€1,357 million**, compared to **€1,322 million** in 2022, up 3%.

Net income, Group share

Consolidated net income, Group share, stood at **€1,420 million, up 39%** from 2023. This increase can be explained notably by the recognition in 2023 of a non-current and non-recurring expense linked to the implementation of insurance coverage for the Group's commitments under the Thales UK Pension Scheme.

2.3.7 Financial position at December 31, 2024

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

The **free operating cash flow** [1] amounted amounted to €2,027 million compared to €2,026 million in 2023. It included a contribution of €2,142 million from continuing operations and -€116 million from discontinued operations. For continuing operations, the cash conversion ratio of Adjusted net income, Group share, into free operating cash flow was 114%.

The **net balance of acquisitions and disposals of subsidiaries and affiliates** amounted to **€359 million**. Under its acquisition strategy, the Group completed two major operations in 2024:

- the acquisition (on April 2, 2024) of **Cobham Aerospace Communications**, a leading supplier of cutting-edge technologies enabling flexible, integrated and more-autonomous avionics systems, based primarily in the United States and generating sales of approximately $200 million in 2023 (see press releases dated July 12, 2023 and April 2, 2024);
- the sale (on 31 May 2024) to Hitachi Rail of the **Transport** business, a global leader in rail signaling and train control systems, telecommunications and supervision systems, and fare collection solutions (see press releases dated August 4, 2021 and May 31, 2024). This business generated sales of €1,822 million in 2023.

As part of the **share buyback program** covering a maximum of 3.5% of the capital announced in March 2022 and completed in March 2024, 1,245,757 shares were repurchased during 2024, representing 0.6% of the share capital, for **€176 million**. The Group repurchased a total of 7,469,396 shares under this program, 3.5% of the share capital.

At December 31, 2024, **net debt** amounted to **€3,044 million** compared with €4,190 million at December 31, 2023. This decrease reflects the impact of free operating cash flow generation, acquisitions and disposals for -€359 million (€3,464 million in 2023), the payment of €708 million in dividends (€634 million in 2023), new lease liabilities for €143 million (€166 million in 2023) and the share buyback program.

Equity, Group share amounted to **€7,515 million** compared with €6,830 million at December 31, 2023. This increase reflects the positive contribution of consolidated net income, Group share (€1,420 million) less the dividend payout (-€708 million) and share buybacks (-€176 million).

2.3.8 Proposed dividend

The Board of Directors decided to propose to the shareholders, who will convene at the Annual General Meeting on May 16, 2025, the payment of a **dividend** of **€3.70** per share. This corresponds to a payout ratio of 40% of the Adjusted net income, Group share, per share.

If approved, the ex-dividend date will be May 20, 2025, and the payment date will be May 22 2025. This dividend will be paid fully in cash and will amount to €2.85 per share, after deducting the interim dividend of €0.85 per share paid in December 2024.

(1) *Non-GAAP financial indicator. See definition, page 41.*

2.3.9 Outlook

Thales is embarking on 2025 with confidence, bolstered by good visibility in the vast majority of its activities.

In 2025, the **Avionics** business will be driven by both the original equipment and aftermarket services activities, the continued growth of the Cobham Aerospace Communications business, and the gradual recovery of the IFE business. In the **Space** business, the outlook remains positive, particularly in the Observation, Exploration & Science, Navigation and military telecommunications activities. However, the structural weakness of demand in the geostationary satellite market will dampen the growth of this activity. Thales will continue to implement its cost adaptation plan, with the objective of an Adjusted EBIT margin of 7%+ in the Space business in 2028.

The **Defence** segment, which enjoys a record order book, will be further supported by strong demand in 2025, against a backdrop of increasing military spending, particularly in the geographical areas where the Group operates. With the increase in its production capacity over the past several years and a portfolio of premium solutions incorporating differentiating leading technologies, Thales is ideally positioned to meet its customers' needs.

Lastly, the **Cyber and Digital** segment will benefit from positive momentum in 2025, supported by Thales' unique positioning and leadership. The continued development of Imperva will strengthen the differentiating value proposition in cybersecurity activities in order to take advantage of the buoyant environment. The payment services business is also expected to gradually return to growth.

The Group expects net investment expenses to slightly exceed €700 million in 2025 (after €617 million in 2024) to meet the need to increase production capacity, particularly in the Defence business.

As a result, Thales sets the following targets for 2025:

- a book-to-bill ratio above 1;
- organic sales growth of between +5% and +6%, corresponding to sales in the range of €21.7 billion to €21.9 billion [1];
- an Adjusted EBIT margin between 12.2% and 12.4%, up 40 to 60 basis points from 2024.

The Group also expects to maintain a high cash conversion ratio of between 95% and 100% in 2025.

Notes: assuming no new major disruptions of macroeconomic and geopolitical context; including tariff increase.

The Adjusted EBIT margin forecast has been established and developed on a basis comparable to historical financial information and consistent with the issuer's accounting policies.

Impact of new tax measures in France

Following the adoption of the 2025 budget, which introduces various tax changes, the impacts for the Thales Group are as follows:

- an additional tax expense of ~€80 million related to the temporary additional corporate tax charge, giving rise to an additional tax of 41.2% in 2025, resulting in an overall tax rate of 36.1% (instead of the current rate of 25.8%);
- ~€8 million in taxes payable on share cancellations made in October 2024 as part of the share buyback program.

The temporary additional contribution to corporate tax for Naval Group could have a negative impact of around €8 million on Thales' Adjusted EBIT in 2025. These different impacts will represent an equivalent cash outflow in 2025.

[1] *Based on March 2025 exchange rates.*

2.4 Investments

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

In accordance with IFRS 5, the financial data for the "Transport" operating segment for 2022, 2023 and 2024 have been classified under "discontinued operations" following the entry into exclusive negotiations with Hitachi Rail with a view to selling this business. The following information for 2022, 2023 and 2024 therefore concerns only continuing operations. Having signed an agreement on August 4, 2021 to sell this business, Thales announced on May 31, 2024 that it had completed the sale of its Ground Transportation Systems business to Hitachi Rail.

2.4.1 Investments in R&D

Research and development is one of the Group's core activities and a key factor in its differentiation and competitiveness. It involves almost 40% of the workforce. A description of the main areas of R&D can be found in section 2.2.2, on page 38.

Nearly all the Group's R&D investments are recognized directly as expenses in the income statement. As described in Note 4.2 to the consolidated financial statements, the Group capitalized €21.4 million in development costs in 2024. At December 31, 2024, the net value of development costs capitalized as intangible assets amounted to just €42.3 million.

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

Over the past few years, to support its strategic plan, the Group decided to step up its self-financed R&D expenditure, which it sees as a strategic trump card that sets it apart from the competition. In 2021, this expenditure amounted to 6.3% of sales. The following year, pressure on recruitment led to a slight decrease in its weight as a percentage of sales. In 2023, R&D expenditure grew at a rate close to that of sales. In 2024, the Group's determined investment in R&D was such that it grew by more than sales. Self-financed R&D expenditure in 2024 approached €1.3 billion, representing 6.2% of sales.

(in millions of euros)	**2022**	**2023**	**2024**
Sales	17,569	18,428	20,577
R&D expenses shown in the IFRS income statement	1,064	1,108	1,274
Expenses excluded from the Adjusted income statement	—	—	—
R&D expenses shown in the Adjusted income statement	**1,064**	**1,108**	**1,274**
As a % of sales	*6.1%*	*6.0%*	*6.2%*

With the creation of the cortAIx AI accelerator in 2024, Thales reaffirms its strategy of acceleration in the field of trusted artificial intelligence for critical environments. In the field of advanced electronics, Thales is investing in new miniaturization technologies, key elements of new-generation sensors.

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

2.4.2 Operating investments

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

(in millions of euros)	**2022**	**2023**	**2024**
Sales	17,569	18,428	20,577
Acquisitions of intangible assets and property, plant and equipment	535	626	623
Disposals of intangible assets and property, plant and equipment	(9)	(4)	(6)
Net operating investments	**525**	**622**	**617**
As a % of sales	*3.0%*	*3.4%*	*3.0%*

Since 2021, capital expenditure has risen steadily, illustrating the Group's determination to equip itself with the resources needed to meet the strong growth prospects that lie ahead. Thus, in 2021, the increase in investments of close to 20% concerned in particular, technical and production investments. In 2022, net operating investments amounted to €525 million, up by 17% on 2021. They also exceeded the previous record high of 2019. The increase was mainly due to real estate investments. Growth continued in 2023, with €622 million of net operating investments, mainly in engineering and in increasing production capacity.

In 2024 these investments amounted to €617 million, being used to extend several industrial sites and purchase the production and engineering equipment needed for the growth in business.

2.4.3 Acquisitions and equity investments

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

(in millions of euros)	2022	2023	2024	2022/2024 total
Net investments in subsidiaries and affiliates	455	3,595	1,299	5,349
Net disposals of subsidiaries and affiliates	(2)	(132)	(1,658)	(1,792)
NET BALANCE OF ACQUISITIONS AND DISPOSALS	**453**	**3,463**	**(359)**	**3,557**

Acquisitions in 2022

The Group finalized four significant acquisitions in 2022: two cyber security companies, OneWelcome and Maxive (holding company for S21sec and Excellium), RUAG's simulation & training business, and the 51% that it did not already hold in Advanced Acoustic Concepts.

At the end of December 2022, Thales transferred its cellular IoT business to Telit in exchange for a 25% holding in the new entity, Telit Cinterion. This transaction did not give rise to any cash movement.

Acquisitions in 2023

Thales finalized two key acquisitions in 2023.

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

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

These two acquisitions placed Thales among the world leaders in cyber security.

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

Acquisitions in 2024

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

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

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

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

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

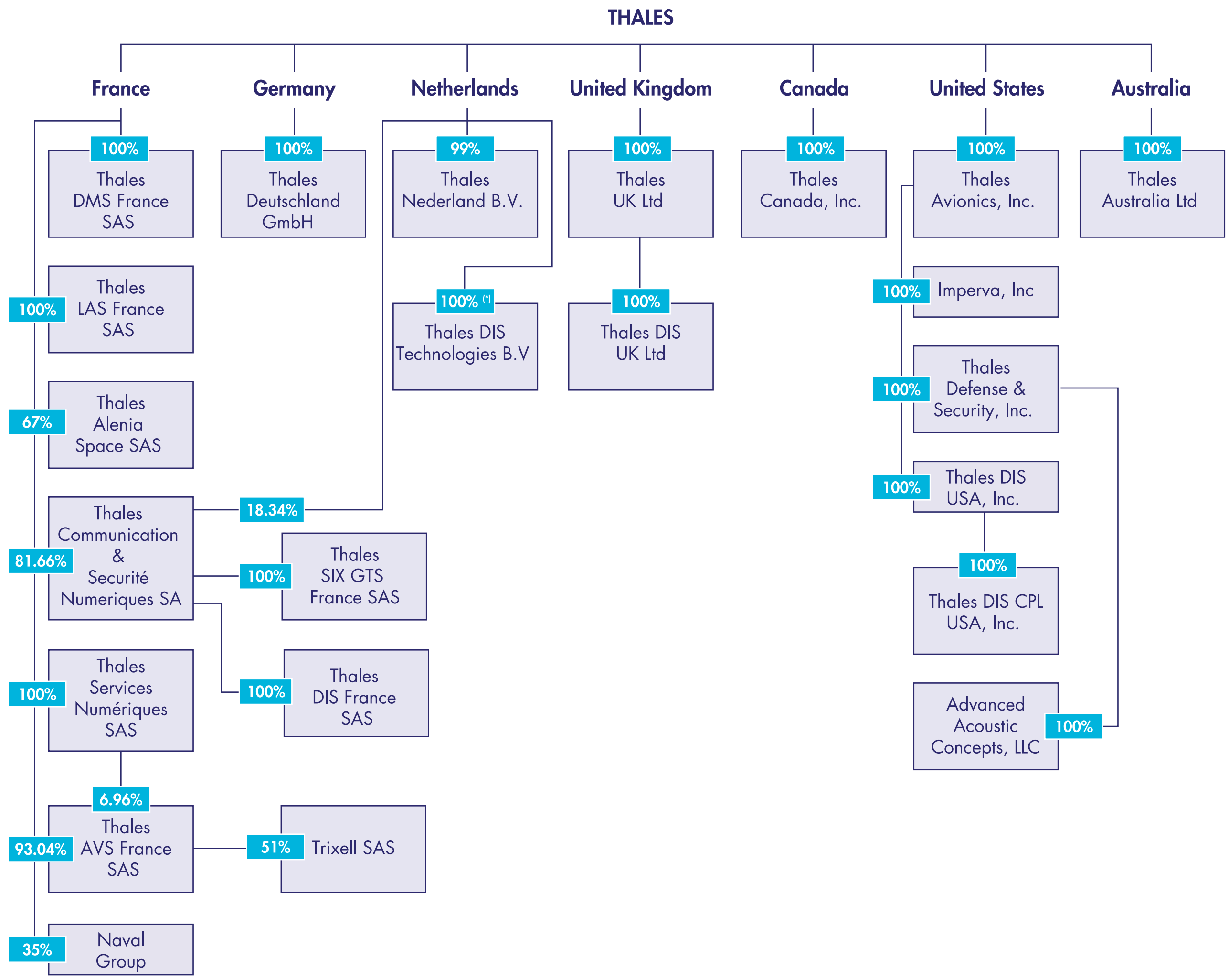
2.5 Organization of the Group

2.5.1 Relations between Thales and its subsidiaries

2.5.1.1 Simplified organization chart at December 31, 2024

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

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



(*) Held by Gemalto B.V.

2.5.1.2 Role of the Thales parent company within the Group

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

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

In addition to these functions, the Thales parent company carries on its own research business, described on pages 38 and following.

A list of the main consolidated companies is shown hereunder.

2.5.1.3 Financial flows between the Thales parent company and its subsidiaries

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

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

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

2.5.2 Data about the main operational subsidiaries and main sites

2.5.2.1 List of the main consolidated companies

A list of the main consolidated companies is included in Note 15 to the Group's consolidated financial statements (page 303).

2.5.2.2 Main sites

At the end of 2024, twenty sites employed over 1,000 people:

Au 31 December 2024	Workforce	Status	Surface area *(in m²)*
France			
Bordeaux	2,815	Freehold/leasehold	65,100
Brest	1,814	Leasehold	60,900
Cannes	1,676	Freehold/leasehold	63,300
Cholet	1,987	Leasehold	61,800
Élancourt	3,646	Leasehold	113,000
Gennevilliers	3,517	Leasehold	91,900
Limours	1,351	Leasehold	26,300
Meudon	1,231	Leasehold	23,100
Rungis	1,022	Leasehold	29,300
Sophia	1,141	Freehold/leasehold	37,800
Toulouse	4,830	Freehold/leasehold	162,800
Vélizy	3,760	Leasehold	88,200
United Kingdom			
Crawley	1,656	Leasehold	34,200
Netherlands			
Hengelo	2,116	Freehold	56,700
Australia			
Sydney	1,241	Leasehold	79,600
Singapore			
Singapore	2,077	Freehold/leasehold	30,500
Italy			
Rome	1,308	Freehold/Leasehold	52,300
Turin	1,001	Freehold	66,515
India			
Noida	1,288	Leasehold	14,000
Mexico			
Mexico City	1,188	Freehold/Leasehold	22,200

3

Risk factors, internal control and risk management

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

This chapter describes these risks and the environment in which they are managed, in accordance with Article L. 235-1(5° and 6°), L. 233-26 and L. 22-10-10 of the French Commercial Code and Regulation (EU) 2017/1129 of June 14, 2017 revising the Prospectus Directive 2003/71 (EC) of November 4, 2003 (the Prospectus Regulation). It has also been prepared in consideration of the Guidelines on risk factors issued under the said Prospectus Regulation issued by the ESMA on October 1st, 2019 (ESMA 31-62-1293 FR), with which the AMF has declared to comply as from December 4, 2019 and which it has commented on in the guide for the preparation of Prospectuses of July 28, 2023 (DOC AMF 2020-06) and in the guide for the preparation of Universal Registration Documents also updated on July 28, 2023 (DOC AMF 2021-02). It was approved by the Board of Directors at its meeting on April 2, 2025. Some of the risks listed in this chapter are marked "IRO", in reference to the notion of Impacts/Risks/Opportunities used in the implementation of the European CSRD. The methods used to manage these risks are described in the Sustainability Report (chapter 5, part 1 below).

Thales is exposed to various risks and uncertainties which could affect its activities, business reputation, profitability, or ability to achieve its financial and sustainability objectives. To address these risks and uncertainties, the Group:

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

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

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

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

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

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

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

Promote the consistency of action with the values of the Group

The Group's approach to risk management is consistent with its values, particularly with regard to the strict compliance of its business activities with national and international rules and legislation.

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

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

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

This section sets out what Thales considered to be the main risks at end of 2024. It was prepared on the basis of the conclusions from the risk management, internal control, and internal audit work carried out by the Group in 2024. The results of this work were reviewed at the various meetings of the Risk Assessment Committee and the Risk Management Committee (see section 3.4.2) during the year as well as at meetings of the Audit and Accounts Committee held in 2024.

The work allows residual risks, as estimated by the Group at the end of 2024 after the deployment of risk control resources and actions, to be ranked by criticality:

- significant;
- moderate;
- low.

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

Low residual criticality	Moderate residual criticality	Significant residual criticality
• Protecting intellectual property	• Dependence on suppliers	• Economic, geopolitical and social environment
• Liquidity, exchange rates, and customer credit	• Cybersecurity	• Contract execution
• Integration of acquisitions	• Compliance	• Competitive positioning of products and services
• Investment management	• Environment and climate	• Attracting, developing, and retaining talent

Furthermore, for each of the risk types described above (operational and strategic risks, legal and regulatory risks, financial risks), the residual risk estimated by the Group to be the most critical at the end of 2024, following the deployment of risk control resources and actions, is described first.

3.1 Operational and strategic risks

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

Residual criticality: significant

Risk identification

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

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

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

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

Risk monitoring and management

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

The overall solidity of the portfolio is also underpinned by a large diversified order base with a unit value of usually less than €100 million. By way of illustration, 44% of orders taken between 2019 and 2024 were for less than €10 million.

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

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

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

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

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

3.1.2 Risks related to the competitive positioning of products and services

Residual criticality: significant

Risk identification

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

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

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

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

Risk monitoring and management

The Global Business Units and Business Lines, which are responsible for the product policy and R&D for their scopes are organized by market to achieve coherent management of innovation efforts and a consistent response to customer needs.

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

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

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

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

In civil telecommunications satellites, which account for a third of its business, Thales Alenia Space is adapting its structure to the downturn in the geostationary satellite market and developing the technologies needed for the next generation of constellations (IRIS^2, etc.).

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

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

3.1.3 Risks related to the integration of acquisitions

Residual criticality: low

Risk identification

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

Risk monitoring and management

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

Prior to any proposed acquisition, the Group performs audits and due diligence with the help of external advisors where necessary, in order to analyze the target's situation and determine its value. All acquisition projects are reviewed at each major stage of the transaction by the Group's management (Mergers & Acquisitions Committee) to confirm its interest and set the conditions for its completion. For each acquisition, an integration plan, structured around a dedicated Group instruction, is systematically defined, implemented and monitored by the M & A Committee. Major acquisitions are subject to internal audits within six months and then within two years of completion.

3.1.4 Risks related to contract execution

Residual criticality: significant

Risk identification

A significant proportion of Thales' business takes the form of long-term projects which are won in what is sometimes a highly competitive process.

These projects:

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

Their contractual structure (prime contractor for large systems, consortium, joint venture, public-private partnership, etc.) can also add constraints and complexity.

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

Since the most complex contracts run over several years, in accordance with current accounting standards, their economic contribution to the Group's results over a given year may be recognized, consistent with the accounting standards in effect, on the basis of an estimate of the costs at completion, which can be corrected later. See Note 1.4 "Main sources of estimates", section 7.1.6 of this document

Risk monitoring and management

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

- during the bidding phase the management of commitments is helped by independent peer reviews and by the involvement of the Technical Engineering, Purchasing, Production, Legal and Contracts, Finance, and Quality functions. It is verified that the proposed solution meets the customer's requirements, is in line with a product policy, is based on sufficiently mature technologies, will benefit from the necessary resources and skills, and will be achievable within the expected timescales and conditions;
- a criticality ranking enables the corporate management of the operational entities (Business Lines, Global Business Units, Group corporate management) to monitor and approve bids and projects with the most risk attached to them;
- during the execution phase, regular reviews prepared according to a common format for the entire Group measure the technical, contractual, and financial progress of each contract: for long-term projects, particular attention is paid to changes in costs on completion, risk and supply management, and the implementation of corrective action plans. See Note 10.3 "Provisions for liabilities and charges", section 7.1.6 of this document.

Risk identification	Risk monitoring and management

3.1.4 a) Industrial cooperation and offsets

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

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

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

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

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

The Group has set up specific central organizations to:

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

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

3.1.4 b) Customer satisfaction (IRO)

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

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

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

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

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

1 2 3 4 5 6 7 8

3.1.5 Risks related to the Group’s attractiveness and to talent development and retention (IRO)

Residual criticality: significant

Risk identification

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

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

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

Risk monitoring and management

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

To maintain and develop its attractiveness, in 2024, the Group also:

- strengthened its visibility on social networks through numerous publications and targeted campaigns, which have helped to raise the profile of the Group's employer brand (3rd preferred employer of engineers in France, 35th in the UK) and to the success of the “Thales Carrières” website, with 4 million “visits” and over a million applications submitted;
- revitalized relations with candidates, starting from their first contact with the Group, thanks to a new organization of the Talent Acquisition department, and reduced recruitment lead times;
- supported employee mobility and professional development by broadening its training offering, in line with the objective of becoming a “learning company”, through:
  - the launch of new academies dedicated to the Group's various businesses, functions and areas: by the end of 2024, 31 academies run by 1,600 “in-house trainers” had been set up, enabling many countries to share their knowledge in this way,
  - an increase in the number of hours of training per employee (37% of which is e-learning);
- strengthened initiatives to promote diversity and an inclusive culture.

3.1.6 Risk of dependence on suppliers

Residual criticality: moderate

Risk identification

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

This excessive dependence can take several forms:

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

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

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

Risk monitoring and management

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

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

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

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

3.1.7 Cyber risks (IRO)

Residual criticality: moderate

Risk identification

3.1.7 a) Cybersecurity of the Group's information systems

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

The malfunction or failure of these systems may have:

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

Any such malfunction or failure can have an impact on the Group's operations and its financial results. In the geopolitical climate of 2024, attack trends are on the rise and include attempts to steal identifiers, exploit vulnerabilities, evade detection, "ransomware" attacks for financial or disruptive purposes, attacks on less well-protected partners or suppliers with the aim of stealing data or enabling rebound attacks. The attackers' motivations could be linked to industrial espionage or to the desire to disrupt the Group's operational activities through sabotage.

Risk monitoring and management

In 2024, the Group brought together within a Cybersecurity Department its activities, teams and resources for the cybersecurity of information systems (IS/IT), technical infrastructures (OT) and delivered products and solutions. This organization implements a coherent, global cybersecurity policy and management system for projects, solutions and systems delivered to customers (from quotation to decommissioning), and simplifies the exchange of information on cyber risks with customers, suppliers and partners.

Efforts to raise awareness and provide training in cyber-risk management are ongoing and on the increase, notably through:

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

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

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

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

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

Risk identification	Risk monitoring and management

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

Risk identification

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

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

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

Risk monitoring and management

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

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

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

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

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

3.1.8 Environmental risks and climate (IRO)

Residual criticality: moderate

Risk identification	Risk monitoring and management

3.1.8 a) Environmental impacts of the Group's activities

Risk identification

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

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

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

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

Risk monitoring and management

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

The Group has introduced an organization, processes, and tools to control the activities carried out at its industrial sites and to limit their environmental impact (see section 5.1.1.2.1.b).

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

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

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

Risk identification

3.1.8 b) Impacts of regulatory changes

The complexity and rapid evolution of environmental regulations, as well as non-financial reporting constraints, the increasing integration – by Group clients – of ESG criteria in calls for tenders, changes in societal expectations, or voluntary sector commitments could, in particular for products and solutions with long development cycles (e.g. aeronautics), disqualify technical solutions developed by the Group or its subcontractors.

This could give rise to a need to:

- qualify and implement alternative solutions;
- adjust supply chains;
- upgrade certain industrial facilities;
- commit to significant cost outlays and incur delays related to these changes;
- adopt new information collection and analysis tools and develop standardized quantification methods;
- develop a number of internal skills and resources.

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

Risk monitoring and management

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

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

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

3.1.9 Risks related to investments

Residual criticality: low

Risk identification

Thales carries out some of its business through companies in which control is shared with, or exercised by, other partners. In 2024, the share in net income of equity affiliates accounted for around 6% of the Group Adjusted EBIT.

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

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

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

Risk monitoring and management

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

3.2 Legal and regulatory risks

3.2.1 Compliance (IRO)

Residual criticality: moderate

Risk identification

3.2.1 a) Trade Compliance

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

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

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

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

Risk monitoring and management

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

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

It is based on the following principles:

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

Details of this program and the Group's Trade Compliance organization are set out in section 5.1.4.1 of this document.

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Risk identification	Risk monitoring and management

3.2.1 b) Compliance with rules of ethical business conduct (particularly anticorruption and influence peddling)

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

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

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

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

In 2024, the ISO 37001 "Anti-bribery management systems" certification was 1) renewed by AFNOR for a new period of 3 years (2024-2026) for a scope comprising Thales SA, the companies it controls in France, and several subsidiaries of Thales International SAS (Thales EURAM, Thales AMEWA and Thales NSEA) and the companies controlled by Thales UK Ltd in the United Kingdom, by Thales Nederland BV in the Netherlands, and Thales Canada Inc in Canada, and by Thales USA Inc. in the United States and 2) extended to two important zones of its international organization: Germany and Australia/New Zealand. The Group plans to extend this certification scope to Thales Italia SpA in 2025. ISO 37001 certification is only awarded to companies able to demonstrate that they have a structured, effective Anti-Bribery Management System (ACMS) that complies with the most demanding international standards and is backed by a strong commitment from senior management.

In 2024, the Group continued rolling out its new Anti-Corruption Internal Control Manual (MCIA) and the Minimum Anti-Corruption Questionnaire (MAQ) specifically aimed at some 200 very small Group entities (small subsidiaries, representative offices, stable establishments, etc.).

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

The Group's corruption and influence peddling prevention and detection policy is described in section (5.1.4.1.2) of this document.

Risk identification	Risk monitoring and management

3.2.1 c) Compliance with competition rules

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

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

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

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

The program for compliance with competition rules put in place by the Group is detailed in section 5.1.4.1.2 of this document.

Risk identification	Risk monitoring and management

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

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

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

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

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

In 2024, the Group strengthened its personal data protection commitments by adopting a new standard: the "Binding Corporate Rules (BCR)". These define the principles and procedures that each Group company implements, and that each employee undertakes to respect in the course of his or her duties, in order to protect and secure the personal data processed, in compliance with applicable legislation. BCR also governs the transfer of personal data between Group entities.

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

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

3.2.2 Protecting intellectual property

Residual criticality: low

Risk identification	Risk monitoring and management

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

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

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

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

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

Given the nature of its activities and the specific features of its products, Thales conducts most of its research and development work inhouse and focuses on controlling the key technologies which are critical to the business.

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

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

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3.3 Financial risks

3.3.1 Liquidity, exchange rates, and customer credit

Residual criticality: low

Risk identification	Risk monitoring and management
3.3.1 a) Liquidity	
The Group's liquidity risk is the risk of it being unable to meet its cash needs out of its financial resources. In particular, it relates specifically to Thales' level of exposure to changes in the main market indicators that could lead to an increase in the cost of credit or even to a temporary limitation of access to external sources of financing.	The Group manages this risk by trying to anticipate its cash needs and ensures that these are covered by the Group's short-term and long-term financial resources, as follows: • shareholders' equity, detailed in Note 8 to the consolidated financial statements; • gross debt, particularly bonds, a detailed presentation of which, including a breakdown by maturity, is given in Note 6.2 to the consolidated financial statements; • a confirmed bank credit line totaling €1,500 million, not used as of December 31, 2024, maturing in 2028; • as well as a commercial paper program (NeuCP).

Risk identification	Risk monitoring and management
3.3.1 b) Exchange rates	
Due to the international nature of its business, Thales is exposed to the risk of exchange rate fluctuations. The main exposure arises from current business activity when some of the business is billed in a currency other than the functional currency of the entity bearing the related costs. To a lesser extent, cash pooling and the holding of net assets in countries outside the eurozone also expose the Group to a foreign exchange risk. The financial statements of Thales' subsidiaries located in countries where the functional currency is not the euro are translated into euros in the Group's consolidated financial statements. A fall in these currencies against the euro is likely to have a negative impact on the accounts. Its impact on profitability is limited however since the cost base of these subsidiaries is essentially in the same currency as their sales. The main currencies concerned are the pound sterling, the US dollar and the Australian dollar. In addition, for certain Group businesses, in particular in civil aviation, the US dollar ("USD") is the reference transaction currency. For activities performed outside the dollar zone, the fall in the USD against the functional currency of the entity concerned might negatively impact the Group's financial statements. Lastly, Thales is also exposed to an "indirect" dollar risk on contracts denominated in currencies other than the dollar. This occurs when the Group is bidding against companies that benefit from a cost base in dollars.	A significant portion of Thales' activity is naturally protected from foreign exchange rate fluctuations since more than 40% of its sales are generated in the euro zone, which is also the region where the Group conducts most of its manufacturing. When the US dollar is the transaction currency for business performed outside the dollar zone, a specific policy for hedging foreign exchange risk is implemented through market transactions (forwards and options). A similar approach is adopted when a customer requires a contract denominated in a currency other than the functional currency of the entity in question. Additional information can be found in Note 6.6 a) in the consolidated financial statements as of December 31, 2024.

Risk identification	Risk monitoring and management

3.3.1 c) Customer credit

Risk identification

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

Governmental customers account for around 60% of Thales' sales. Among the countries with which Thales works, some of them could present a significant credit risk which could for example lead them to suspend an order in production or render them unable to pay on delivery as agreed under the terms of the contract.

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

Risk monitoring and management

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

Additional information can be found in Note 6.6 b) to the consolidated financial statements as of December 31, 2024.

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

Additional information can be found in Note 6.6 b) in the consolidated financial statements as of December 31, 2024.

3.4 Risk control environment

3.4.1 Internal environment

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

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

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

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

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

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

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

a) The main operational players of risk management

As of December 31, 2024, the Thales organization is based on a two-dimensional matrix structure, Global Business Units (GBUs) and countries:

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

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

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

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

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

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

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

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

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

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

b) The main internal control and risk monitoring functions

Operations and performance function

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

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

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

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

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

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

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

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

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

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

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

Finance function

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

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

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

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

  The Group's accounting and financial procedures, presented in Chorus 2.0, are applicable to all entities. In particular, they define:

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

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

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

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

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

  Annual budget targets are set in three stages:

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

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

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

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

The Group did not suffer any major losses during the year 2024.

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

For property damage and consequential business interruption insurance, the maximum limit of coverage in 2024 is €1.3 billion. This limit takes into consideration the estimated maximum possible loss caused to a specific industrial site.

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

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

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

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

At the same time, an active policy of prevention and protection of industrial sites aims to reduce the frequency and magnitude of accidental fire or explosion risks as well as to detect other exposures to natural or environmental disasters and the vulnerabilities of critical industrial facilities. In 2024, 50% of the insured values were audited as "multi-hazard" by the insurers in the context of their visits to the main operational sites.

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

In addition, a policy of prevention of critical supplier sites has been pursued, aimed at reducing the risk of operating losses for Thales due to an accidental incident occurring on their sites.

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

The Health, Safety and Environment (HSE) function

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

This scope includes:

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

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

- prevent and limit the impact of HSE risks: by identifying and characterizing them according to local specificities, by ensuring their control through the deployment of formalized processes and regularly updated action plans, and by anticipating new risks;
- develop HSE crisis management reference scenarios;
- alert to significant HSE risks and manage crisis situations in this area in accordance with Group governance.

The Ethics & Integrity function

The Ethics & Integrity Department develops and updates the Anti-Corruption Compliance Program and other integrity programs. It prepares and proposes to the General Secretariat the key areas of other ethical and corporate responsibility policies on which the Group should position itself, in line with the values and priorities defined by the Group and anticipating changes in society and regulations. It prepares up and updates rules of conduct and internal procedures in these areas (Code of Conduct, Code of Ethics, Group instructions, charters, etc.).

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

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

Legal and contracts function

The Legal and Contracts Department (LCD) is comprised of three organizations:

- **a "corporate" organization** serving the business units, drawing on legal experts in areas such as Mergers & Acquisitions, Litigation, Intellectual Property, etc.;
- **an organization of legal experts and *"Contract Managers"*** deployed within the business units, responsible for providing expertise and support in contractual matters, from the preparation of bids and agreements through to the termination of commitments;
- **an organization of *"Chief Compliance Officers"* and *"Compliance Officers",*** deployed throughout the Group, responsible for implementing the program to prevent corruption and influence peddling. With the help of "Compliance Experts" from the Legal and Contracts Department, this organization also draws up, updates, deploys and implements the other compliance programs relevant to the Group in terms of the most sensitive regulations applicable to its activities (*Trade Compliance*, Competition law, Intellectual Property Protection, Personal Data Protection, Environmental law).

The Human Resources Department (HRD) also has a network of lawyers specialized in labor law who provide support to Group entities. LCD and HRD call on external legal firms if necessary.

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

Corporate risk assessment and internal control function

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

- the Yearly Attestation Letter (YAL) questionnaire: the risk scenarios for which local entities are responsible are certified annually by their management in the form of the YAL questionnaire, which is updated each year and completed by the directors of the business units and their management team. 126 such questionnaires were completed by the Group's business units in 2024. The responses to these questionnaires are analyzed by DARCI and the Risk Advisors network (see below). DARCI also verifies the sincerity and compliance of these declarations on a rotating basis: in 2024, 28 YAL questionnaires were subject to an internal audit.

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- the ICQ questionnaire: based in particular on the recommendation of the French financial markets authority "Internal Control System: Reference Framework" and in liaison with its statutory auditors, the Group uses an Internal Control Questionnaire (ICQ) for its financial community, focusing on the reliability of financial processes and fraud prevention. The questionnaire is updated on a regular basis. The ICQ is made up of internal control objectives linked to the Group's processes and accounting cycles (clients/suppliers/fixtures); it enables the entities to identify their areas for improvement, whether these are due to imperfectly achieved control objectives, incomplete implementation of controls or procedures to be reinforced. In 2024, 144 questionnaires, covering all business units and shared services, were sent out by DARCI and four ICQ questionnaires were audited. It should be noted that 12 control points on the ICQ questionnaire are systematically reviewed by DARCI during YAL audits.
- the Anti-Corruption Internal Control Manual (MCIA): this is organized to cover each of the corruption risks identified in a dedicated, periodically updated risk map, with three levels of control (level one: systematic operational control; level two: ex-post control on samples; level three: audit), involving numerous functions. In 2024, DARCI carried out an assignment to assess the implementation of this recent system.
- the QAM questionnaire: this is intended to prevent the risk of corruption and fraud within the Group's very small entities (representative offices, permanent establishments, small subsidiaries, remote teams, etc.). It comprises 10 control points and must be completed annually under the responsibility of the entity to which the very small entity in question is legally dependent. The Group has around 200 active very small entities. The application of this system is verified particularly through YAL audits.

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

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

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

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

c) Internal audit

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

Since 2006, DARCI has been continuously certified by the French Institute of Audit and Internal Control (IFACI), which ensures that its practices comply with international standards of the profession. In March 2024, a monitoring audit conducted by IFACI based on its 2020 professional standards confirmed this certification.

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

In 2024, 73 audit or advisory assignments, resulting from Group risk analyses and planned according to criteria presented to and validated by the Audit and Accounts Committee, were carried out by the DARCI teams. These tasks covered the following topics:

- operations: bids and projects, product policy, engineering and industry, HSE, information systems security;
- compliance: anti-corruption, export control, personal data protection;
- Governance: organization, shared services, joint ventures, monitoring of acquisition operations;
- internal control: integrity audits of internal control questionnaires (YAL, ICQ, and Welcome audit), structuring internal sustainability control.

3.4.2 Supervisory, monitoring and control bodies

Board of Directors

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

Audit and Accounts Committee

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

The Audit and Accounts Committee met five times in 2024.

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

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

Risk Management Committee

This Committee, chaired by the Chairman and Chief Executive Officer, is responsible for defining the level of risk acceptable to the Group, allocating responsibilities for monitoring and controlling these risks, defining the strategy for transferring certain risks to insurance, validating the Group's risk map and, more generally, ensuring the completeness of the risk assessment and management system with a view to controlling risks. It is based on the work of the Risk Assessment Committee. In 2024, this Committee met twice.

Risk Assessment Committee

This Committee is chaired by the Director of Audit, Risks and Internal Control (DARCI). It is responsible for analyzing losses and changes in threats, updating and prioritizing risk scenarios, ensuring that they are appropriated within the Group, drawing up risk maps and making recommendations to the Risk Management Committee to improve the Group's overall management and control of risks. In 2024, the Risk Assessment Committee met every half-year with each of the six Global Business Units, and on one other occasion on a specific topic.

Integrity and Compliance Committee

Chaired by the Group's Company Secretary, this Committee is composed of the directors in charge of the Ethics, Integrity and Corporate Responsibility, Legal and Contracts, and Audit, Risks and Internal Control Departments. It meets at least once a month and its main task is to oversee the development, deployment, implementation, evaluation and updating of the Group's Integrity and Compliance Program. It is also responsible for assessing the criticality of internal alerts received within the Group and allegations of integrity and compliance violations brought to its attention. This Committee met 14 times in 2024.

The CSR Strategic Committee

This Committee, chaired by the Chairman and CEO, is a strategic decision-making body dedicated to Corporate Social Responsibility at the Executive Committee level. Its role is to validate Thales' CSR policy, strategy and objectives, including the associated indicators and quantified targets. It ensures that the Group's strategy takes account of CSR goals and objectives, agrees on priorities and action plans to achieve these objectives, and periodically reviews progress. It also ensures that the resources, investments and resources committed to support the Group's CSR ambition and objectives are adequate. This Committee met four times in 2024.

External audit and control of financial information and sustainability

Each year, the Finance Department reviews the external audit instructions with the statutory auditors. It describes the various stages of intervention by the external auditors.

The consolidated companies are classified in three categories according to their size and the risks they may incur. They are subject to either an in-depth review, a limited review, or a review for statutory purposes.

Following the entry into force in 2024 in France of the European CSRD, the Group's sustainability report is subject to assessment by sustainability auditors.

The statutory auditors also present recommendations to the Group's Management each year, in the context of the closing of the annual financial statements, concerning the improvement of internal control.


THALES

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Governance and compensation

4.1 Composition of the Board of Directors

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

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

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

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

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

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

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

The 2014 Annual General Meeting set the term of office for directors at 4 years.

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

4.1.2 Composition of the Board as of December 31, 2024

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

Directors at December 31, 2024	Age	Gender	Nationality	Number of shares Thales	Number of terms of office held in other listed companies
Appointed by the Annual General Meeting (13) or by decree (1) [(a)]					
On the proposal of the Public Sector (5)					
Patrice Caine, Chairman and Chief Executive Officer	54	M	French	25,884 [(h)]	1
The French State, represented by Mr. Alexis Zajdenweber [(a)]	48	M	French	2,060 [(c)]	0
Delphine Gény-Stephann [(b)]	56	F	French	200	0
Bernard Fontana [(b)]	63	M	French	0	1
Anne Rigail [(b)]	55	F	French	0	0
On the proposal of the Industrial Partner (Dassault Aviation) (4)					
Charles Edelstenne [(d)]	86	M	French	509	3
Loïk Segalen	64	M	French	509	1
Éric Trappier	64	M	French	500	1
Marie-Françoise Walbaum	74	F	French	500	2
Representative of employee shareholders (1)					
Philippe Lépinay	71	M	French	1,293	0
External Directors (4)					
Ruby McGregor-Smith Independent director [(e) (f)]	61	F	British	500	1
Marianna Nitsch Independent director [(e)]	56	F	Austrian	500	0
Loïc Rocard Independent director [(e)]	52	M	French	500	0
Anne-Claire Taittinger Independent director [(e)]	75	F	French	612	0
Appointed by the trade unions (2)					
Anne-Marie Hunot-Schmit	60	F	French	160	0
Stéphane Jubault [(g)]	57	M	French	14	0

(a) Since September 5, 2023, the French State has appointed its representative on the Board directly by decree, without seeking the approval of the Annual General Meeting of shareholders (see Article 4.1 paragraph 1 of Ordinance No. 2014-948). By decree dated January 29, 2024, Mr. Alexis Zajdenweber succeeded Mr. Emmanuel Moulin as the State's new representative on the Board of Directors.
(b) Director proposed by the State (section 6 of Ordinance No. 2014-948).
(c) The French State holds 2,060 Thales shares directly, and 54,786,654 indirectly via its 100%-owned subsidiary TSA SAS. Its representative, Mr. Alexis Zajdenweber, is not required to hold any share (Article 5 of Ordinance No. 2014-948) and does not hold any.
(d) Mr. Charles Edelstenne has resigned from his directorship with effect from January 9, 2025. On February 4, 2025, the Board of Directors co-opted Ms. Valérie Guillemet to the Board for the remainder of her term, i.e. until the Annual General Meeting called in 2026 to approve the financial statements for the year ended December 31, 2025.
(e) Independence within the meaning of the Afep-Medef code, confirmed by the Board of Directors on April 2, 2025.
(f) Director appointed by the Annual General Meeting of May 15, 2024, succeeding Mrs. Ann Taylor, who resigned at the close of the Meeting.
(g) Director representing employees, appointed with effect from December 9, 2024, succeeding Ms. Nadine Relier-David.
(h) Of which 4,700 shares are held through a holding company controlled by the person concerned.

Directors at December 31, 2024	1[st] appointment	Current term		Committees*			Attendance in financial year 2024			
		Starts	Ends	S&C	A&A	G&R	Number of meetings taken into account and attendance rates [(c)]			
							Boards		Committees	
Appointed by the Annual General Meeting (13) or by decree (1) [(a)]										
On the proposal of the Public Sector (5)										
Patrice Caine, Chairman and Chief Executive Officer	12/23/2014	05/11/2022	2026 OGM	Chair			7	100%	6	100%
The French State, represented by Mr. Emmanuel Moulin [(a) (i)]	[(a)]	Decree of 09/05/2023	09/04/2027	Member		Member	7	100%	11	100%
Delphine Gény-Stephann [(b)]	05/06/2021	05/06/2021	2025 OGM				7	100%	n/a	n/a
Bernard Fontana [(b)]	01/30/2018	05/06/2021	2025 OGM		Member		6	86%	6	100%
Anne Rigail [(b) (h)]	05/06/2021	05/06/2021	2025 OGM	CSR[(h)]			7	100%	5	100%
On the proposal of the Industrial Partner (Dassault Aviation) (4)										
Charles Edelstenne [(d)]	05/19/2009	05/11/2022	2026 OGM	Member			7	100%	6	100%
Loïk Segalen	05/19/2009	05/11/2022	2026 OGM		Member		7	100%	5	100%
Éric Trappier	05/19/2009	05/11/2022	2026 OGM			Member	5	71%	6	100%
Marie-Françoise Walbaum [(h)]	09/17/2013	05/11/2022	2026 OGM	CSR[(h)]			7	100%	5	100%
Representative of employee shareholders (1)										
Philippe Lépinay	04/01/2007	05/06/2021	2025 OGM	Member			7	100%	6	100%
External Directors (4)										
Ruby McGregor-Smith Independent director [(e) (f) (i)]	05/15/2024	05/15/2024	2028 OGM				4	100%	n/a	n/a
Marianna Nitsch Independent director [(e)]	05/10/2023	05/10/2023	2027 OGM				7	100%	n/a	n/a
Loïc Rocard Independent director [(e)]	09/28/2023	05/15/2024	2028 OGM			Chair	7	100%	6	100%
Anne-Claire Taittinger Independent director [(e)]	05/15/2012	05/11/2022	2026 OGM		Chair		7	100%	5	100%
Appointed by the trade unions (2)										
Anne-Marie Hunot-Schmit	12/09/2016	12/09/2024	12/08/2028		Member	Member	6	86%	10	91%
Stéphane Jubault [(g) (i)]	12/09/2024	12/09/2024	12/08/2028	Member			—	—	1	100%

(a) Since September 5, 2023, the French State has appointed its representative on the Board directly by decree, without seeking the approval of the Annual General Meeting of shareholders (see Article 4.1 paragraph 1 of Ordinance No. 2014-948. By decree dated January 29, 2024, Mr. Alexis Zajdenweber succeeded Mr. Emmanuel Moulin as the State's new representative on the Board of Directors.
(b) Director(s) proposed by the State (section 6 of Ordinance No. 2014-948).
(c) Attendance is calculated in relation to the total number of meetings for which the director was in office on the respective Board or Committee. The attendance rate of directors who left office during 2024 was, for Ms. Nadine Relier-David, 100% over the seven meetings of the Board and the five meetings of the Strategic and CSR Committee, and, for Ms. Anne Taylor, 67% over the three Board meetings held in 2024, until the termination of their duties. Lastly, Mr. Emmanuel Moulin did not take part in the meeting of the Strategic & CSR Committee held in early 2024, just before he stepped down as the French State's representative on the Board of Directors.
(d) Mr. Charles Edelstenne has resigned from his directorship with effect from January 9, 2025. On February 4, 2025, the Board of Directors co-opted Ms. Valérie Guillemet to the Board for the remainder of her term, i.e. until the Annual General Meeting called in 2026 to approve the financial statements for the year ended December 31, 2025.
(e) Independence within the meaning of the Afep-Medef code, confirmed by the Board of Directors on April 2, 2025.
(f) Director appointed by the Annual General Meeting of May 15, 2024, succeeding Mrs. Ann Taylor, who resigned at the close of the Meeting.
(g) Director representing employees, appointed with effect from December 9, 2024, succeeding Ms. Nadine Relier-David.
(h) Ms. Anne Rigail and Ms. Marie-Françoise Walbaum attend meetings of the Strategic & CSR Committee for CSR-related agenda items, as well as meetings of the two other Committees dealing with CSR issues.
(i) Percentages calculated on the basis of the number of meetings held since the start of the concerned parties' term of office during 2024.

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

At December 31, 2024, the Board of Directors comprised a single executive member, namely the Chairman and Chief Executive Officer, Mr. Patrice Caine, and 15 non-executive members.

The average age of the directors is 62.9 years as of December 31, 2024. At that time, in the absence of a specific provision in the Articles of Association, ordinary law applied to the age of directors:

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

b) Independent directors

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

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

At its meeting of March 10, 2025, the Governance and Compensation Committee carefully studied the responses to the detailed questionnaire sent to each of these "External Directors" in February 2025.

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

Mr. Loïc Rocard indicated that he was employed for the entirety of 2024 by a group having business relations with Thales, namely TechnicAtome SA, of which Mr. Loïc Rocard is Chairman and Chief Executive Officer (see biography on page 96).

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

As in 2024, the Committee, after noting that TechnicAtome SA is 20.3% owned by Naval Group SA, itself 35% owned by Thales, concluded that this circumstance was not such as to call into question the independence of Mr. Loïc Rocard, insofar as Thales does not hold any indirect cross-directorships in TechnicAtome. In fact, Thales holds only a minority stake in Naval Group, which in turn holds a minority stake in TechnicAtome SA, whereas the Afep-Medef code stipulates that cross-directorships must be via a subsidiary. The Committee also considered that Mr. Loïc Rocard's concurrent holding of an executive office within a public company is not likely to call into question his independence; a statement to this effect was made to the Board by the representative of the French State.

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

With regard to Ms. Ruby McGregor-Smith, the Committee noted that the sales generated with Thales by the Atkins Realis group, of which she is a director of the Canadian parent company, represent less than 1% of the sales of the two groups. It was noted that the same applies to OpSec Group, a subsidiary of the Special Purpose Acquisition Vehicle Investcorp Europe Acquisition Corp I, of which she was Chief Executive Officer (the Committee having noted that Ms. Ruby McGregor-Smith left this position before the end of 2024).

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

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

In light of these factors, the Board has decided to confirm Ms. Anne-Claire Taittinger's status as an independent director. The Board will discuss, at least annually, whether to maintain Ms. Anne-Claire Taittinger's status as an independent director, and will report on this in each report on corporate governance.

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

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

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

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

At April 2, 2025, the date on which the 2024 company management reports were closed, the Board of Directors has four independent directors, representing 31% of its members (excluding directors representing employees and employee shareholders, as specified by the Afep-Medef code). This proportion is slightly lower than the one-third recommended by the code in controlled companies. For the purposes of the sustainability report, these independent directors represent 27% of the total number of non-executive directors (four out of fifteen).

c) Changes in the composition of the Board of Directors and Committees during the financial year 2024 (prepared in accordance with Appendix III of the AFEP-MEDEF code)

	Departures	Appointments	Reappointments
Board of Directors	Emmanuel Moulin [(a)] Ann Taylor Nadine Relier-David	Alexis Zajdenweber [(a)] Ruby McGregor-Smith Stéphane Jubault	Anne-Marie Hunot-Schmit
Strategy and Corporate Social Responsibility Committee	Emmanuel Moulin Nadine Relier-David	Alexis Zajdenweber Stéphane Jubault	
Audit and Accounts Committee			Anne-Marie Hunot-Schmit
Governance and Compensation Committee	Emmanuel Moulin	Alexis Zajdenweber	Anne-Marie Hunot-Schmit

(a) As representative of the State.

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

a) Diversity policy

The directors assessed the achievement of the Board's diversity targets initially set at its meeting on March 5, 2018 and subsequently confirmed, as well as their potential development for 2025.

Diversity target wording	Findings from 2024	Possible reassessment of the target for 2025
Varied and complementary expertise and experience on the Board	By virtue of their experience, the directors possess skills in all of the Group's business sectors (aerospace, space, defense, cybersecurity, digital technology and digital identity) as well as in key cross-disciplinary areas such as finance, industry and human resources. See sections 4.1.3 b and c below for a matrix of directors' skills and CSR experience.	Target unchanged. The Board noted certain desirable skills during the assessment conducted in 2024.
A balanced representation of men and women on the Board and its Committees	The target was considered met. As of December 31, 2024, the percentage of women on the Board of Directors was 46% (6 out of 13 directors), excluding the representatives of employees and employee shareholders [(a)], and 44% (7 out of 16 directors), taking into account all directors. It is to be noted that, for the purposes of the Sustainability Report, this percentage was 49.6% on average for 2024.	Target unchanged
Balance in terms of seniority of directors	This target was considered met. The Board noted that, as of December 31, 2024, directors with more than 8 years' seniority represented 50% of the Board, and that directors with less than 4 years' seniority represented 44%.	Target unchanged

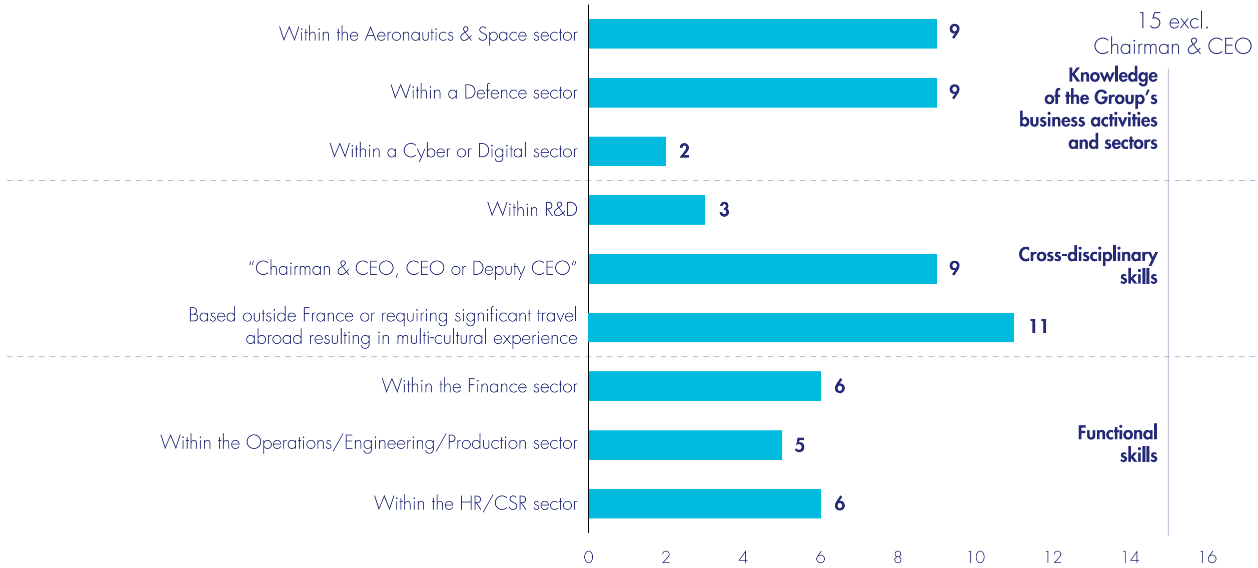
(a) The objectives set by law No. 2011-103 of January 27, 2011, on balanced representation of men and women on boards of directors and supervisory boards and on gender equality in the workplace (minimum 40% of women and men among directors, excluding directors representing employees and employee shareholders),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

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

b) Skills matrix

The self-assessment of the Board's skills as at April 2, 2025 (thus taking into account any changes that have occurred within the Board since the beginning of 2025), carried out by the directors on the basis of the positions they have personally held during their careers, is presented below in aggregate and not by name, excluding the skills of the Chairman and Chief Executive Officer. It attests to the diversity and complementarity of expertise and experience within the Board.

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



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

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c) Sustainability expertise, skills and training

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

For the purposes of the Sustainability Report, the table below presents, for each of the "Environment", "Social & Societal" and "Governance" areas, which include the material opportunities, impacts and risks for the Group presented in section 5.1.1.4, the link between the latter and the experience and expertise of the directors, which were surveyed with stakeholders in March 2025:

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

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

In September 2023, the directors attended a training course on the challenges of climate change led by a renowned glaciologist. During 2024, they received two presentations on the Group's preparation for the new sustainability reporting.

4.1.4 Directors' biographies (at December 31, 2024)

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

4.1.4.1 Directors appointed by the General Meeting

PATRICE CAINE

(54 years old)

Chairman and Chief Executive Officer

Chairman of the Strategic & CSR Committee

Date of first appointment
12/23/2014

Seniority on the Board
10 years

Current term expires
2026 AGM

Number of shares held

- 25,884 Thales shares (of which 21,073 are held personally in registered form and 4,700 are held through a holding company); and
- 111 through the Group savings plan.

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

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

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

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

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

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

He was awarded the National Defense Medal, bronze level. In 2014, he was named *Chevalier de l'Ordre National du Mérite* [Knight of the National Order of Merit], and in 2017, *Chevalier de l'Ordre National de la Légion d'Honneur* [Knight of the National Order of the Legion of Honor].

List of offices and other positions in French and foreign companies

Positions held in other companies

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

Abroad: none.

Other positions held by Mr. Caine over the last 5 years

In France: none.

Abroad: none.

(1) *Listed company.*

CHARLES EDELSTENNE

(86 years old)

Director nominated by the Industrial Partner

Member of the Strategic & CSR Committee

Date of first appointment
05/19/2009

Seniority on the Board:
15.6 years

Current term expires
2026 AGM

Number of shares held
509 Thales shares

Born on January 9, 1938, Charles Edelstenne is a French national and a certified public accountant.

He spent his career at Dassault Aviation, where he started in 1960 as Director of the Financial Analysis Department. He became the Company Secretary in 1975 and then Vice President for economic and financial affairs in 1986.

Between 2000 and 2012, he served as Chairman and Chief Executive Officer of Dassault Aviation (1).

In January 2013, Charles Edelstenne was named CEO of Groupe Industriel Marcel Dassault GIMD, and then was named Chairman in May 2018 until January 9, 2025.

He served as the Founder, Manager, and Chief Executive Officer of Dassault Systèmes, where he serves as Honorary Chairman and member of the Board of Directors.

Mr. Charles Edelstenne resigned his directorship of Thales with effect on January 9, 2025.

List of offices and other positions in French and foreign companies (at 12/31/2024)

Positions held in other companies

In France: Chairman of Groupe Industriel Marcel Dassault SAS, Honorary Chairman and Director of Dassault Systèmes SE (1), Honorary Chairman of Gifas, Director and Honorary Chairman of Dassault Aviation SA (1), Chairman of Dassault Medias SAS and Chairman of its Board of Directors, Chairman of the Board of Directors of Groupe Figaro SASU, Chairman of Société du Figaro SAS, Director, member of the Compensation Committee and Chairman of the Governance Committee of Carrefour SA (1), Chief Executive Officer of Dassault Wine Estates SASU, Chairman of Rond-Point Immobilier SAS, Manager of Rond-Point Investissement EURL, Manager of the Sociétés Civiles Arie et Arie 2, Nili et Nili 2, and Director of SICAV Monceau DUMAS.

Abroad: Chairman of the Board of Directors of SITAM Belgium SA, Director of Dassault Falcon Jet Corporation (USA).

Other positions held by Mr. Edelstenne over the past 5 years

In France: member of the Supervisory Board of Groupe Industriel Marcel Dassault SAS, director of Sogitec Industries SA until 2019, Chairman of Rond-Point Holding SAS until 2022 and manager of real estate investment company Maison Rouge until 2022.

(1) Listed company.

BERNARD FONTANA

(63 years old)

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

Member of the Audit and Accounts Committee

Date of first appointment
01/30/2018

Seniority on the Board
6.9 years

Current term expires
2025 AGM

Number of shares held

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

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

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

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

In 2012, he became CEO of Holcim, a leader in the global cement industry, where he directed the merger with Lafarge. In September 2015, Bernard Fontana was appointed CEO of Areva NP. In July 2016, he was named Chairman of the Management Board of the group, renamed Framatome in 2018.

Bernard Fontana has also been a director and Chairman of the Arabelle Solutions Board of Directors since May 31, 2024, and Chairman and Chief Executive Officer of Arabelle Solutions since October 28, 2024.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman of the Management Board of Framatome, Chairman and Chief Executive Office of Arabelle Solutions. Member of the Governance Committee at GIFEN and Gifen Services.

Abroad: Director of SSAB (Sweden) (1) and member of its Compensation Committee.

Other positions held by Mr. Fontana over the last 5 years

In France: Executive Vice President of Areva NP.

Abroad: none.

(1) Listed company.

DELPHINE GÉNY-STEPHANN

(56 years old)

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

Date of first appointment
05/06/2021

Seniority on the Board
3.7 years

Current term expires
2025 AGM

Number of shares held
200 Thales shares

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

Born on November 19, 1968, a French national. A graduate of the École Polytechnique, the École des ponts ParisTech, and the Collège des ingénieurs, Delphine Gény-Stephann is a former *Ingénieur en chef* of the *Corps des ingénieurs des ponts, des eaux et des forêts.*

She began her career in 1994 at the Treasury Department of the Ministry of the Economy and Finance. From 1999 to 2005, she served as Head of Office at the *Agence des participations de l'État.* In 2005, Delphine Gény-Stephann joined the High Performance Materials division of the Saint-Gobain group as Development Director, later serving as Finance Director of the Ceramic Materials business line. In 2013, she was appointed Director of External Venturing for the group, responsible for mergers and acquisitions for the Innovative Materials Sector. In 2014, she was named Director of Planning and Strategy for *Compagnie de Saint-Gobain*, a member of the Group's General Management Committee, before being named General Manager of the Silicon Carbide and Quartz business line in 2017. She is also a member of the Board of Directors of Thales and served as a member of its Audit and Accounts Committee from November 2016 to November 2017.

At that time, she was appointed Secretary of State to the Minister of the Economy and Finance, a position she held until October 2018. She has been a consultant since 2019.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Member of the Steering Committee of GENEO Capital, member of the Supervisory Committee of *Holding d'infrastructures des métiers de l'environnement* (controlling entity of the Saur group), member of the EDF Board of Directors.

Abroad: None.

Other positions held by Ms. Gény-Stephann over the past 5 years

In France: none.

Abroad: Non-Executive Director of Eagle Genomics Ltd (UK).

PHILIPPE LÉPINAY

(71 years old)

Director representing employee shareholders

Member of the Strategic & CSR Committee

Date of first appointment

March 8, 2007, effective on the April 1st, 2007

Seniority on the Board:

17.8 years

Current term expires

2025 AGM

Number of shares held

- 552 Thales shares;
- 741 Thales shares in the Group savings plan.

Not required to hold the minimum number of Thales shares provided for in the articles of association (Article L. 225-25 (3) of the French Commercial Code).

Born on December 3, 1953, Philippe Lépinay is a French national and holds an engineering degree from the Institut de marketing international, université Paris VII.

Between 1977 and 1986, he held various sales and marketing positions at the Appalette & Tourtellier Systèmes, Radiall, and SOPEMEA groups.

In 1986, he joined Thales Electron Devices as an export sales engineer; in 2000, he became Director of Development at Thales Engineering & Consulting.

He joined Thales International in 2003. Since 2013, he has served as VP and Director of International Relations at Thales.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Delegate for institutional relations at the *Fédération française des associations d'actionnaires Salariés et anciens Salariés* (FAS), Vice President of the *Fédération des Associations d'actionnaires Salariés de Thales* (FAST), member of the Supervisory Committee of the "Thales Employee Shareholding Fund" (FCPE), member of the Board of Directors the École Nationale des Sous-Officiers d'Active (ENSOA) and member of the Board of Directors of the Franco-Lebanese Chamber of Commerce.

Abroad: none.

Other positions held by Mr. Lépinay over the last 5 years

In France: President of the FAS, member of the *Conseil d'orientation de la participation, de l'intéressement, de l'épargne salariale et de l'actionnariat salarié* (COPIESAS).

Abroad: none.

RUBY McGREGOR-SMITH

(61 years old)

Independent director

Date of first appointment
05/15/2024

Seniority on the Board
0.6 years

Current term expires
2028 AGM

Number of shares held
500 Thales shares

Born on February 22, 1963, Ruby McGregor-Smith, a British national, holds a BA in Economics from Kingston University and a postgraduate diploma in Global Business from Oxford University's Saïd Business School.

After graduating from university, she qualified as a chartered accountant, before joining Serco Group plc, one of the UK's leading utility providers, in 1991, where she spent 9 years in a variety of operational and financial roles.

In 2002, after a brief spell with facilities management company Service Group International (acquired by Babcock International), Ruby McGregor-Smith joined Mitie Group PLC, the UK outsourcing and energy services group, as Finance Director.

In 2005, she was promoted to Group Operations Director, before becoming CEO in 2007, a position she held until December 2016.

In 2012, Ms. McGregor-Smith was appointed Commander of the Order of the British Empire (CBE) for services to business and corporate diversity. She was appointed a Life Peer in August 2015 (currently Independent) and took her seat in the House of Lords on October 16, 2015, where she notably served on the EU Market Sub-Committee from July 2017 to July 2019.

She was also a non-executive board member of the UK Department for Education from 2016 to January 2022, and President of the British Chambers of Commerce from 2020 to September 2022.

Ms. McGregor-Smith is a member of the Institute of Chartered Accountants in England and Wales. She is currently a non-executive director of Atkins-Realis Inc. and a non-executive director of Everyman Media Group plc. She is also Chair of the Institute of Apprenticeships and Technical Education and Airports UK, and non-executive Vice-President and Chair of Tideway Tunnel's Audit and Risk Committee.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: non-executive director of Atkins-Realis Inc. (and member of its Audit and Risks Committee and its Safety, Projects Supervision and Technology Committee) [(1)], non-Executive Director of the Everyman Media Group plc [(1)] and Vice-President non-Executive of the Board of Directors of Bazalgette Tunnel ltd (and responsible for social issues and Chair of its Audit and Risk Committee).

Abroad: Non-Executive Chair of Airports UK, Chair of the Institute of Apprenticeships and Technical Education, President of the Chartered Institute of Personnel and Development (CIPD) (which she left in January 2025). Member of the Advisory Board of Thales UK Plc Board of Directors [(2)].

Other positions held by Ms. McGregor-Smith over the past 5 years

In France: none.

Abroad: Chairman of Mind Gym plc Board of Directors[(1)], CEO of Investcorp Europe Acquisition Corp I [(1)], Chairman of the British Chambers of Commerce, non-executive member of the Board of the UK Department for Education, Pro-Chancellor of University of Surrey.

(1) Listed company.
(2) A Thales Group company.

MARIANNA NITSCH

(56 years old)

Independent director

Date of first appointment
05/10/2023

Seniority on the Board
1.6 years

Current term expires
2027 AGM

Number of shares held
500 Thales shares

Born on April 27, 1968, Marianna Nitsch, an Austrian citizen, holds a degree in law and social sciences from the University of Vienna, and a postgraduate diploma (DEA) in international economic law from université Paris I. Ms. Marianna Nitsch began her career as an M&A business lawyer in Paris, from 1991 to 2001.

She then held positions in the International Legal and Compliance Departments of the Biogen Idec pharmaceutical group in Paris.

In 2007, she joined the General Electric group as General Counsel for real estate activities in France and then Europe, before becoming General Counsel and Compliance Director for all activities in Europe.

In 2013, she joined Chanel group as General Secretary for the EMEA region, and in 2019 became General Counsel, Legal, Compliance and Public Affairs for the entire Chanel group, a member of the Executive Committee and Secretary of the Board of Directors. From 2018 to 2024, she chaired the Fondation Chanel France and was a member of the Board of Directors of the Fondation Chanel UK from 2018 to 2024.

Marianna Nitsch is also involved in a number of associations in France and the UK in the luxury goods sector and for the protection and international promotion of intellectual property (member of the Board of Directors of Unifab and Walpole, and member of Comité Colbert's Advocacy and Public Policy Commission).

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Vice-Chair of the Supervisory Boards of Chanel SAS, Chanel Coordination, Chanel Parfums Beauté, and Ateliers de Verneuil-en-Halatte, Director of the French Association to promote and defend Intellectual Property (Unifab).

Abroad: member of the Walpole Board of Directors (equivalent to the Comité Colbert in the UK).

Other positions held by Ms. Nitsch over the past 5 years

In France: President of the Chanel Foundation in France.

Abroad: board member of the Chanel Foundation in the UK.

ANNE RIGAIL

(55 years old)

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

Date of first appointment
05/06/2021

Seniority on the Board
3.7 years

Current term expires
2025 AGM

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

Born on March 8, 1969, Anne Rigail is a French national and a graduate of the École des Mines de Paris. She joined Air Inter in 1991. In 1996, she was appointed Air France Customer Service Manager for the Paris-Orly office.

In 1999, she became Head of passenger and baggage connections at the Air France hub at Paris-Charles de Gaulle, then Head of customer and baggage products for Ground Operations.

She was named Director of Operations for the Paris-CDG hub in 2005, and then Director of the Paris-Charles de Gaulle hub in 2009.

She joined the Executive Committee in 2013 as Senior Vice President for Flight Service, responsible for Flight Attendants.

In 2017, she was appointed Senior Vice President for Customer Service. In this capacity, she oversees ground and in-flight products and services, including the design of Air France airport lounges, the configuration and modernization of cabins, and the deployment of in-flight connectivity.

On December 12, 2018, Anne Rigail was appointed CEO of Air France.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Ms. Rigail over the past 5 years

In France: President of the *Fondation Air France* since July 2019, member of the Board of Directors of EDF from May to December 2019.

Abroad: none.

LOÏC ROCARD

(52 years old)

Independent director

Chairman of the Governance and Compensation Committee

Date of first appointment
09/28/2023

Seniority on the Board
1.3 years

Current term expires
2028 AGM

Number of shares held
500 Thales shares

Born on June 3, 1972, Loïc Rocard is a French national and a former student at the Polytechnique engineering school. He is also a graduate of the ENAC engineering school, and holds a degree in History from Paris IV Sorbonne and a Master of Science from the University of California at Berkeley.

He began his career in 1997 at *Aéroports de Paris*, where he worked for 10 years. He was first Advisor to the Director of Flight Operations, then Operations Director for the Roissy Charles de Gaulle 2 terminals, before heading the airport's two automatic metro projects.

Loïc Rocard subsequently joined Vinci Group to manage rail concession projects, in particular the tender for Sud Europe Atlantique (the Tours-Bordeaux high speed line). In 2010, he became Operations Director of Cofiroute, before being appointed CEO in 2012.

From May 2014 to May 2017, Loïc Rocard was Advisor, Head of the Transport, Environment, Energy, Housing and Urban Planning Department in the French Prime Minister's Office.

Loïc Rocard is today the Chairman and CEO of TechnicAtome SA, a position he has held since May 2017.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Director of LFB SA.

Abroad: none.

Other positions held by Mr. Rocard over the last 5 years

In France: none.

Abroad: none.

LOÏK SEGALEN

(64 years old)

Director nominated by the Industrial Partner

Member of the Audit and Accounts Committee

Date of first appointment
05/19/2009

Seniority on the Board
15.6 years

Current term expires
2026 AGM

Number of shares held
509 Thales shares

Born on March 27, 1960, Loïk Segalen is a French national and a graduate of the *École Centrale de Lyon* and ESSEC.

He began his career in 1986 in the Finance Department of Dassault International.

He was named as a Financial advisor to the Vice President for Economic and Financial Affairs at Dassault Aviation in 1990; he then served as a deputy Director of this department from 1998 to 1999, after which was appointed a full Director of that department.

In January 2009, Loïk Segalen was appointed Managing Director for Economic and Financial Affairs at Dassault Aviation.

In September 2011, he was appointed Managing Director for Economic and Social Affairs at Dassault Aviation.

In January 2013, he became Deputy CEO of Dassault Aviation.

He is a member of the Management Committee of Dassault Aviation.

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

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Deputy CEO of Dassault Aviation (1), Deputy Chairman of Gifas, member of the Advisory Board of Daher Industrial Services SAS.

Abroad: Director of Dassault Falcon Jet Corporation (USA) and of SITAM Belgium SA.

Other positions held by Mr. Segalen over the last 5 years

In France: Director of Sogitec Industries.

Abroad: Director of Midway Aircraft Instrument Corporation (USA), Director and Member of the Audit Committee of Sabca (1) and Director of Sabca Limburg (Belgium).

(1) Listed company.

ANNE-CLAIRE TAITTINGER

(75 years old)

Independent director

Chairman of the Audit and Accounts Committee

Date of first appointment
05/15/2012

Seniority on the Board:
12.6 years

Current term expires
2026 AGM

Number of shares held
612 Thales shares

Born on November 3, 1949, Anne-Claire Taittinger is a French national and a graduate of the Institut d'études Politiques de Paris. She holds a master's degree in urban sociology, a graduate degree in urban planning, and an MBA from HEC (CPA). She began her career in 1976 in the *Caisse des Dépôts et Consignations* group as head of urban planning operations at the *Société centrale d'equipement du territoire*.

In 1979, she joined the Louvre Group as the Company Secretary and then became Chairman and Chief Executive Officer of *Compagnie Financière Deville*. She successively served as Chairman and Chief Executive Officer of *Compagnie Financière Leblanc* and of Elm-Leblanc, Vice-Chairman and Chief Executive Officer of the Deville industrial group, Chairman and Chief Executive Officer of Parfums Annick Goutal France USA, and then Chairman and Chief Executive Officer of Baccarat.

She became CEO and then Chairman of *Société du Louvre* in 1997. In 2002, she was named Chairman of Groupe Taittinger as well as CEO of its subsidiary *Groupe du Louvre* in the context of a separation of the roles of Chairman and the CEO. She stepped down as a Chief Executive Officer in July 2006, after having managed the sale of the Taittinger group to an investment fund in 2005.

Since September 2006, Anne-Claire Taittinger has been part of the pool investors acquiring Champagne Taittinger.

She became involved in the Women's Forum for the Economy and Society in 2004, where she was a co-founder and an investor.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman of SAS Le Riffray, member of the Board of Directors of Société des Amis du Louvre.

Abroad: none.

Other positions held by Ms. Taittinger over the past 5 years

In France: until July 2018: Director and member of the Nomination and Compensation Committees of Carrefour [1]. Until 2022: Member of the Management Committee of SAS E-Attestation.

Abroad: none.

(1) *Listed company.*

ÉRIC TRAPPIER

(64 years old)

Director nominated by the Industrial Partner

Member of the Governance and Compensation Committee

Date of first appointment
05/19/2009

Seniority on the Board
15.6 years

Current term expires
2026 AGM

Number of shares held
500 Thales shares

Born on June 1st, 1960, Éric Trappier is a French national and a graduate of the École Sud Telecom (formerly known as the Institut National Telecom).

He began his career in 1984 at the Technical Division of Dassault Aviation (responsible for the development of ATL2 and Mirage 2000 systems).

In 1991, he became responsible for sales in India and Asia, and then the United Arab Emirates in 1996.

He was named Director of the Middle East and Africa region in 2000, Director of Military Exports in 2001, and Senior International Vice President in 2002.

In 2006, Éric Trappier was appointed Executive Vice President of Dassault Aviation.

He was appointed Chairman and Chief Executive Officer of Dassault Aviation in January 2013.

He is an *Officier de l'Ordre National de la Légion d'honneur* [Officer of the National Order of the Legion of Honor] and a *Chevalier de l'Ordre National du Mérite* [Knight of the National Order of Merit]. In 2022, he was awarded the Aeronautics medal.

On January 9, 2025, Mr. Éric Trappier became Chairman of Groupe Industriel Marcel Dassault.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Chairman and Chief Executive Officer of Dassault Aviation [1], President of the UIMM, Honorary Chairman of Gifas.

Abroad: Chairman of Dassault Falcon Jet Corporation (USA), member of the Board of Directors of ASD (Belgium), and Director of Dasbat Aviation LLC (United Arab Emirates).

Other positions held by Mr. Trappier over the last 5 years

In France: Director of Sogitec Industries (France), President of Gifas, Chairman of Cidef.

Abroad: Director and Chairman of Dassault International Inc. (USA), Chairman of the Defense Committee and then Chairman of ASD (Belgium). Chairman and director of Dassault Reliance Aerospace Limited (DRAL) (India).

(1) *Listed company.*

MARIE-FRANÇOISE WALBAUM

(74 years old)

Director nominated by the Industry Partner

Date of first appointment
09/17/2013

Seniority on the Board
11.5 years

Current term expires
2026 AGM

Number of shares held
500 Thales shares

Born on March 18, 1950, Marie-Françoise Walbaum is a French national and holds degrees in economics and sociology from the Université Paris X.

She began her career in 1973 at BNP Paribas, where she held various retail banking and credit analysis positions until 1981. From 1981 to 1994, she successively held the positions of Project Leader at the General Inspection Department of BNP, CEO of SICAV, and CEO of the brokerage firm Patrick Dubouzet S.A. In 1994, she became head of listed and unlisted investments with a private equity portfolio at BNP Paribas, a company she left in the summer of 2012 after 39 years of service. Since then, Marie-Françoise Walbaum has held directorships in a number of companies in addition to Thales, including ESSO, Peugeot Invest, Imerys and Isatis.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Member of the Supervisory Board of Isatis Capital.

Abroad: none.

Other positions held by Ms. Walbaum over the past 5 years

In France: Independent Director of FFP – now Peugeot Invest [1] (and Chair of the Finance and Audit Committee and Member of the Governance, Appointments and Compensation Committee) until the Annual General Meeting of May 24, 2024 and of Imerys [1] (and Chair of the Appointments Committee and the Compensation Committee) until the Annual General Meeting of May 10, 2024 and Independent Director of Esso [1] (and Chair of the Audit Committee) until March 18, 2020.

Abroad: none.

(1) Listed company.

ALEXIS ZAJDENWEBER

(48 years old)

State representative (appointed by order of January 29, 2024), director proposed by the Public Sector
(Article 4 of Ordinance No. 2014-948)

Member of the Strategic & CSR Committee

Member of the Governance and Compensation Committee

Date of first appointment as State representative
01/29/2024

Seniority on the Board as State representative:
0.9 years

Current term expires [2]
09/04/2027

Number of shares held
The French State owns 2,060 Thales shares directly and, indirectly via its 100%-owned subsidiary TSA SAS, 54,786,654 shares. Its representative, Alexis Zajdenweber, isn't required to hold the minimum number of Thales shares provided for in the Articles of Association (section 5 of Ordinance No. 2014-948) and doesn't have any.

A graduate of the Institut d'études politiques de Paris and the École nationale d'administration, Alexis Zajdenweber began his career in 2003 with the French Ministry of the Economy, Finance and Industry, as deputy head of the Savings and Financial Markets office of the Treasury department where he became deputy head of the Corporate Financing and Development Office in 2006.

In 2007, he was seconded to the Economic, Financial and Monetary Affairs Department of France's Permanent Representation to the European Union in Brussels as an advisor on competition and state aid, company law and corporate governance.

Alexis Zajdenweber returned to the French Treasury in 2009 as Head of the Banking and Payment Services Office. In 2011, he was appointed Head of the Investment, Anti-Financial Crime and Sanctions Office.

In 2012, he was appointed Financial Sector Advisor to the Minister of the Economy and Finance.

He joined *Agence des participations de l'État* in 2014 as deputy director, in charge of the Energy holdings division.

In 2017, he joined the French presidency as Economy, Finance and Industry advisor.

Alexis Zajdenweber has been the *Commissaire aux participations de l'État*, Director of the *Agence des participations de l'État*, since his appointment on September 14, 2022 by decree of the President of the French Republic.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: Director of Renault SA [1], Director of Bpifrance SA, Director of SNCF SA, Director of EDF SA.

Abroad: none.

Other positions held by Mr. Zajdenweber over the last 5 years

In France: none.

Abroad: none.

(1) Listed company.

(2) Pursuant to Article 4-I paragraph 1 of Ordinance No. 2014-948, the French State appoints its representative to the Board directly by order, and has done so since September 5, 2023, the date on which the State's current mandate began. By order dated January 29, 2024, Alexis Zajdenweber was appointed as the State representative, succeeding Emmanuel Moulin.

4.1.2.2 Directors representing employees

ANNE-MARIE HUNOT-SCHMIT

(60 years old)

Director representing employees

Member of the Governance and Compensation Committee

Member of the Audit and Accounts Committee

Date of first appointment
12/09/2016

Seniority on the Board
8.1 years

Current term expires
12/08/2028

Number of shares held
- 1 Thales share;
- 159 Thales shares in the Group savings plan.

Not required to hold the minimum number of Thales shares provided for in the articles of association (Article L. 225-25 (3) of the French Commercial Code).

Born on October 4, 1964, Anne-Marie Hunot-Schmit is a French national and holds a post-graduate degree in Applied Mathematics from the IAE in Paris. In addition, she is certified as a 'Company Director' by the IFA-Sciences Politiques Paris.

She joined *Dassault Electronique* in 1987 as a software developer and filed the first patent for a ground-based anti-collision system (GPWS/GCAS) before joining the first contract management team on the Mirage 2000-9 programs in 1998.

She joined Thales headquarters in 2007, where she was responsible for ethical standards in international trade before becoming head of price control.

From fall 2016, she was responsible for the financial control of bids and projects for the Land Transportation business. Between June 2020 and May 2022, she led the environmental risk assessment within the Group's HSE Department, and has since focused on her directorship and the two committees of which she is a member.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Ms. Hunot-Schmit over the past 5 years

In France: none.

Abroad: none.

STÉPHANE JUBAULT

(57 years old)

Director representing employees

Member of the Strategic & CSR Committee

Date of first appointment
12/09/2024

Seniority on the Board
0.1 year

Current term expires
12/08/2028

Number of shares held
- 14 Thales shares in the Group savings plan.

Not required to hold the minimum number of Thales shares provided for in the Articles of Association (Article L. 225-25 (3) of the French Commercial Code).

Stéphane Jubault, a French national, was born on November 19, 1967. He holds an F3 technical baccalaureate. He began his career in 1986 as a maintenance technician for Siplast, then as a design draughtsman for Clemessy. In 1990, he became an instrument panel repair technician at SVA (*Société Vendômoise d'Avionique*), then at Sextant Avionique at the international logistics center in Châtellerault.

Based since 2007 at the Vendôme site, which became Thales Avionics, now part of the Avionics World Business Unit, he obtained a CQPM BTS in electronics and worked as an industrial methods technician for several years, before taking on full-time union responsibilities, notably as a central union delegate and member of the board of the Aeronautics Council within his federation, until his appointment as a director representing Thales employees.

List of offices and other positions in French and foreign companies

Positions held in other companies

In France: none.

Abroad: none.

Other positions held by Mr. Jubault over the last 5 years

In France: none.

Abroad: none.

To Thales' knowledge:

- there are no family ties between the members of the Board of Directors;
- no member of the Board of Directors has been convicted of fraud in the last 5 years;
- no member of the Board of Directors has participated as a director in a bankruptcy, receivership, liquidation, or court-ordered receivership [(a)] during the last 5 years and no member has been the subject of an official public accusation and/or sanction pronounced by a statutory or regulatory authority;
- no Board Member has been prevented in the last 5 years by a court from acting as a member of a body dedicated to the administration management or supervision of an issuer or from being involved in the management or running of such a company's affairs;
- there are no service contracts binding members of the Board of Directors to the Company or any of its subsidiaries and providing for the granting of benefits under such contracts;
- there is no potential conflict of interest between the private interests of its members and their duties towards Thales.

(a) With the exception of Ms. Delphine Gény-Stephann, non-Executive Director of Eagle Genomics Ltd, a UK-based company. This company was first placed, at the request of its Board of Directors, under the UK Insolvency Act 1986 by the High Court of Justice on March 20, 2024, and was then placed by its Administrator under a Creditors' Voluntary Liquidation procedure on March 13, 2025.

4.1.5 Other Participants in the Meetings of the Board of Directors (Without Voting Rights)

The following persons are invited to all meetings of the Board of Directors and attend them without voting rights, alongside the Secretary of the Board of Directors and the members of the General Management whom the Chairman invites to attend depending on the agenda:

Representative of the French State by virtue of its golden share

Emmanuel Chiva, 54 years old, Head of the French Defence Procurement Agency.

He was appointed by decree of the Minister of Economy and Finance on September 26, 2022.

Representing the French State on the Board of Directors of Thales, by virtue of the golden share according to Decree No. 97-190 of March 4, 1997 instituting a golden share for the benefit of the French State (see page 244 and under Article 10 of the Company's Articles of Association).

Government Commissioner

Jean-Luc Sourdois, 63 years old, General Inspector of the Armed Forces.

Appointed Government Commissioner to Thales and its subsidiaries by decree of the Minister of Defence dated July 3, 2019, under the legal and regulatory provisions applying to companies holding contracts relating to war hardware or more generally engaged in the manufacture or trade of such hardware.

Representative of the Central Social and Economic Committee

Sébastien Madelénat, 45 years old, appointed [(1)] by the Central Economic and Social Committee (CSEC) as its representative on the Thales Board of Directors, under Article L. 2323-65 of the Labor Code.

Statutory auditors

The law requires them to attend at least the meetings of the Board of Directors when accounts are being closed or reviewed, for at least the part relating to such accounts. In addition, they may, at the invitation of the Chairman, participate in other meetings of the Board when their presence is of particular value to the discussion. In the financial year 2024, the following were concerned:

- **Ernst & Young Audit**, represented by Serge Pottiez, partner of the firm;
- **Forvis Mazars SA**, represented by Jean-Marc Deslandes, partner of the firm.

(1) Mr. Sébastien Madelénat was appointed on January 23, 2024 as Thales SA's CSEC representative on the Board of Directors, succeeding Ms. Marielle Marichy.

4.2 Corporate Governance

Under the law, the Company decided in 2008 to voluntarily refer to the Corporate Governance Code for listed companies established by Afep-Medef – the current version of which dates from December 2022 and can be referred to the AFEP website at https://afep.com/wp-content/uploads/2022/12/Code-AFEP-MEDEF-version-de-decembre-2022.pdf or at the Company's registered office.

"Comply or Explain" principle

The Company complies with the recommendations contained in the Afep-Medef code except for those concerning:

Heading	Afep-Medef code	Thales April 2, 2025	Explanation
A. Independent directors (ratios) (section 10.3, section 17.1 and section 18.1)			
• Board of Directors	1/3 (controlled companies)	31%	To ensure the best possible balance and alignment between the representatives of the Public Sector and the Industrial Partner, the floating shareholders and the General Management, the shareholders' agreement concluded between the Public Sector and the Industrial Partner provides a framework for the composition of the Board of Directors and its Committees. To meet the highest standards of corporate governance, the Board of Directors has adopted a consistent approach in which directors appointed by the Annual General Meeting on the proposal of a shareholder (Public Sector or Industrial Partner), a category of shareholders (employees) or trade unions cannot be considered independent. This automatically results in a deviation from the provisions of the Afep-Medef code relating to the ratios of independent directors on the Board of Directors, the Audit and Accounts Committee and the Governance and Compensation Committee. The Company emphasizes, however, that the directors nominated on the proposal of the shareholders who are party to the shareholders' agreement are primarily motivated by the interests of the Company, in accordance with their fiduciary duties. Also, they play a leading role within the Board and its Committees, which benefits all shareholders. In addition, the balance of interests under the agreement and the different nature of the two shareholders (the French State on the one hand and a major industrial player on the other) ensures that all parameters likely to lead to the best decisions for the Company are taken into account.
• Audit and Accounts Committee	2/3	1/3	Lastly, let it also be noted that the Audit and Accounts Committee, along with the Governance and Compensation Committee, are chaired by independent directors within the meaning of the Afep-Medef code. In this regard, in anticipation of Anne-Claire Taittinger, Chairman of the Audit and Accounts Committee, reaching her twelve-year term of office on May 15, 2024, the Board of Directors, after discussion at its meeting on March 4, 2024, had confirmed her status as an independent director [1]. This position was reiterated at the Board Council meeting of April 2, 2025 [2].
• Governance and Compensation Committee	> 50%	1/3	
B. Independent directors (term of office): (section 10.5.6): Director's length of service since first appointment	< 12 years	One director qualified as independent by the Board (Mrs. Anne-Claire Taittinger) has exceeded the limit of12 years of service	Lastly, the Chairman of the Governance and Compensation Committee plays a central role in steering the assessment of the functioning of the Board of Directors and its Committees, thus guaranteeing the independence of the process.

(1) See the explanations given in the Universal Registration Document 2023, p. 95.
(2) See details of this decision in section 4.1.2 b above.

4.2.1 Organization and functioning of the Board of Directors

The Company is a public limited company with a Board of Directors and no separation of the functions of Chairman of the Board and Chief Executive Officer.

At the end of each term of office of the executive concerned, the Board considers whether it is appropriate to keep these functions combined or to separate them.

Therefore, when Mr. Patrice Caine was reappointed Chairman and Chief Executive Officer on May 23, 2018, the Board of Directors considered that the lack of separation didn't restrict the active and effective exercise of its control and monitoring mission. The responsibilities of the Board of Directors and the role of each of its Committees with the limits placed on the powers of the Chairman and Chief Executive Officer are clearly established (see in particular section 4.2.1.1 below).

The Board confirmed this choice at its meeting of March 2, 2022, in anticipation of the renewal of Mr. Patrice Caine's term of office as Chairman and Chief Executive Officer at the end of the Annual General Meeting of May 11, 2022. It based its decision on the following reasons:

a) The appropriateness of this form of governance to the particularities of the Company's shareholder base

The appointment of a joint candidate by the Public Sector and the Industrial Partner ensures the maximum possible solidarity in the decisions taken by the governing bodies in the interest of the Company.

b) The appropriateness of this model of governance with respect to the Company's operational needs

It allows General Management and the Board of Directors to make better decisions, with the benefit of the respective skills of General Management and the members of the Board of Directors, while facilitating quick and efficient decision making. The relevance of the uniqueness of roles of the Chairman of the Board of Directors and Chief Executive Officer was particularly evident during the health crisis (see the Universal Registration Document 2020, page 87). In addition, the Board's performance is very satisfactory according to all directors, as evidenced by the assessments of the Board's operations carried out internally or by an external consultant (see page 94 for 2022, page 101 for 2023 and pages 107 et 108 for 2024).

c) The existence of effective control mechanisms of the General Management

In fact, the powers of the Chairman and Chief Executive Officer are limited by the obligation to submit many transactions for formal approval by the Board of Directors, as specified in section 4.2.1.1 below.

Furthermore, the representatives of the two reference shareholders individually and collectively represent an effective counterweight to the Chairman and Chief Executive Officer on the Board of Directors.

In addition, more than half of the directors (excluding Patrice Caine) exercise or have exercised General Management functions in international groups operating in sectors as diverse as defence, aerospace, digital, energy or finance (see their biographies in section 4.1.4, pages 91 to 99) which adds considerable value to the discussions and decisions on the basis of the best expertise.

Lastly, the work of the specialized committees – including the Audit and Accounts Committee, the Governance and Compensation Committee, of which the Chairman and Chief Executive Officer is not a member and which are chaired by independent directors – provides a free and independent view of issues that are fundamental to the Company.

d) Other considerations

The review of the compensation of the Chairman and Chief Executive Officer is carried out, by Committee and then by the Board, without the presence of the individual concerned. This review takes place at the same time as the review of the annual financial statements.

Furthermore, the Board of Directors has held at least one meeting per year without the presence of the Chairman and Chief Executive Officer, as required by its rules of procedure. This annual meeting is chaired by the Chairman of the Governance and Compensation Committee, who may propose restricting all or part of the meeting to certain directors. By guaranteeing the participants' freedom of expression, this meeting makes it possible to address various subjects related to current events, the Company and its governance. A session was held on June 25, 2024, bringing together all the directors other than the Chairman and Chief Executive Officer. The following topics were discussed: the operations of the Board and its relationship with the Committees, strategy and the monitoring of acquisitions. The Chairman of the Governance and Compensation Committee presented a summary of this to the Chairman and Chief Executive Officer.

Lastly, the directors have the opportunity to exchange views during Board visits to Group sites, and in particular during the annual strategic Board meeting.

4.2.1.1 Restrictions on the Chief Executive Officer's powers

Since December 23, 2014, Mr. Patrice Caine has served as Chairman and CEO, with no limitation of powers other than those stipulated in the applicable legislation with respect to the specific powers of the Board of Directors or the Annual General Meeting.

In addition, the Chief Executive Officer's powers are limited by the Board's rules of procedure. These rules state that the annual budget, the multiyear strategic plan, the acquisitions and disposals of equity interests or assets over €150 million (in terms of commitments or revenues), as well as the strategic alliance and the technological and industrial cooperation agreements, are systematically submitted to the Board for approval. Also, it is specified that the shareholders' agreement stipulates that a majority of the directors representing the industrial partner (Dassault Aviation) must approve these decisions. The Board of Directors, in view of the rules of procedure of the Board and the shareholder agreement, is also asked to approve transactions worth over €50 million whose implementation would imply a change in the Group's strategy, as previously approved by the Board.

These limits were confirmed by the Board of Directors, without modification, at the same time as the separation of the functions of Chairman and Chief Executive Officer on the two renewals of the term of office of the Chairman and Chief Executive Officer following the Annual General Meetings of May 23, 2018 and May 11, 2022.

4.2.1.2 Obligation to hold a minimum number of shares

Under Article 10.3 of the Articles of Association, each director must hold at least 500 shares unless exempted by law. Also, the Chairman & Chief Executive Officer is subject to an obligation to retain shares allocated to them as part of their long term compensation, within the limits outlined in see section 4.4.2.1 B.

4.2.1.3 Rules of procedure of the Board of Directors and the Committees

The Board of Directors' rules of procedure, which were last revised by the Board on March 4, 2024, do not replace the legal and statutory provisions governing the Board of Directors and its Committees. Directors and other permanent attendees at Board meetings are also subject to compliance with the Code of Ethics and the Code on Insider Information and Securities Trading - for provisions applicable to directors (see "Prevention of insider trading" below).

In addition to the specific provisions of the shareholders' agreement, the rules of procedure are based on best practices in terms of corporate governance, particularly those contained in the above-mentioned Afep-Medef code. The Governance and Compensation Committee is responsible for ensuring that they are periodically updated and for submitting any revisions it deems necessary to the Board.

The rules of procedure are organized into five chapters:

I) Members of the Board of Directors (composition of the Board, independence, availability, primary duty, transparency, confidentiality, compensation)

In particular, the rules of procedure state that:

- the members of the Board of Directors must inform the Chairman of all management or administrative offices entrusted to them;
- each Executive Corporate Officer must obtain the opinion of the Board of Directors before accepting a new corporate office in a listed company;
- directors must inform the Board of Directors of any situation involving a conflict of interest, even a potential conflict of interest. In this case, they must not attend the discussions and must not vote on the corresponding deliberation.

Also, they must inform the Chairman of any proposed agreement that directly or indirectly concerns them and that is likely under the French Commercial Code to require prior authorization by the Board of Directors.

In addition, directors must individually issue a declaration regarding the following:

- none of them has been convicted of fraud in the last 5 years;
- none has participated as an executive of a company that has been subject to bankruptcy, sequestration, liquidation, or receivership [1] in the last 5 years, and none has been subject to official public censure and/or sanction by a statutory or regulatory authority;
- a court has prevented none from acting as a member of an administrative, management, or supervisory body of an issuer or from intervening in the administration or conduct of the affairs of an issuer in past five years;
- none of them has family ties with any member of the Board or the General Management;
- no potential conflict of interests exists between the positions held at Thales and their private interests or other positions held; and
- there are no service contracts binding directors to the Company or any of its subsidiaries and providing for the granting of benefits under such contracts;
- each director declares that he or she is aware of the Group's anti-bribery policy, including the related policy and Code of Conduct, as reviewed by the Board of Directors and transmitted to all new directors, and will follow it.

II) Powers of the Board of Directors (representation and corporate interest, specific powers, shareholders' agreement)

This section deals mainly with the specific powers of the Board in relation to the shareholders' agreement. These consist of the decisions referred to in section 4.2.1.1 above, as well as the procedures for appointing and dismissing the Chairman and Chief Executive Officer (or the Chairman and Chief Executive Officer in the event of a separated Chair) which are subject to approval by the Board with a majority of directors representing the Industrial Partner (Dassault Aviation) in application of the shareholders' agreement.

III) Information for the Board of Directors (communication, training)

In particular, it is expected that:

- Board documents are sent to participants in a timely manner;
- the representative of the French State by virtue of the golden share, the Government Commissioner and the representative of the Central Economic and Social Committee receive all the documents sent to the directors and are called to all Board meetings;
- upon appointment, all new directors receive a folder containing useful documents for taking up their duties. They are also given an information session on the Company, its organization, and activities, led by the Group's principal executives. Subsequently, each director may request additional training.

IV) Committees of the Board of Directors (constitution and powers, organization, information, Audit and Accounts Committee, Governance and Compensation Committee, Strategic and Corporate Social Responsibility Committee)

In addition to the powers of each Committee (see relevant sections below), it is specified that each Committee has the right to request from General Management any additional information it deems necessary to carry out its mission. The Board of Directors may, in exceptional cases, call on outside expertise.

V) Operation of the Board of Directors (meetings, participation and representation, reviews, updating of the rules of procedure)

This chapter sets out the main procedures for convening, meeting, participating in, and annually reviewing the Board of Directors. There is provision for at least one annual meeting of the directors without the Chairman and Chief Executive Officer being present.

This part relating to the operation of the Board of Directors is the subject of the annual Statuary report provided by law (see section 4.2.2 below.

[1] *As an exception, see Delphine Gény-Stephann's situation on page 100 above.*

4.2.2 Report on the Board of Directors' Activities during the Financial Year 2024

4.2.2.1 Number of meetings and attendance rate

The Board of Directors met seven times in 2024. The average attendance of directors was 95%. Individual attendance rates are specified in section 4.1.2 a) above.

The statutory auditors are invited to attend meetings to review the interim and annual financial statements. Also, they may be invited to other Board meetings when a report on the work carried out by the Audit and Accounts Committee is presented, and their presence is likely to enrich the discussions.

4.2.2.2 Main topics covered

In addition to the recurring matters falling within the competence of the Board of Directors (annual budget and updated forecasts, closing of the consolidated and corporate annual financial statements and review of the consolidated half-year financial statements, determination of the compensation package for the Chairman and for the Chief Executive Officer and setting the quantitative and qualitative criteria for their variable compensation, approval of the annual meeting documents including the report on corporate governance (as well as that on risk factors) and a notice to attend the Annual General Meeting, prior authorization, where applicable, of regulated commitments or agreements, the annual assessment of the functioning of the Board and its Committees, various delegations of authority to the Chairman and Chief Executive Officer and reports on their use, annual review of the independence of Directors, etc.), the Board dealt with the following matters, on the basis of a Committee's report, where applicable:

- monitoring of the main strategic challenges of the Group's various business areas;
- monitoring of the disposal of the Transport business;
- integration of Imperva;
- acquisition opportunities;
- preparations for Investor Day on November 14, 2024;
- implementation of the annual *Long term incentive* (LTI) plan with performance conditions, applicable to Group employees;
- the 2024 employee shareholding plan ("Sharing Thales");
- a review of the Group's human capital, with a focus on the *learning company* and attractiveness;
- the preparation of the first sustainability report to be published in 2025; and
- Purchasing Policy.

4.2.3 Preparatory Work for Board of Directors Meetings

4.2.3.1 Information for directors

a) Board documents

Each year, a provisional timetable for meetings is drawn in the second half of the year for the following year.

The Board's rules of procedure have set the period for the notice of meeting and provision of documents at five working days, unless this is impossible or there is an emergency, and three days is considered a desirable minimum.

Each notice includes the agenda and the meeting documents (or at least the main points if the documents cannot be completed at the time of dispatch) and the draft minutes of the previous meeting, which is usually sent out initially within one month of each meeting. In some cases, additional material is sent to directors after the notice of meeting, or may even be handed out during the meeting, if the matter is urgent.

The directors are also sent a press review and a selection of financial analyses relating to the Company. National press releases are sent to them directly by e-mail.

The prior sending of documents by e-mail, which can be accessed on dedicated secure tablets, has enabled the time frame for provision to be optimized; the documents are then sent out in paper form to directors who request this.

b) Training courses

In accordance with the Company's rules of procedure, when they take up their duties, Board members are provided with information on the Company, its organization and its activities, with the participation, where appropriate, of the main executives and members of the General Management team. Each director may also request additional training in the activities of Group companies, or in subjects that he or she considers necessary for the performance of his or her duties.

With respect to sustainability, in September 2023, the Board received several hours of training from a renowned climatologist and glaciologist and representatives of a leading insurer, during which the directors were made aware of the challenges of climate change as highlighted by the work of the IPCC, with a focus on the impacts already being felt by certain economic players. Directors were given prior access to an awareness-raising e-learning program covering the Climate training modules since rolled out across the Group. In 2024, the directors received additional training on the new sustainability report at the two milestones on the Group's preparation for it.

4.2.3.2 Organization and operation of Board Committees

The Board of Directors has three Committees: an Audit and Accounts Committee, a Governance and Compensation Committee and a Strategy and Corporate Social Responsibility Committee.

a) Audit and Accounts Committee

The powers and duties of this Committee, which are reproduced in the Board's rules of procedure (Article 16), reflect, on the whole, the framework set out in the Ordinance of December 8, 2008 implementing Directive No. 2006/43/EC and are also compliant with EU Regulation No. 537/2014 of April 16, 2014.

They were extended, by decision of the Board on March 4, 2024, with effect from the 2024 financial year, to include the tasks set out in Article L. 821-67 of the French Commercial Code concerning the monitoring and auditing of sustainability information.

The Audit and Accounts Committee acts under the responsibility of the Board of Directors and, without prejudice to the latter's powers, is notably responsible for the following tasks:

1) it monitors the financial reporting process, as well as the sustainability reporting process and the process used to determine the information to be published in this regard and, where appropriate, makes recommendations to ensure its integrity;
2) it monitors the effectiveness of internal control and risk management systems, as well as the internal audit where applicable, with regard to procedures relating to the preparation and processing of accounting, financial and sustainability information;
3) it supervises the selection procedure for the statutory auditors and, where applicable, independent third-party bodies, and issues a recommendation to the Board of Directors on the statutory auditors and, where applicable, independent third-party bodies, proposed for appointment by the Annual General Meeting, including the renewal of their term of office;
4) it monitors the performance of statutory auditors and, where applicable, independent third-party bodies, taking into account the findings and conclusions of the French Audit Authority (*Haute Autorité de l'Audit*) following the audits carried out;
5) it satisfies itself of compliance by the statutory auditors and, where applicable, independent third-party bodies, with the conditions of independence prescribed by current regulations;
6) it approves, within the framework authorized by the Board of Directors, the provision by the statutory auditors and, where applicable, independent third-party bodies, or members of their respective networks, of services other than the certification of financial statements and sustainability information to the Company and the companies that it controls directly and indirectly. It reviews and validates related procedures and ensures their compliance;
7) it reviews the procedure for regularly assessing whether the agreements relating to ordinary transactions entered into under normal terms and conditions actually meet these conditions, in accordance with Article L. 22-10-12 of the French Commercial Code.

It consults the statutory auditors and, where applicable, the independent third-party bodies on:

1) their general program of work as well as the various sample tests they have performed;
2) changes that they believe should be made to the financial statements before they are published or to other accounting documents, as well as to the sustainability report, making any relevant comments on the assessment methods used in their preparation;
3) any irregularities and inaccuracies that they may have discovered;
4) conclusions resulting from the comments mentioned above and adjustments to the profits for the period compared to those of the previous period;
5) risks to their independence and the safeguards applied to mitigate these risks;
6) significant internal control weaknesses they may have identified regarding procedures relating to the preparation and processing of accounting and financial information and sustainability information.

It receives from them each year:

1) a statement of independence;
2) an update of the information provided for their appointment, detailing the services provided by members of the network to which the statutory auditors and, where applicable, the independent third-party bodies belong, as well as services other than the certification of financial statements that they have provided;
3) the additional report under Article 11 of EU Regulation No. 537/2014.

Each year, it examines the budget for professional fees for the statutory auditors and, where applicable, the independent third-party bodies. It reviews and analyzes the fees paid to the statutory auditors and, where applicable, to independent third-party auditors in respect of the previous year.

The Committee relies in particular, for performing its duties, on the work of the Finance Department, the CSR Department and the Internal Audit, Risk and Internal Control Department. It approves the annual audit program of the Internal Audit Department and examines the conclusions and recommendations of the activity reports. It is informed of the action plans implemented following the audits.

It takes note of the main characteristics of the risk management and internal control systems and the results of their operation. At least once a year, it reviews the mapping of the Group's main risks.

It annually reviews the draft of the chapter entitled "Risk factors, internal control and risk management" of the Universal Registration Document, before it is presented to the Board.

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

It also forwards the draft sustainability report and the mission report of the certification body, together with its recommendation, to the Strategic, Social and Environmental Responsibility Committee.

The Sustainability Report provides further details on the role of the Audit and Accounts Committee in monitoring sustainability information (see section 5.1.1.2.1).

In addition, Committee members are able to have a discussion with the statutory auditors at the end of each meeting without any meeting secretary or company representatives being present.

On December 31, 2024, the members of the Committee were:

- Anne-Claire Taittinger, Chairwoman and independent director;
- Bernard Fontana;
- Anne-Marie Hunot-Schmit, Director representing employees;
- Loïk Segalen.

The composition of the Audit and Accounts Committee is consistent with the provisions of the French Commercial Code: the Committee members are all directors and at least one director, the Chair, in addition to being qualified as an independent director, has the requisite financial, accounting and statutory audit expertise (see Ms. Anne-Claire Taittinger's biographical notes on page 97).

However, the Committee is not composed of two thirds independent directors, as recommended by the Afep-Medef code, but only one-third (note that Ms. Anne-Marie Hunot-Schmit, the director representing employees, was not taken into account for this calculation pursuant to the Afep-Medef code). Under the shareholders' agreement, a representative of each of the two shareholders of the agreement sits on each Committee. In the case of the Audit and Accounts Committee, the representatives are Mr. Bernard Fontana, appointed on the proposal of the Public Sector, and Mr. Loïk Segalen, appointed on the recommendation of Dassault Aviation (see page 101 for an explanation of this point).

The Committee met five times in 2024, with an attendance rate of 96%.

The statutory auditors, who are invited to all Committee meetings, are involved in all discussions, except when there is a conflict of interest (e.g., when examining the appointment or reappointment of statutory auditors or, from 2024, independent third-party bodies). Twice a year, they submit their report on the audit of the financial statements (annual and half-year) and specify the accounting options used and the highlights of their audit of the financial statements.

The Senior Executive Vice President, Finance and Information Systems, the Company Secretary and the Director of Audit, Risks & Internal Control are invited to all meetings, as well as the Group Financial Control Director and, occasionally, depending on the agenda, other representatives of the Finance Department, the CSR Department and the Group's Legal and Contracts Director.

In 2024, besides to the annual financial statements, the Committee also reviewed:

- the interim financial statements;
- the execution of complicated contracts and their accounting implications;
- the follow-up of the main disputes;
- the external audit plan and the fees paid to the statutory auditors for auditing the financial statements and sustainability information;
- the selection process for statutory auditors to certify sustainability information;
- the organization of internal control, updates to the risk mapping (Group, Cyber, Corruption, etc.), and assessment of the implementation of the annual audit plan;
- the audit plan for 2025;
- an assessment of aeronautical connectivity and changes in off-balance sheet bandwidth consumption commitments in this sector;
- the governance set up within the Board and its Committees for the preparation of the future sustainability report, and the progress of the Group's preparatory work for the latter throughout the year;
- the statement to be made in respect of regulations relating to the environmental taxonomy, in coordination with the Strategic and Corporate Social Responsibility Committee;
- the follow-up of the implementation of the regular assessment procedure for ongoing agreements in respect of 2023; as well as
- the Board's report for 2023 covering risk factors, internal control and risk management.

During meetings more specifically devoted to audit and internal control, the Committee reviewed the reports of the Audit, Risks & Internal Control Department. It laid out its recommendations for the follow-up on assignments.

The Committee also reviewed the press releases relating to the financial results.

Meetings are always subject to a report written for all directors at the following Board meeting.Pursuant to the AMF recommendation in its report on the Audit Committee of July 22, 2010, this report is systematically attached to the minutes of the next Board meeting after being approved by the Committee. This report sets out the main discussions within the Committee as well as the recommendations made to the Board.

b) Governance and Compensation Committee

In compliance with Article 17 of the Board's rules of procedure, the Governance and Compensation Committee has the task of examining:

- the compensation policy for the Company's senior executives;
- the compensation of the Chairman and Chief Executive Officer and any commitment concerning him, the compensation of the directors and, if applicable, that of other corporate officers;
- the proposed "LTI" plans (long-term incentive) which are submitted to the Board;
- the proposed employee share ownership schemes;
- candidates for external directors, regarding whom the two major shareholders hold consultations in accordance with the provisions of the aforementioned shareholders' agreement;
- at least once a year, the independence of the directors; and
- in general, any issues relating to the application of the Afep-Medef Corporate Governance Code for listed companies.

The Committee is also responsible for preparing the Board's assessment of its own performance (see section 4.2.4) and reporting on it to the Board in order to facilitate discussion.

On December 31, 2024, the members of the Committee were:

- Loïc Rocard, Chairman, independent director;
- Anne-Marie Hunot-Schmit, Director representing employees;
- Alexis Zajdenweber; and
- Éric Trappier [1].

The Committee met six times in 2024, with an attendance rate of 100%.

One of its members, the Committee Chairman, qualifies as an independent director. However, the ratio of independent directors recommended by the Afep-Medef code (at least half) has not been met, because it currently stands at one-third (the director representing employees, Ms. Anne-Marie Hunot-Schmit, is not included in this calculation pursuant to the Afep-Medef code). Under the shareholders' agreement, a representative of each of the two shareholders of the agreement sits on each Committee. In the case of the Governance and Compensation Committee, the representatives are Mr. Alexis Zajdenweber, representative of the French State, appointed on the proposal of the Public Sector, and Mr. Éric Trappier, appointed on the proposal of Dassault Aviation (see page 101 for an explanation of this point).

The Senior Executive Vice President, Human Resources, and the Company Secretary are invited to all Committee meetings, and the Chairman and Chief Executive Officer is invited to some of the meetings, depending on the agenda or in cases where his presence could be of particular value to the discussion.

The items reviewed by the Committee in 2024 included:

- the review of the total compensation of the Chairman and Chief Executive Officer (*ex-post* 2023) and compensation policy for 2024);
- the *Long term incentive* (LTI) policy for Group executives and the preparation of a free share plan (AGA) with performance conditions and according to the level of responsibility of the beneficiaries;
- the 2024 employee shareholding plan ("Sharing Thales");
- amendments to the Board's rules of procedure concerning the governance of the sustainability report;
- the independence of directors, and in particular that of "External Directors", including the new British Director appointed to the Board of Directors on May 15, 2024;
- the procedures for the annual evaluation of the operation of the Board of Directors and the report presented to the Board; as well as
- the Board's report on corporate governance.

[1] *Ms. Valérie Guillemet, co-opted as a director on February 4, 2025, succeeded Mr. Éric Trappier as a member of the Governance and Compensation Committee.*

For all of these items, the Committee presented its recommendations to the Board: each meeting is recorded in a written report circulated to all directors at the next Board meeting. This report sets out the main discussions within the Committee as well as the recommendations made to the Board.

c) Strategic and Corporate Social Responsibility Committee

By decision of the Board of Directors on March 4, 2024, the remit of the Strategy and Corporate Social Responsibility (CSR) Committee was modified to take account of the Audit and Accounts Committee's new remit to monitor sustainability information.

In accordance with the Board's amended rules of procedure, the main tasks of this Committee are to assess the Group's strategy in its key business segments and with respect to CSR, in particular:

- to examine the Group's strategic approaches in each of its major fields of operation, before these are submitted to the Board of Directors;
- to analyze the framework for submission of the budget and the three-year rolling plan to the Board, and to examine the proposed annual budget in the context of this plan;
- to analyze major acquisitions and asset disposal plans (over €150 million), as well as proposed strategic agreements or partnerships;
- to review the Group's CSR strategy, including significant sustainability issues, to monitor its results on an annual basis, and to provide the Governance and Compensation Committee with information enabling these objectives to be reflected in the compensation of the Chairman and Chief Executive Officer;
- to review the Group's draft sustainability report, with the assistance of the Audit and Accounts Committee, for recommendation to the Board.

At December 31, 2024, the Strategy and Corporate Social Responsibility Committee comprised:

- Patrice Caine, Chairman;
- Charles Edelstenne [1];
- Philippe Lépinay, Director representing employee shareholders;
- Alexis Zajdenweber;
- Stéphane Jubault, director representing employees, succeeding Nadine Relier-David with effect from December 9, 2024.

The Strategic and Corporate Social Responsibility Committee met five times in 2024, with an attendance rate of 97%, in particular to examine the 2024 budget, the proposed acquisitions and follow-up of the disposal of the Transport business.

In addition, Ms. Anne Rigail and Ms. Marie-Françoise Walbaum, as lead directors in CSR matters, attended the two meetings of the Strategic and Corporate Social Responsibility Committee in 2024 for the agenda items dealing with CSR issues, namely:

- the Non-Financial Performance Statement, as well as the environmental taxonomy statement;
- the governance set up within the Board and its Committees for the preparation of the future sustainability report, and the progress made by the Group in preparing the report during the year; and
- the Group's CSR program planned for 2030.

They also took part in two meetings of the Audit and Accounts Committee on the Group's preparations for the future sustainability report, and in a meeting of the Governance and Compensation Committee on the inclusion of CSR criteria in the Chairman and CEO's annual and long-term variable compensation (levels of achievement of targets for the previous year and targets for the current year).

They were also able to deepen their knowledge of the Group's CSR issues during several dedicated information sessions organized by the General Management at the beginning of 2024 and 2025.

The role of these two directors, which was formalized at the beginning of 2023 as part of the changes to the Board of Directors' CSR Governance, is described in more detail in the sustainability report (see section 5.1.1.2.1).

In 2024, the Senior Executive Vice President of Finance & Information Systems, the Company Secretary, the Senior Executive Vice President of Operations & Performance, the Executive Vice President of Strategy and, for the CSR items on the agenda, the CSR Director. were invited to meetings by the Chair of the Committee. A written report was produced for each meeting and distributed to all directors where possible at the following Board meeting, with supporting documentation as applicable. This report sets out the main discussions within the Committee as well as the recommendations made to the Board.

4.2.4 Assessment of the Board's performance

Each year, in compliance with the guidelines of the Afep-Medef code, the Board assesses its operation either utilizing a formal self-assessment or an external assessment. In either case, the assessment is followed by a discussion with the Governance and Compensation Committee and then the Board.

The Chairman of the Governance and Compensation Committee, an independent director, plays a central role in steering the assessment process in order to guarantee its independence. In this regard:

- in the event of a formal internal assessment, he helps to prepare the questionnaire and draft the summary report for the Committee;
- in the event of an external evaluation, he prepares and participates in the tendering process (where applicable), reviews the draft questionnaires and/or the discussion guide prepared by the consultant with a view to individual discussions with the directors, and takes part in discussions with the consultant on the results of their work; and
- in both cases, he presents the results of the assessment to the Board, in the form of the Committee's report.

After a 2021 assessment carried out with the support of an external consultant, an internal assessment was carried out in 2024, as in 2022 and 2023, on the basis of a questionnaire drawn up in accordance with the above principles and focusing in particular on the areas for improvement identified in previous assessments. Any directors wishing to do so also had the opportunity to go into more detail in a meeting with the Company Secretary.

At the end of this assessment, the directors highlighted the quality of the Board's work and discussions.

They considered that the Board's operations had improved compared with 2023. In this respect, they noted the strengths of the Board and each of its Committees, noting that the timely availability of documents remains a key area for improvement.

[1] *By decision of the Board meeting of February 4, 2025, Mr. Éric Trappier succeeded Mr. Charles Edelstenne as member of the Strategic & CSR Committee, who had resigned from his directorship on January 9, 2025.*

They acknowledged that the strategic discussions and the information provided on these subjects had led to high-quality discussions, particularly in the Defence and Space domains. They suggested a number of themes that would be interesting to discuss at the Board or Committee level.

They also underlined the efficiency of the Board's CSR governance in preparing the first sustainability report, and in particular the role of the two lead directors in this area.

With regard to Human Resources issues, the directors once again underlined the importance and richness of the topics presented, and asked that these continue to be followed up on over time, with a focus on certain themes.

Lastly, they emphasized the quality of the information provided to the Board and its Committees, and the organization of their meetings.

The 2022 and 2023 assessments (see page 94 of the Universal Registration Document 2022 and page 101 of the Universal Registration Document 2023) highlighted the desire for the Board to be able to expand its skills in the fields of CSR, digital technology and knowledge of non-OECD countries and Space, if the opportunity arises during future renewals and in compliance with the shareholders' agreement. At this 2024 evaluation, this observation was reiterated by a majority of directors, who considered that it was still valid, with digital and Space skills being cited most often.

In addition, a number of directors mentioned training needs in technological fields, notably Cyber and Artificial Intelligence, as well as in the CSR/CSRD.

As for the 4 newly-arrived directors, they emphasized the quality of the welcome they had received, and indicated that they had received sufficient information for this purpose. They mentioned that they would like to continue learning about the Group's business lines, if necessary by taking part in new *on-boarding* sessions.

Lastly, the individual contribution of the directors was considered satisfactory, thanks in particular to the ability to speak freely, their commitment and the quality of the working environment.

4.2.5 Succession plan

The development of a succession plan for the Chairman and Chief Executive Officer takes into account the Company's specific governance requirements, insofar as the shareholders' agreement between the Public Sector and the Industrial Partner provides that the Chief Executive Officer is selected based on their joint proposal.

In this context, the process provided for in the event of an unannounced succession occurring (resignation, indisposition, death, etc.) or at the end of a term of office, after discussion with the two shareholders concerned, is as follows: the shareholders who are signatories to the shareholders' agreement meet before the planned departure or, in the event of an unexpected event, soon after the occurrence of this event, in order to select a successor (or two successors if the functions are separated). Once they have established their joint position, they will inform the Chairman of the Board of Directors and the Chairman of the Governance and Compensation Committee before the Board of Directors meeting convened to decide on such proposal, and the Board of Directors will then decide on the proposal in accordance with its governance rules.

4.2.6 Other information

4.2.6.1 Gender balance on management bodies (information referred to in paragraphs 1.7 and 8 of the Afep-Medef code)

At the end of 2024, the Group's Executive Committee within the General Management structure comprised 4 women and 10 men. Women thus account for 28.6% of the Committee's membership.

At its meeting on March 30, 2022 upon the recommendation of its Strategy and Corporate Social Responsibility Committee and in accordance with the recommendations of the Afep-Medef code specified by the High Committee for Corporate Governance (HCGE) the Board of Directors decided to set new medium-term ambitious targets for gender balance targets for the Group's management bodies for the 2024-2026 period, that is: 75% of Management Committees (GBUs, Business Lines, Major Countries, DGDI, Group Executive Committee) comprising at least four women by 2026, and 22.5% of women in positions of responsibility (pay grade) 10 to 12 by 2026; this last quantifiable criterion is included in the annual variable compensation of all Group managers eligible for it (over 58,000 employees).

At the end of 2024, the Group was on track to meet these new targets by 2026.

Indeed, by the end of 2024, women will represent 21.1% of employees in positions of the highest levels of responsibility (vs. 14.7% at end-2016, 19.4% at end-2022 and 20.4% at end-2023), out of a population representing 14% of the total workforce, and 61.5% of Management Committees have at least four women (vs. 30.3% at end-2019 and 52.6% at end-2023).

At its meeting on April 2, 2025, the Board of Directors also decided to supplement these objectives by projecting them to 2030 at the following levels: 25% of women in positions of highest for responsibility, and 85% of Management Committees with at least four women.

To help achieve these objectives, Thales has established a new dynamic in terms of gender balance by defining a new action plan based on three main pillars:

- the implementation of a new partnership strategy with the education system to raise awareness of scientific careers among the younger generations and increase Thales' visibility among students in scientific and technological fields;
- a series of initiatives aimed at promoting inclusion within the Group, notably in the fight against sexism;
- career support for women, to identify them more effectively (Talent Review) and provide them with better support (specific leadership programs) with a view to their progression to the Group's senior management bodies.

Initiatives already underway were continued and strengthened in 2024: international mentoring program for women, talent reviews dedicated to women organized at Executive Committee and GBU level, and partnerships with leading gender equality associations (Elles Bougent, Girls Code, Technovation, Air Emploi, Women in Tech, etc.).

These commitments and achievements are published in the Group's Sustainability Report approved by the Board of Directors on the joint recommendation of its Strategic and Corporate Social Responsibility Committee and its Audit and Accounts Committee.

4.2.6.2 Prevention of insider trading

To take into account any applicable regulations and the recommendations contained in the AMF, Thales has implemented a system of "blackout periods" or no trading periods: In addition to the periods for the annual and half-yearly financial statements (at least 30 calendar days in each case), two periods have been introduced for quarterly information (first and third quarters) of at least 15 days each. In all cases, the period includes the day following the day of publication of the financial press release.

The financial calendar for the first half of the following year (including the Annual General Meeting date) is posted on the Company's website after the third quarter financial press release. The calendar is updated for the whole year when the previous year's annual results are published.

The Company has informed the directors of their obligations to refrain from trading in Thales securities (and any related financial instruments) during the blackout periods relating to the annual, half-yearly financial statements and quarterly information (as defined by the Company). Also, they have to refrain from trading when they have access to inside information (within the meaning of the regulations in force).

In addition, the directors have been informed of their reporting obligations to the AMF and the Company in respect of the transactions referred to in Article L. 621-18-2 of the French Monetary and Financial Code and of their obligation to inform the Company of the list of persons closely linked to them and to inform those persons of their own obligations.

Directors may if they wish consult the Company Secretary or the Secretary of the Board of Directors before dealing in any securities.

4.2.6.3 Summary of transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out in 2024

The summary statement (under Article 223-26 of the AMF General Regulation) of the transactions referred to in Article L. 621-18-2 of the Monetary and Financial Code carried out in 2024 by the persons required to report is provided in section 4.6.

4.2.6.4 Notice of Annual General Meetings and conditions for attendance

All shareholders, regardless of the number of shares they own, are entitled to take part in Annual General Meetings. They are convened and deliberate under the conditions laid down by law. Thus, the date, venue, agenda and draft resolutions of the meeting are published in the French official gazette (*Bulletin des annonces légales obligatoires*, BALO) at least 35 days prior to the date of the meeting, with the final notice of meeting being sent no later than 15 days before the meeting. The Board of Directors ensures, in the interests of all shareholders, that the period of notice for meetings is longer than the minimum requirements.

At least 21 days prior to the Annual General Meeting, all documentation required by current regulations is provided on the Company's website (www.thalesgroup.com). It is available for shareholders at the registered office within the statutory deadline.

The date of the Annual General Meeting is published on the Company's website with at least six months' notice.

Participation in Annual General Meetings, in any form whatsoever, is conditional upon registration of the shares in accordance with the conditions and within the time limits provided for under the current regulations.

Shareholders may vote electronically.

Any shareholder who has already voted remotely or by proxy, or requested an admittance card or share ownership certificate, may sell all or some of their shares at any time.

However, in accordance with the regulations in force since January 1, 2015, should the intermediary account holder notify the Company of a disposal occurring before midnight (Paris time) on the second trading day prior to the Annual General Meeting, the Company will invalidate or modify the vote, proxy, admittance card or share ownership certificate, as the case may be.

No disposal or other operation carried out after midnight (Paris time) on the second trading day prior to the meeting, irrespective of the means used, can be notified by the approved intermediary or taken into consideration by the Company, notwithstanding any agreement to the contrary.

The right to vote, and consequently the right to attend Annual General Meetings, belongs to the beneficial owner at Ordinary General Meetings, and to the bare legal owner at Extraordinary General Meetings. Owners of pledged shares retain their voting rights. Undivided co-owners of shares are represented at the Annual General Meetings by one of the co-owners or by a joint proxy who, in the event of disagreement, is appointed by the court at the request of the most diligent co-owner.

Each person present at the Annual General Meeting has one vote for each share owned or represented, without limitation, subject to the following provisions on the right to a double vote, and to the exceptions provided by law.

4.2.6.5 Double voting rights

Shareholders who can prove that their shares have been registered in their name in the Company's share register (kept by Société Générale Securities Services, duly authorized for this purpose – see section 6.2.1), for at least two years without interruption, are entitled to double voting rights at Annual General Meetings for each share so held. Registered shares that have been granted to a shareholder as free shares in respect of shares they already hold with double voting rights attached are also entitled to double voting rights as soon as the shares have been granted.

Double voting rights automatically cease for any share that has been converted to a bearer share or transferred (except as a result of *intestate* or testamentary succession, the division of community property between spouses, or an *inter vivos* gift to a spouse or relative in the line of succession, as well as in the event of a transfer following a merger or demerger of a shareholder company).

Double voting rights may be canceled by a decision of an Extraordinary General Meeting, following approval by a Special General Meeting of shareholders entitled to double voting rights.

Under the Articles of Association, there is no limit on voting rights.

4.2.6.6 Key factors likely to have an impact in the event of a takeover bid

The structure of share ownership and the distribution of voting rights mean that Thales is unlikely to be affected by any takeover bid. Furthermore:

(1) the two main shareholders (Dassault Aviation and TSA) have declared that they are acting in concert under a shareholders' agreement, the key terms of which are described in section 6.2.3.3, which stipulates in particular that the Chairman and Chief Executive Officer is chosen based on a joint proposal by the parties;

(2) in the absence of termination on expiry of the contract on December 31, 2021, the agreement was tacitly renewed for another period of five years expiring on December 31, 2026. It may be tacitly renewed for five-year periods;

(3) any crossing of the threshold of one-tenth or a multiple of one-tenth of the share capital or voting rights of the Company must first be approved by the Minister of the Economy; and

(4) in addition, under the conditions set by Decree No. 93-1296 of December 13, 1993, the Minister for the Economy may oppose decisions on the sale or the allocation as collateral of assets referred to in the Appendix of Decree No. 97-190 of March 4, 1997 (see section 6.2.3.3.5).

4.2.6.7 General Meeting authorizations valid at December 31, 2024 for capital increases

(Table pursuant to Article L. 225-37-4 (3) of the French Commercial Code)

Annual General Meeting of May 15, 2024	Used by the Board of Directors	Observations
Issue of securities giving access to equity capital • With pre-emptive subscription rights (13th resolution): 52.55 million shares, €3 billion debt securities • Without pre-emptive subscription rights and with the possibility of a priority period (14th and 17th resolution [a]): 20 million shares, €2 billion debt securities • Without pre-emptive subscription rights by means of a public offering referred to in Article L. 411-2 paragraph 1 of the French Monetary and Financial Code (15th and 17th resolution [a]): 20 million shares, €2 billion debt securities • Possibility of green shoe over-allotment (16th resolution): Max 15% of the issues made specific to each resolution/type of transaction above Duration 26 months, until July 14, 2026	No use	Overall ceilings (20th resolution): In shares: • 20 million shares for resolutions 14, 15, 16, 17 and 18; • 60 million shares for resolutions 13, 14, 15, 16, 18 and 19. In debt securities: • €2 billion debt securities for resolutions 14, 15, 16 and 17. • €3 billion debt securities for resolutions 13, 14, 15, 16 and 17.
Capital increase through capitalization of additional paid-in capital, reserves, profits or any other sums Limit of 52.55 million shares (19th resolution) Duration 26 months, until July 14, 2026	No use	
Issuance of new shares in consideration for contributions of securities of third parties Limit of 21 million shares (18th resolution) Duration 26 months, until July 14, 2026	No use	
Issuance of new shares reserved for PEG (Group savings plan) members Ceiling: 2 million shares (21st resolution) Minimum discount: 30% for five-year PEE and 40% if the shares are held for 10 years Duration 26 months, until July 14, 2026	No use	Note: employee shareholder transactions are carried out on the basis of existing shares, previously purchased by the Company as part of a share buyback program.

(a) The 17th resolution allows the Board to set, by way of derogation, a price for the capital increase at least equal to the weighted average share price over the 20 trading sessions preceding its setting, less a discount of 10%

4.2.6.8 Agreements between an executive or significant shareholder and a subsidiary

During the financial year 2024, no agreement was entered into, either directly or through an intermediary, between a corporate officer or shareholder holding more than 10% of the Company's share capital and another company in which Thales directly or indirectly holds more than half of the share capital, except for routine agreements entered into under normal conditions.

4.2.6.9 Procedure for the regular assessment of agreements relating to routine transactions and concluded under normal conditions

At its meeting of February 25, 2020, the Board of Directors approved, on the recommendation of its Governance and Compensation Committee and its Audit and Accounts Committee, the procedure for the regular assessment of agreements relating to routine transactions entered into under normal conditions.

This is part of an internal charter, the purpose of which is also to set out the methodology and procedure implemented to identify, qualify and process agreements entered into by Thales SA to which the provisions of Article L. 225-38 of the French Commercial Code are applicable (related-party agreements). This charter is not made public.

The procedure provides that, at the end of each calendar year, the main bodies concerned (in particular, the Company Secretary's Office and the Group Finance Department) review the information provided by the relevant departments when such agreements are entered into, modified, renewed or terminated, to analyze the normal nature of their conditions along with the relevance of the criteria used to establish them.

Under Article L. 22-10-12 of the French Commercial Code, persons directly or indirectly involved in any of the agreements concerned do not participate in this assessment.

Furthermore, the procedure provides that, when preparing the annual financial statements, the General Management reports on the work mentioned above to the Audit and Accounts Committee, which reports to the Board.

Following this review, the Board of Directors may, on the recommendation of its Audit and Accounts Committee, determine the course of action to be taken with respect to agreements that no longer meet the aforementioned criteria, or revise said criteria or, more generally, the procedure itself, in order to take into account any changes in legislation or regulations and/or changes in market practices.

In addition, should this review lead to the conclusion that the prior authorization of the Board of Directors has been omitted for a given agreement, it will be proposed to the Board of Directors to ratify it before it is presented to the Annual General Meeting for approval after the fact, in accordance with the applicable texts, or to amend or even terminate it.

At its meeting on April 2, 2025, the Board of Directors reviewed the report of the Audit and Accounts Committee on the performance for the financial year 2024 of the procedure for the regular assessment of agreements relating to routine transactions and entered into under normal conditions.

The review identified 90 agreements for the financial year 2024, for Defence and Industry projects, R&D partnerships, project financing, transport or logistics, purchases of consumables, professional dues, or others.

This review led to the conclusion that the aforementioned agreements remain routine and concluded under normal conditions, and that the criteria used by Thales SA to determine the agreements qualifying as such do not require any particular modification.

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4.3 General Management and Executive Committee

Executive Committee as of December 31, 2024

Patrice Caine
Chairman and CEO

Pascal Bouchiat
Senior Executive Vice President, Finance and Information Systems

Philippe Keryer
Senior Executive Vice President, Strategy, Research and Technology

Philippe Knoche
Senior Executive Vice President, Operations & Performance

Peggy Nahmany
Executive Vice President, Communication Group

Isabelle Simon
Senior Executive Vice President, Group Secretary and General Counsel

Pascale Sourisse
Senior Executive Vice President, International Development

Clément de Villepin
Senior Executive Vice President, Human Ressources

Philippe Duhamel
Executive Vice President, Defence Mission Systems

Hervé Dammann
Executive Vice President, Land & Air Systems

Christophe Salomon
Executive Vice President, Secure Communications and Information Systems

Yannick Assouad
Executive Vice President, Avionics

Hervé Derrey
Executive Vice President, Space

Philippe Vallée
Executive Vice President, Cybersecurity & Digital Identity

4.4 Compensation of Corporate Officers

4.4.1 Information on the 2024 compensation of Corporate Officers

This section 4.4.1 presents the compensation paid or granted during the financial year 2024 to all corporate officers and, more generally, the information required by Article L. 22-10-9 I of the French Commercial Code. They are the subject of the 11th resolution presented to the Annual General Meeting of May 16, 2025. If this resolution is rejected, payment of the compensation granted to the directors in respect of the 2024 financial year will be suspended and the Board of Directors will submit to a new Annual General Meeting a draft resolution presenting a revised compensation policy, according to the conditions set out in Article L. 22-10-34 I of the French Commercial Code.

Subsection 4.4.1.1 sets out the fixed, variable and exceptional components of the total compensation and benefits in kind paid to the Chairman and Chief Executive Officer in the financial year 2024 or granted in respect of that year. They are the subject of the 10th resolution presented at this same Annual General Meeting. Payment of the Chairman and Chief Executive Officer's 2024 annual variable compensation and the funding of his pension rights in respect of 2024 for his defined contribution plan are subject to the approval of this resolution. Lastly, the long-term compensation of the Chairman and Chief Executive Officer in respect of the 2021 financial year (2021 LTIP) and the 2022 financial year (2022 LTIP) will be granted in full in the form of free shares by a decision of the Board of Directors, subject to approval of the 12th and 15th resolutions submitted to this same Annual General Meeting.

If either of the 12th or 15th resolutions is rejected, the Chairman and Chief Executive Officer's long-term incentive compensation for 2021 (LTIP 2021) will, subject to approval of the 10th resolution, be paid half in the form of a payment in Thales shares and half in cash.

4.4.1.1 2024 compensation of the Chairman and Chief Executive Officer

A. Annual fixed and variable compensation

Mr. Patrice Caine's annual fixed and variable compensation for 2024 was set in accordance with the compensation policy for the Chairman and Chief Executive Officer of Thales approved by the Annual General Meeting of May 15, 2024 (10th resolution) with an approval rate of 98.57%.

It is composed of:

- a fixed compensation of €1,000,000 (gross amount);
- a target annual variable compensation of €1,000,000 if the objectives are met, capped at a maximum of €1,500,000 (150% of the target) if these objectives are exceeded.

The criteria for determining annual variable compensation are 75% financial and 25% non-financial. To compensate for out performance on the financial criteria, the payment relating to these criteria may exceed the target up to 166.66%, which is not the case for the non-financial part, capped at 100%. Therefore, the annual variable compensation is capped at 150% of the target.

The possibility of requesting the return of the variable portion of the compensation is not provided for in the 2024 compensation policy for the Chairman and Chief Executive Officer.

(i) Financial criteria of the 2024 annual variable compensation

For the financial part, the criteria were Adjusted EBIT (35%), order intake (20%), and free operating cash flow (20%). The table below shows the scales of achievement for these three financial criteria.

- **FINANCIAL CRITERIA OF THE 2024 ANNUAL VARIABLE COMPENSATION**

Criteria	Weight	Thresholds	Payment in % of target
Adjusted EBIT	35%	If results ≤ 90% of the budgeted objective	—%
		If results = 100% of the budgeted objective	35%
		If results ≥ 110% of the budgeted objective	58.33 %
Order intake	20%	If results ≤ 90% of the budgeted objective	—%
		If results = 100% of the budgeted objective	20%
		If results ≥ 110% of the budgeted objective	33.33 %
Free operating cash flow	20%	If results ≤ budgeted objective -2% of budgeted sales	—%
		If results = 100% of the budgeted objective	20%
		If results ≥ budgeted objective +2% of budgeted sales	33.33 %
TOTAL FINANCIAL CRITERIA	**75%**		

The definition and calculation of these criteria are set out in section 2.3.

Criteria	Weight	Achievement *(in € millions)*	Level of achievement
Adjusted EBIT	35%	2,419	122%
Order intake	20%	25,289	166.7%
Free operating cash flow from continuing operations	20%	2,142	166.7%
Financial portion of annual variable compensation *(as % of target)*	**75%**		**146%**

At its meeting on April 2, 2025, the Board of Directors reviewed the results obtained for the financial criteria. Adjusted EBIT 2024 came in at €2,419 million, above budget, thanks in particular to stronger-than-expected sales growth in the Defence sector and good cost control. This performance triggers a 122% payment on this criterion.

The Board also welcomed the Group's excellent sales momentum, with continued strong demand in the defense sector in particular. In 2024, the Group signed 35 major contracts (unit value in excess of €100 million), compared with 25 in 2023 and 29 in 2022. The entry into force of 27 major contracts in the Defence sector enabled the sector's order intake to reach a new all-time high. At €25,289 million, order intake was more than 15% above budget, triggering a payment at the ceiling (166.66%) for this criterion.

Lastly, the Board noted the excellent level of free cash flow from continuing operations, €2,142 million, driven by strong order intake as well as the exemplary mobilization of teams to improve cash flow generation. This level is clearly above the budget objective and triggers a ceiling payment (166.66%) on this criterion.

In total, considering the weight of the three financial criteria, the Board noted that the financial portion of the annual variable compensation amounted to €1,093,852, or 146% of the target. This level reflects the Group's excellent financial performance in 2024.

(ii) Non-financial criteria for annual variable compensation 2024

In accordance with the compensation policy mentioned above for the Chairman and Chief Executive Officer of Thales, his performance in 2024 has been evaluated based on the following four non-financial criteria:

Criterion	Weight	Achievement	Elements of assessment
Strategy: • Pursuing growth initiatives in the core business, as well as potential specific strategic reviews.	3%	99%	The Board noted that the specific strategic review of the Space Telecom situation had led to the launch of an adaptation plan aimed at restoring the competitiveness and profitability of this activity (Adjusted EBIT of 7%+ in 2028). The Board welcomed Thales' acceleration in the field of Artificial Intelligence, with the launch on 26/03/2024 of the cortAIx accelerator (comprising three hubs: cortAIx Labs, cortAix Sensors and cortAIx Factory). A notable acceleration in the use of AI to improve internal processes, through a program steered by IS/IT was also highlighted.
Cross-functional operational actions: • Integrating recent acquisitions (Imperva, Tesserent and Cobham Aerospace Communications) and realizing their synergies; • continuing to manage the ramp-up in business, particularly in the Aerospace and Defence sectors; • continuing to strengthen the resilience of the supply chain; • relaunching the "Ca$H" plan with a particular focus on inventory management.	3%	96%	The Board praised the Group's efforts in reducing the pressure on customer deliveries and increasing global resilience of the supply chain. A number of initiatives has been launched, on the one hand to massify purchasing volumes, and on the other hand, to secure and reinforce the robustness of the external supply chain. The Board noted the implementation of a dedicated monitoring system for integration and synergies linked to the recent acquisitions of Imperva and Cobham Aerospace Communications. Lastly, the Board underlined the efforts made to improve production capacity by optimizing existing industrial facilities and deploying new ones. Particular attention has also been paid to raising awareness among operations teams of best practices in cash and inventory management.
Talent and human resources: • Coordinating management and monitoring of resources as planned for 2024; • structuring the "learning company" project, and implementing its first achievements; • promoting employee commitment and experience.	4%	98 %	The Board noted the continued expansion of the shared Engineering Skills Centers and outsourcing. It welcomed the ramp-up of the Academies (30 Academies created by the end of December 2024) as well as the Engineering skills centers. In addition, the Group's new skills reference framework has been validated and implemented. The Board welcomed the introduction of the SharingThales 24 employee shareholding plan, whose take-up rate exceeded the target (41.8% vs. 30%). Finally, to facilitate the integration of new recruits, an integration program has been set up via Group Monde e-learning "OnboardingU" and quarterly Groupe Monde "WelcomingU" sessions.
CSR criteria accounting for 15%: • This is broken down according to the three pillars of the Group's medium-term CSR strategy through three ambitious and quantifiable criteria, each accounting for 5% of the total:			

Criterion	Weight	Achievement	Elements of assessment
Planet: • Consolidating the deployment of the low-carbon policy to reduce CO_2 emissions, with the following objectives: – a 50% reduction in absolute CO_2 emissions for Scopes 1 and 2 compared with 2018, and – an 8% reduction in absolute CO_2 emissions for Scope 3 "use of products" compared with 2018.	5%	100%	The Board highlighted the reduction in Scopes 1 and 2 emissions of more than 57% compared with 2018, exceeding targets. This performance is the result of the reduction in the Group's energy consumption thanks to the deployment of an energy efficiency plan and the acceleration of renewable energy supplies. It also noted the 35% reduction in Scope 3 emissions for category 3.11 "product use", exceeding the target of -8%. This trend can be explained by the residual impact of the COVID crisis on the quantity of equipment sold in the aeronautical sector, and by improvements in products and the platforms that carry them. Lastly, the Board welcomed several external recognitions Thales received in 2024: Thales' inclusion in the Euronext CAC SBT 1.5 index in September, and last but not least, obtaining the CDP's "A" climate rating.
Society: • Raising awareness of climate change and digital security: – voluntary training in 2024 in the "Thales Climate Passport" for 50% of managers (pay grades 8-12), representing 26,000 employees, – implementation of specific actions on project-dedicated computer networks (BMN).	5%	100%	The Board noted that the objective of raising awareness of climate change among Group employees had been exceeded, with training attended by almost 35,000 employees, well ahead of the target of 50% of managers (pay grades 8-12) representing around 26,000 employees by 2024. The Board noted that the objectives set for specific actions on project-dedicated computer networks (BMN) had been achieved.
Employees: • Continuing to increase the proportion of women in the Group's management bodies, reaching 60% of Management Committees with at least four women (target of 75% by 2026) [(a)].	5%	100%	The Board was pleased to note the objectives by the end of 2024, were achieved, as 64.1% of Management Committees included at least four women. The Board noted the strengthened deployment of the Group's Gender Diversity Action Plan based on a new partnership strategy with the educational community, a series of initiatives aimed at rolling out an inclusive culture within the Group and improved career support for women. It emphasized the consolidation of actions already undertaken with leading gender equality associations such as "Elles Bougent", "Girls Code" and "Technovation" and Thales' ongoing commitment to promoting scientific and technological professions.

(a) As well as the Group Executive Committee, this includes the management committees of the GBUs, the Business Lines, the major countries where the Group operates, and the DGDI (covering the other countries where the Group operates), for a total of 39 committees. As of December 31, 2024, 64.1% of Management Committees included at least four women.

At its meeting on April 2, 2025, the Board of Directors reviewed the above criteria, taking into account the weight of these four non-financial criteria, and therefore decided, on the recommendation of its Governance and Compensation Committee, to set the achievement level of these criteria at 99%, i.e., €247,500.

This review led the Board to decide, on the recommendation of the Governance and Compensations Committee, that the annual variable compensation to be paid in 2025 to Mr. Patrice Caine for the financial year 2024 would amount to €1,341,352, representing 134.1% of the target annual variable compensation.

B. Long-term compensation

LTI Plan 2021

At its meeting on April 2, 2025, the Board of Directors noted that the Chairman and Chief Executive Officer's continued presence requirement was met as set out in the long-term incentive plan granted on March 3, 2021. At its meeting on March 4, 2024, the Board had already noted the performance levels achieved under this plan, which should have led to the vesting in 2025 of 10,318 performance units, half paid in Thales shares and half in cash.

Payment of the 2021 LTIP was subject to approval at the 2025 Annual General Meeting.

However, on April 2, 2025, the Board of Directors decided, on the recommendation of its Governance and Compensation Committee, to propose to the Annual General Meeting a change in the basis of the Chairman and Chief Executive Officer's long-term compensation in respect of the 2021 financial year. Therefore, subject to approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, this compensation would be granted in full by way of a bonus share issue, for the reasons set out in section 4.4.2.1.B.a below.

Consequently, subject to approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the 10,318 performance units under the 2021 LTIP will become redundant, and the Board of Directors will allocate in substitution 10,318 shares (corresponding to the number of units under the 2021 LTIP for which the performance and attendance conditions have already been met), under a specific free share plan, in accordance with the provisions of the French Commercial Code: a two-year vesting period will apply, so that all these shares will be delivered in June 2027.

In the absence of approval of either of the 12th and 15th resolutions by the General Meeting of May 16, 2025, the 10,318 performance units under the 2021 LTIP will be paid, subject to approval of the 10th resolution, half in Thales shares and half in cash. The value of the units validated and vested under the 2021 LTIP thus will be calculated according to the average of the last 20 closing prices of the Thales share recorded on March 02, 2025, i.e., €1,784,499.

LTI Plan 2022

On April 2, 2025, the Board of Directors also noted the achievement level of the performance conditions relating to the long-term incentive plan granted on March 2, 2022 (2022 LTIP).

Criterion	Weight	Realized	Level of achievement
Cumulative free operating cash flow 2022-2024	35%	€6.7 billion	100%
Organic sales growth 2022/2024 (compound annual growth rate, CAGR)	35%	+7.2%	100%
Reduction of operational greenhouse gas emissions (CO_2e) [(a)] Absolute value 2024 compared to 2018 (on a like-for-like basis)	10%	-45%	100%
Total Shareholder Return compared to the CAC 40 index Measurement based on performance at 12/31/2024 compared to 12/31/2021	10%	+98.1%	100%
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defense index Measurement based on performance at 12/31/2024 compared to 12/31/2021	10%	+98.1%	67%
TOTAL LEVEL ACHIEVED *(in % of the maximum number of units)*			**97%**

(a) Scope 1, Scope 2 and Scope 3 "Business travel".

With respect to the free operating cash flow, the Board noted that the year 2024 ended an exceptional period with results significantly above what was targeted. As the free operating cash flow reached an unprecedented level in 2022 and 2023 as well as an excellent performance level in 2024, the achievement over the period exceeded the ceiling and therefore triggered a 100% payment on this criterion.

In terms of order intake, the Board noted an excellent sales performance throughout the period concerned. Here too, this out performance over 3 years triggered a 100% payment on this criterion.

Finally, the Board noted that the stock market performance of the Thales share with dividend reinvested was +98.1% over the 2022-2024 period. This trend reflects the rerating of the Thales share price in 2022 and the continuation of its good performance since. This level is higher than the median of the Stoxx Europe Aerospace & Defense index (by 69% over the period) and the CAC 40 (by 19% over the period). The entry point of the highest quintile is +303% for the Stoxx Europe Aerospace & Defense and 52% for the CAC 40. These last two criteria position the share price performance in the highest quintile of the CAC 40 index and in the third quintile of the Stoxx Europe Aerospace & Defense index, triggering payments at 100% and 67% of the maximum level respectively.

The 2022 LTI Plan will give rise to the payment, in 2026, of 13,617 performance units to Mr. Patrice Caine, subject to compliance with the continued presence requirement and approval by the 2026 Annual General Meeting.

However, on April 2, 2025, the Board of Directors decided, on the recommendation of its Governance and Compensation Committee, to propose to the Annual General Meeting a change in the basis of the Chairman and Chief Executive Officer's long-term compensation in respect of the 2022 financial year. Therefore, subject to approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, this compensation would be granted in full in the form of bonus shares, for the reasons set out in section 4.4.2.1.B.a below.

Consequently, subject to approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the 13,617 performance units under the 2022 LTIP will be rendered redundant, and the Board of Directors would allocate in their place 13,617 shares under a specific free share plan, in accordance with the provisions of the French Commercial Code: a two-year vesting period would apply, so that all these shares would be delivered in June 2027, subject to compliance with a condition of presence on March 1, 2026 (except in the event of the beneficiary's death or disability).

In the absence of approval of either of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the performance units shall be paid out, subject to compliance with the condition of presence on March 1, 2026 (except in the event of death or disability of the beneficiary) and approval by the Annual General Meeting to be held in 2026 to approve the 2025 financial statements, half in the form of Thales shares and half in cash.

LTI Plan 2024

In accordance with the 10th resolution approved by the Annual General Meeting of May 15, 2024, the Board of Directors, at its meeting on June 25, 2024, granted the Chairman and Chief Executive Officer a maximum number of 12,855 2024 performance shares (2024 LTIP), representing 0.006% of the share capital, corresponding to around 28% of the cumulative 0.04% capital ceiling authorized over a 38-month period.

The number of shares definitively vested will depend on the degree of achievement, calculated over three financial years, of performance conditions related to free operating cash flow, organic sales growth, reduction of Scopes 1 and 2 greenhouse gas emissions (CO_2e [(1)]), gender balance and Thales' stock market performance, as detailed in section 4.4.1.4, table No. 6.

Also, the acquisition is subject to a presence condition for 4 years (i.e., until June 25, 2028, inclusive), except in the event of death, disability, or retirement.

Subject to these reservations, the number of shares definitively acquired will be determined at the 2027 Board of Directors' meeting called to approve the 2026, financial statements, and the allocation will take place on June 26, 2028.

C. Other commitments

Supplementary pension plan of Mr. Patrice Caine, Executive corporate officer

Progressive and conditional deferred compensation up to December 31, 2019

Prior to January 1, 2020, the Executive corporate Officer benefited from annual deferred compensation comprising two separate plans entitling him to progressive deferred compensation, the amount of which was determined using a points-based calculation method.

Mr. Patrice Caine acquired rights under the scheme for employees from 2011 to 2014, then from the scheme for corporate officers from 2015 to 2019. As of January 1, 2020, in accordance with the approval of the Annual General Meeting of May 6, 2020, this deferred compensation was terminated and the entitlements were fixed as at December 31, 2019. As such, the Chairman and Chief Executive Officer no longer acquires any new rights under these plans.

(1) *CO_2e (CO_2 equivalent) is a unit created by the Intergovernmental Panel on Climate Change (IPCC). Its goal is to standardize the measurement of the climate impact of various greenhouse gases. It is calculated according to the global warming potential (GWP) of the gas in question over a specified time period.*

From January 1, 2020, they were replaced by a defined contribution pension plan subject to Article 82 of the French General Tax Code.

The rules governing the progressive and conditional deferred compensation provided for a doubling of the annuity if the beneficiary remained a member of the Executive Committee for 10 years. As Mr. Patrice Caine had been a member of this Committee for 7 years before the fixing of his rights (from 2013 to 2019), the company applied a multiplier of 1.7 to the annuity, in accordance with law and regulations in force, and deemed the condition of presence on the Executive Committee to have been met.

This plan (including the annuities and corresponding tax and social security charges) has been provisioned and funded by the company.

Employee scheme

The potential annual rights vested by the Chairman and Chief Executive Officer under the employee scheme amount to €10,260. Under the terms of the plan, this amount will be revalued in line with changes in the Agirc point, bringing the annual entitlement to €11,541.

This scheme complies with Article L. 137-11 of the French Social Security Code and the vesting of rights is subject to the beneficiary completing his career in the company:

- to receive an annuity, the beneficiary must (i) prove he has received compensation from Thales exceeding eight times the social security ceiling in respect of at least one calendar year between October 1, 2007 and December 31, 2019, and (ii) complete his career with Thales. The plan was closed to new members on July 4, 2019;
- the vesting of rights was progressive and based on the gross compensation received by the beneficiary each year in respect of his paid employment. The plan was based on the Agirc supplementary pension scheme and its points-based calculation method. The vesting concerned the portion of the salary not covered by mandatory pension schemes, i.e. amounts in excess of eight times the annual social security ceiling (PASS);
- the calculation was made each year based on the compensation reported to the French social security collection fund (URSSAF) using the official annual amounts of the social security ceiling and the Agirc reference salary. The vesting base was equal to 20% of the portion of the salary between eight times the PASS and a maximum of 32 times the PASS, which had the effect of limiting the annual amount vested to around €14,213;
- this base was then divided by the Agirc reference salary for the year (cost of acquiring one point) to obtain the number of points acquired for that year, then multiplied by the conversion factor arising from the merger of the Agirc and Arrco schemes (applicable only to the number of points awarded each year until December 31, 2018). The potential compensation payable was equal to the total number of points vested multiplied by the value of an Agirc point at December 31, 2019.

Corporate officers' scheme

The potential annual rights vested by the Chairman and Chief Executive Officer under the corporate officers' scheme amount to €101,528. Under the terms of the plan, this amount will be revalued in line with changes in the Agirc point, bringing the annual entitlement to €114,206.

Subject to the points below, the terms for vesting rights under the corporate officers' scheme are the same as those applicable to the employees' scheme as described above.

This scheme was based on defined contribution schemes but was not subject to Article L. 137-11 of the French Social Security Code insofar as payment was not subject to the beneficiary completing his or her career within the company.

However, this deferred compensation is only vested provided the beneficiary has completed a full term in office and has claimed his social security pension. In addition, entitlement on the retirement date remains conditional on the achievement of a performance condition: the average rate of achievement of the annual Adjusted EBIT targets set by the Board for the corporate officer must be greater than or equal to 80% over the last three financial years ended before the date of termination of his or her term of office.

Defined contribution pension plan subject to Article 82 of the French General Tax Code from January 1, 2020

The Chairman and Chief Executive Officer benefits from a supplementary defined contribution pension scheme, subject to Article 82 of the French General Tax Code, the main features of which are described here:

1) title of the commitment under consideration: defined contribution pension plan;
2) reference to the provisions identifying the corresponding plan category: Article 82 of the French General Tax Code;
3) conditions for joining the scheme and other conditions applicable to benefit from it: beneficiaries are the corporate officers of Thales SA;
4) methods for determining the reference compensation set by the scheme concerned and used to calculate beneficiaries' rights: the contribution base is comprised solely of the fixed compensation of the beneficiary in respect of his or her position as a corporate officer of Thales SA payable for the period from December 1 of the previous year to November 30 of the current year, subject to social security contributions as provided for in Article 242-1 of the French Social Security Code, paid during the calendar year. The amounts taken into consideration are gross amounts, i.e. before deducting the various charges corresponding to employee contributions to social security and protection schemes of all types;
5) rate of vesting of rights: the scheme is funded annually;
6) existence of a limit, amount and method of calculation of any limit: not applicable, as the scheme is calculated as a percentage of compensation;
7) methods of funding rights: contributions to the supplementary pension plan and flat rate amounts intended to offset the negative impact of tax and social security contributions on the net compensation are fully funded by the company. The beneficiary may, however, make personal voluntary contributions subject to the terms of the contract. If the beneficiary's term in office expires before November 30 of the current year, the contribution and flat rate sum shall not be paid. The scheme provides for:
   - the payment by the company of an annual contribution to an external insurance company, equal to 32% of the gross fixed compensation actually received between December 1 of the previous year and November 30 of the year in question (i.e., fixed compensation subject to social security contributions subject to the terms set out in Article L. 242-1 of the French Social Security Code). The performance condition is determined as follows:
     - if annual variable compensation is <50% of target: no contribution is paid,
     - if annual variable compensation is between 50 and 80% of target = between 0 and 100% of contribution (linear),
     - if annual variable compensation is ≥ 80% of target = 100% of contribution;
   - the payment by the Company to the person concerned of an amount to compensate for the negative impact of this change on the latter's net compensation after contributions and income tax.

8) amount of the contribution and the supplementary payment at the end of the period:
   - if annual variable compensation is ≥ 80% of the target, the contribution amounts to €316,000,
   - as such, the gross amount of the supplementary payment totals €316,000;
9) corresponding tax and social security contributions payable by the company: The contributions or bonuses paid by the company in respect of Article 82 schemes are deductible from taxable income and are fully subject to social security contributions and charges.

At its meeting on April 2, 2025, the Board of Directors noted that the performance condition for payment of annual variable compensation in 2024 was achieved at 131.8% of target.

Subject to approval of the 10th resolution at the Annual General Meeting on May 16, 2025, the Company will finance the pension entitlements under the defined contribution plan described above in 2025.

Benefits and rights at the end of the term of office of Mr. Patrice Caine, Executive corporate officer

Severance pay

In accordance with the Afep-Medef code to which the Company has declared its adherence, an indemnity may be paid to Mr. Patrice Caine in the event that his term of office ends, except in the case of resignation, serious misconduct or gross negligence.

The amount of this severance pay is set at 12 months of his reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan). The Chairman and Chief Executive Officer resigned at the time of his appointment and no longer has an employment contract with the Company.

The payment of this severance pay is subject to the achievement of a performance criterion over the last three financial years: the average rate of achievement of the annual Adjusted EBIT objectives set by the Board for the Company representative must be greater than or equal to 80%.

Private unemployment insurance

In addition, it was decided to take out private a unemployment insurance with the same performance criteria as the severance pay. This provides for compensation for a period of one year and for an amount limited to the sum of the amounts corresponding to 70% of the portion of net taxable income below four times the annual social security ceiling (PASS) and 55% of the portion above, up to a limit of eight times the PASS. As of December 31, 2024, this private unemployment insurance would have represented an annual compensation equal to approximately €231,840, or 23.18% of the fixed compensation of the Chairman and Chief Executive Officer. The amount of the premium paid in respect of this benefit in kind amounted to €14,606 for 2024.

Other benefits in kind

In addition to this private unemployment insurance, Mr. Patrice Caine receives benefits in kind detailed in the table below summarizing the elements of his 2024 compensation.

D. Other information required under Article L. 22-10-9 I of the French Commercial Code

1) Equity ratios

Pay equity ratios measure changes in compensation disparities between the Executive corporate officer and employees. To increase their relevance, they have been calculated on the scope of the Group's French companies and not on that of the listed parent company alone. The latter was not selected because its workforce was not considered representative [1]. Consequently, these ratios were calculated as follows:

- the numerator is the compensation paid to the Executive corporate officer (fixed, annual variable, benefits in kind) or granted to him (LTI Plan) [2];
- in the denominator, compensation paid (fixed, variable annual, benefits in kind) or allocated (LTIP [3]), based on a full-time equivalent, to active employees continuously present from January 1 to December 31, 2024, in the workforce of Group companies having their registered office in France (Thales SA and companies under its exclusive control within the meaning of Article L. 233-16 II of the French Commercial Code). The staff of French and foreign branches of these companies is included in the calculation if they have more than 50 employees. Expatriates are excluded from the calculation base.

TABLE OF RATIOS UNDER ARTICLE L. 22-10-9 I. 6° AND 7° OF THE FRENCH COMMERCIAL CODE

	2020	2021	2022	2023	2024
Compensation paid to the Executive corporate officer *(in €)* [a]	2,013,177	1,701,718	2,832,658	2,837,494	3,338,532
Change in the compensation of the Company representative (in %)	+5%	-15%	+66%	—%	+18%
Average compensation paid to employees *(in €)*	67,222	66,728	70,339	73,396	77,218
Change in average employee compensation (in %)	+2%	-1%	+5%	+4%	+5%
Ratio compared to average employee compensation	30	26	40	39	43
Change in the ratio compared to the previous year (in %)	+4%	-15%	+58%	-4%	12%
Ratio compared to median employee compensations	33	28	45	43	48
Change in the ratio compared to the previous year (in %)	+4%	-15%	+58%	-4%	10%
Company performance: Adjusted EBIT *(in € millions)*	1,352	1,649	1,935	2,132	2,419
Change compared to the previous year (in %)	−33%	+22%	+17%	+10%	+13%

(a) The long-term compensation of the Executive corporate officer was determined at the target in accordance with IFRS standards.

(1) *By way of illustration, the 2024 ratio for the parent company amounts to 17 if it is calculated in relation to the average of employees and to 29 if it is calculated in relation to the median. These ratios are lower than those of the France scope given the nature of the parent company's workforce (mainly executives).*
(2) *The long-term incentive plan of the Executive corporate officer was determined at fair value determined in accordance with IFRS at the target.*
(3) *The long-term incentive plan for employees was measured at fair value under IFRS 2 under the same accounting standards.*

The decrease in ratios observed in 2021 is mainly due to the variable compensation paid in 2021 for 2020 (amount impacted by the Covid-19 crisis), which represents a greater weight for the Chairman and Chief Executive Officer than for eligible employees. In addition, unlike the Company’s performance indicator (Adjusted EBIT), the impact of the Covid-19 crisis is visible in the compensation “paid” in 2021 as set out in the table above.

Similarly, the increase in the ratio observed in 2022 reflects the level of variable compensation paid in 2022 for 2021, which is no longer affected by the Covid-19 crisis as the variable compensation paid in 2021 was for 2020. It also reflects the strengthening of the long-term component of compensation approved by the Annual General Meeting, whose IFRS valuation now reaches 100% of fixed compensation.

The decrease in the ratio observed in 2023 is mainly due to the stability of the compensation paid to the Chairman and Chief Executive Officer between 2022 and 2023, while the average compensation paid to employees increased by 4.35% on average and 4% on median.

The increase in the ratio observed in 2024 reflects the revaluation applied to the compensation of the Chairman and Chief Executive Officer in respect of the year 2024, motivated by the wish to make it more competitive and in line with market practices, particularly in view of the Group's growth and changes in the scope of its activities.

2) Contribution of the Chairman and Chief Executive Officer’s 2024 compensation to long-term performance

In reviewing the 2024 variable compensation, the Board noted that its design offered balanced and straightforward incentives for both the achievement of the most critical dimensions of the annual budget (profitability, growth, cash generation) through the portion of annual variable compensation based on financial criteria and the achievement of value creation objectives over a longer time horizon (growth, cash generation, stock market performance), through the long-term incentive plan.

In addition, on an annual basis, variable annual compensation includes non-financial criteria to promote the successful achievement of annual or multi-annual strategic objectives and to take into account the social and environmental issues that are central to the Group’s long-term performance. In particular, it includes both short- and long-term quantifiable CSR criteria, reflecting the Group's growing maturity and performance in this area.

Since 2022, the increased weight of long-term compensation (LTI) in total compensation contributed to strengthen the incentives for the Chairman and Chief Executive Officer to maximize long-term value creation, and the introduction of a quantifiable Climate criterion, with the addition of a Gender Balance criterion in 2024, in this long-term compensation has supplemented the incentives already implemented in this area through annual variable compensation.

The fixed, variable and exceptional items of the total compensation and benefits in kind paid in 2024 or granted under the same financial year to the Chairman and Chief Executive Officer, which will be submitted to a vote by the Annual General Meeting of May 16, 2025, according to Article L. 22-10-34, II of the French Commercial Code (10th resolution), are set out above and supplemented by the tables below, which have been prepared according to the Afep-Medef code. The compensation components are summarized in the table below.

TABLE SUMMARIZING THE 2024 COMPENSATION ELEMENTS FOR MR. PATRICE CAINE, PRESIDENT AND CHIEF EXECUTIVE OFFICER

<table>
<tr><th>Compensation items</th><th>Policy approved by the Annual General Meeting on May 15, 2024</th><th>Paid for financial year 2024</th><th>Allocated in respect of financial year 2024 (in amount or accounting value)</th></tr>
<tr><td>Annual fixed compensation</td><td>The policy provides for an annual fixed compensation of €1,000,000.</td><td>€1,000,000</td><td></td></tr>
<tr><td>Annual variable compensation</td><td>
The policy provides for a target annual variable compensation equal to €1,000,000.
The setting criteria are as follows:

75% of financial criteria (see description above). The targets were set by the Board as part of the budget process but not made public for confidentiality reasons;
non-financial criteria for the balance, i.e., 25% of the variable compensation (see description above).

In the event of out performance on the financial targets, variable compensation may reach a maximum of €1,500,000, i.e., 150% of the annual fixed compensation.
LEVEL OF TARGET ACHIEVEMENT
Level of achievement of financial targets:
At its meeting on April 2, 2025, the Board of Directors reviewed the results obtained for the financial criteria.
<table>
<tr><th>Criterion</th><th>Weight</th><th>Realized (in € millions)</th><th>Level of achievement</th></tr>
<tr><td>Adjusted EBIT</td><td>35%</td><td>2,419</td><td>122%</td></tr>
<tr><td>Order intake</td><td>20%</td><td>25,289</td><td>166.7%</td></tr>
<tr><td>Free operating cash flow</td><td>20%</td><td>2,142</td><td>166.7%</td></tr>
<tr><td>Financial portion of annual variable compensation (as % of target)</td><td>75%</td><td></td><td>146%</td></tr>
</table>
Level of achievement of non-financial objectives:
At its meeting on April 2, 2025, the Board of Directors reviewed the non-financial criteria.
<table>
<tr><th>Criterion</th><th>Weight</th><th>Level of achievement</th></tr>
<tr><td>Strategy</td><td>3%</td><td>99%</td></tr>
<tr><td>Cross-functional operational actions</td><td>3%</td><td>96%</td></tr>
<tr><td>Talent and human resources</td><td>4%</td><td>98%</td></tr>
<tr><td>CSR criteria</td><td>15%</td><td></td></tr>
<tr><td>3 pillars</td><td></td><td></td></tr>
<tr><td>Planet/climate</td><td>5%</td><td>100%</td></tr>
<tr><td>Climate change awareness and digital security</td><td>5%</td><td>100%</td></tr>
<tr><td>Gender diversity</td><td>5%</td><td>100%</td></tr>
<tr><td>Financial portion of annual variable compensation (as % of target)</td><td>25%</td><td>99%</td></tr>
</table>
Taking into account both financial and non-financial criteria, the Board noted that variable compensation amounted to €1,341,352, or 134.1% of target.
Details of the content and rate of achievement of these targets are given in section 4.4.1.A (i) and (ii) of the 2024 Universal Registration Document.
</td><td></td><td>€1,341,352 [(a)]</td></tr>
<tr><td>Annual fixed compensation</td><td></td><td colspan="2">€2,341,352 of which 57.3% is annual variable compensation and 42.7% is annual fixed compensation</td></tr>
</table>

(a) The payment of Mr. Caine's 2024 annual variable compensation is subject to the approval of the 10th resolution of the Annual General Meeting of May 16, 2025.

Compensation items	Policy approved by the Annual General Meeting on May 15, 2024	Paid for financial year 2024	Allocated in respect of financial year 2024 *(in amount or accounting value)*
Multi-annual variable compensation	None	–	–
Long-term compensation	**2024 Performance Share Plan (2024 LTIP)** – In accordance with the 10th resolution approved by the Annual General Meeting of May 15, 2024, the Board of Directors, at its meeting of June 25, 2024, granted the Chairman and Chief Executive Officer a maximum number of 12,855 performance shares (2024 LTIP). The number of shares definitively acquired will depend on the level of achievement, calculated over three financial years, on performance conditions relating to free operating cash flow (30%), organic growth in sales (30%), Thales' stock market performance (20%), and the reduction of greenhouse gas emissions (CO_2e) (Scopes 1 & 2) and diversity (together 20%). Also, vesting is subject to a presence condition for 4 years (i.e., until June 25, 2028 inclusive), except in the event of death, disability, or retirement.	–	€1,199,303 [b]
Long-term compensation	**2021 unit-based plan (2021 LTIP)** – Subject to the approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the Board of Directors will allocate 10,318 shares (corresponding to the number of performance units allocated under the 2021 LTIP), under a specific free share plan, in accordance with the provisions of the French Commercial Code. These shares shall be subject to a two-year vesting period and shall therefore be delivered in June 2027. In the absence of approval of either of the 12th and 15th resolutions at the Annual General Meeting of May 16, 2025, the performance units would be paid, subject to approval of the 10th resolution, half in Thales shares and half in cash [c]. **2022 unit plan 2022 (2022 LTIP)** – At its meeting on April 2, 2025, the Board of Directors noted the levels of achievement of the performance conditions of this plan granted on March 2, 2022:		[c]

Criterion	Weight	Realized	Level of achievement
Cumulative free operating cash flow 2022-2024	35%	€6.7 billion	100%
Organic sales growth for 2022-2024 (compound annual growth rate, CAGR)	35%	+7.2%	100%
Reduction of operational greenhouse gas emissions (CO2e) [d] Absolute value 2024 compared to 2018 (on a like-for-like basis)	10%	-45%	100%
Total Shareholder Return compared to CAC40 index Measurement based on performance at 12/31/2024 compared to 12/31/2021	10%	98.1%	100%
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defense index Measurement based on performance at 12/31/2024 compared to 12/31/2021	10%	98.1%	67%
TOTAL LEVEL ACHIEVED *(in % of the maximum number of units)*			**97%**

(b) IFRS valuation at grant date of the performance units under the 2024 LTI Plan of the Chairman and Chief Executive Officer.
(c) The value of the units validated and vested under the 2021 LTIP is thus calculated according to the average of the last 20 closing prices of the Thales share recorded on March 2, 2025, i.e., €1,784,499.
(d) Scope 1, Scope 2 and Scope 3 "Business travel".

≡ 1 2 3 4 5 6 7 8

Compensation items	Policy approved by the Annual General Meeting on May 15, 2024	Paid for financial year 2024	Allocated in respect of financial year 2024 *(in amount or accounting value)*
	Subject to approval of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the Board of Directors will allocate 13,617 shares (corresponding to the number of performance units allocated as part of the 2022 long-term compensation package), under a specific free share allocation plan, in accordance with the provisions of the French Commercial Code. These shares would be subject (i) to a two-year vesting period (and would therefore be delivered in June 2027) and (ii) to compliance with a condition of presence on March 1, 2026 (except in the event of the beneficiary's death or disability). In the absence of approval of either of the 12th and 15th resolutions by the Annual General Meeting of May 16, 2025, the performance units wild be paid, subject to compliance with the condition of presence on March 1, 2026 (except in the event of death or disability of the beneficiary) and approval by the 2026 Annual General Meeting called to approve the 2025 financial statements, half in Thales shares and half in cash.		

Compensation items	Policy approved by the Annual General Meeting on May 15, 2024	Paid for in respect to financial year 2024	Allocated in respect of financial year 2024 *(as an amount or accounting value)*
Exceptional compensation	None	–	–
Non-compete clause	None	–	–
Compensation linked to taking office	None	–	–
Defined contribution pension plan	The Thales Executive corporate officer benefits from a defined contribution pension plan, the amount of which represents 32% of the fixed base salary actually paid from December 2023 to November 2024. The 2024 contribution is conditional upon the achievement of the performance conditions applicable to the annual variable compensation for the previous year and depends on the achievement of the following performance conditions: (i) if annual variable compensation is <50% of target: no contribution is paid; (ii) if annual variable compensation is between 50% and 80% of target = between 0 and 100% of contribution (linear calculation); (iii) if annual variable compensation is ≥ 80% of target = 100% of contribution. Please refer to section 4.4.1.1.C for more details.		2024 contribution to the plan, paid by Thales to the insurer, on behalf of the Company representative: €316,000 Offsetting tax impact and expenses relating to the 2024 Plan Contribution: €316,000
Progressive and conditional deferred compensation until December 31, 2019	Prior to January 1, 2020, the Executive Corporate Officer benefited from progressive deferred compensation. As of January 1, 2020, in accordance with the approval of the Annual General Meeting of May 6, 2020, this deferred compensation was terminated and the entitlements were fixed as at December 31, 2019. The potential annual rights amount to €111,788 (€125,747 after revaluation). Entitlement to the annuity on the retirement date remains conditional on the achievement of a performance condition: the average rate of achievement of the annual Adjusted EBIT targets set by the Board for the corporate officer must be greater than or equal to 80% over the last three financial years ended before the date of termination of his or her term of office. Please refer to section 4.4.1.1.C for more details.		
Severance pay	An indemnity may be paid to Mr. Patrice Caine in the event of the termination of his corporate office, except in the event of resignation, serious misconduct or gross negligence and subject to the achievement of the same performance conditions as for the progressive and conditional deferred compensation. The amount of the indemnity is set at 12 months of his reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan). Please refer to section 4.4.1.1.C for more details.	–	–
Compensation for serving as a director	By decision of the Board of Directors on March 4, 2024, Mr. Patrice Caine does not receive any compensation for serving as a director, which the Company retains.	–	–
Benefits of any kind	Mr. Patrice Caine is entitled to: • the services of a chauffeur-driven car for his business travel; • external legal and tax assistance; • a private unemployment insurance, the benefit of which is subject to the achievement of the same performance conditions as those stipulated for the severance pay. Please refer to section 4.4.1.1.C for more details. Additionally, he is covered by the French employee benefit plan, an annual medical check-up as provided to Thales senior executives, and a directors' and officers' liability insurance [a].	€3,987 €26,663 €14,606	

(a) *The company's expenses for pension and health insurance benefits in the financial year 2024 amount to €7,953. Liability insurance is a collective insurance, and the cost cannot be individualized.*

4.4.1.2 2024 compensation of other corporate officers

A. Principles of directors' compensation

The total amount of compensation distributed among the directors (and any non-voting directors) for services rendered to the Board, including compensation owed to Committee members for their participation in these Committees, was revalued at €1,200,000 per year as of 2024.

Directors receive:

- for services to the Board, fixed compensation of €20,000 per year (prorata temporis in the event of an appointment or of a resignation during the year) adjusted down if necessary to respect the total budget (see below), and variable compensation based on attendance at meetings amounting to €5,000 per meeting;
- for services to the Committees, compensation (entirely variable), based on attendance of €2,500 per meeting, with the Chairman of each Committee receiving an additional €2,500 per meeting chaired;
- the directors appointed by the Board as lead directors in CSR matters also receive €2,500 per meeting of one of the three specialized committees in which they participate for the CSR topic(s) on the agenda;
- the above variable amounts per meeting are subject to a 25% discount if the director participates remotely.

If, due to a high number of meetings (variable compensation being paid first), the total amount of €1,200,000 per financial year (gross amount before any deductions) is likely to be exceeded, the fixed component of directors' compensation is reduced in order to remain within the annual budget approved by the shareholders.

The Chairman and Chief Executive Officer does not receive any compensation in respect of his position as the Chairman the Board of Directors and as a director.

B. Directors' compensation for the 2024 financial year

For 2024, the fixed portion of this compensation amounts to €20,000 for each director. The directors' compensation amounts to a total (gross amount before any deduction and withholding) of €1,080,680 (compared to €599,329 in respect of 2023). This amount includes compensation not collected by the Chairman and Chief Executive Officer in his capacity as director and as the Chairman of the Strategy and CSR Committee, and is retained by the Company. This compensation was paid in full in February 2025. As recommended by the Afep-Medef code, out of the total of €995,680 actually paid, the variable portion is majority and amounts to €695,625 (approximately 70% of the total).

For information purposes, the gross amount (before any withholding or deduction) paid during the year 2024 (after possible retention by the Company) and constituting the compensation due for the year 2023 amounted to €558,879.

The table No. 3 relating to directors' compensation was established in accordance with the Afep-Medef code, giving compensation details for each director (see section 4.4.1.4 below).

4.4.1.3 Compliance with the recommendations of the Afep-Medef code

Recommendations of the Afep-Medef code	Thales provisions for Mr. Patrice Caine, Executive corporate officer
Severance pay	
Only in case of forced departure	Yes
Performance conditions over 2 years	Performance conditions over the last three financial years
Maximum amount: 2 years of compensation (fixed + variable)	12 months of reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan)
Defined contribution pension plan	
Performance conditions	(i) if annual variable compensation is <50% of target: no contribution is paid; (ii) if annual variable compensation is between 50 and 80% of target = between 0 and 100% of contribution (linear); (iii) if annual variable compensation is ≥ 80% of target = 100% of contribution.

4.4.1.4 Summary tables established in accordance with the Afep-Medef code

- **TABLE 1: SUMMARY OF COMPENSATION, OPTIONS AND SHARES GRANTED TO THE EXECUTIVE CORPORATE OFFICER**

(in thousands of euros)	**2024**	**2023**
Patrice Caine, Chairman and Chief Executive Officer		
Compensation granted for the financial year (detailed in Table 2)	2,386.7	2,008.80
Valuation of options granted during the financial year	—	—
Valuation of performance shares granted during the financial year	1,199.3 [(a)]	849.9 [(b)]
TOTAL	**3,586.0**	**2,858.7**

(a) IFRS value at grant date at the target of performance units under the Chairman and Chief Executive Officer's 2024 LTI Plan. Specifically, and subject to approval by the General Meeting of May 16, 2025,there will also be a change in the method of granting of the 10,318 performance units under the 2021 LTI Plan towards free shares, or payment of the 10,318 performance units under the 2021 LTI Plan for which the presence condition is now met, and which correspond to an amount of €1,784,499 (see section 4.4.1.1.B.a above).

(b) IFRS value at grant date at the target of performance units under the Chairman and Chief Executive Officer's 2023 LTI Plan.

TABLE 2: SUMMARY OF THE COMPENSATION OF THE EXECUTIVE CORPORATE OFFICER

(in thousands of euros)	2024		2023	
Patrice Caine, Chairman and Chief Executive Officer	**Due in respect of the financial year**	**Paid during the financial year**	**Due in respect of the financial year**	**Paid during the financial year**
Fixed compensation	1,000.0	1,000.0	850.0	850.0
Variable compensation [(a)]	1,341.4	1,120.6	1,120.6	1,119.6
Exceptional compensation	–	–	–	–
Compensation for serving as a director [(b)]	–	–	–	–
Benefits in kind [(c)]	45.3	45.3	38.2	38.2
TOTAL PATRICE CAINE	**2,386.7**	**2,165.9**	**2,008.8**	**2,007.8**

(a) See section 4.4.1.1 on the assessment of the 2024 variable compensation.
(b) Does not receive any compensation for his position as a director or for his participation in the Strategic and CSR Committee. This compensation is retained by the Company (decision of the Board of Directors on March 4, 2024). The amount of the compensation calculated and not paid to Mr. Patrice Caine for 2024 following these decisions amounts to €85,000.
(c) The Executive corporate officer benefits from the services of a chauffeur-driven car, external legal and tax assistance, and private unemployment insurance.

TABLE 3: COMPENSATION RECEIVED BY NON-EXECUTIVE CORPORATE OFFICERS (GROSS AMOUNTS BEFORE ANY WITHHOLDING TAX AND/OR ANY DEDUCTION)

Beneficiary *(gross amounts in euros)*	**Granted in respect of financial year 2024 and paid in 2025** [(a)]	**Variable share/ total** *(%)*	**Granted in respect of financial year 2023 and paid in 2024** [(a)]	**Paid during the financial year 2023** [(a)]	**Notes**
Ch. Edelstenne	66,875	70%	38,450	35,750	
B. Fontana	50,468	66%	32,682	33,575	
D. Gény-Stephann	46,750	64%	28,432	28,262	
Ph. Knoche (until 07/06/23)	–	–%	26,723	40,250	(c)
Ph. Lépinay	68,750	71%	38,450	38,250	(b)
A. de Madre (until 05/10/23)	–	–%	11,370	30,750	(c)
R. McGregor-Smith (from 05/16/24)	31,353	60%	–	–	(c)
M. Nitsch (from 05/10/23)	55,000	64%	17,080	–	(c)
A. Rigail	56,312	70%	28,432	28,262	
L. Rocard (from 09/28/23)	81,250	75%	6,856	–	(c)
L. Segalen	66,875	70%	40,950	37,000	
A.-C. Taittinger	80,000	75%	42,950	41,500	
A. Taylor (until 05/15/24)	17,397	57%	28,450	25,750	(c)
E. Trappier	57,500	65%	39,700	38,250	
M.-F. Walbaum	65,625	70%	35,950	35,750	
Inter CFE-CGC (A.-M. Hunot-Schmit)	75,000	73%	45,950	44,500	
FGMM-CFDT (S. Jubault) from 12/09/2024	3,135	60%	–	–	(c)
FGMM-CFDT (N. Relier-David) from 05/11/2022 up to 12/08/2024	66,240	72%	38,450	21,562	(c)
FGMM-CFDT (F. Saintc) until 05/11/2022	–	– %	–	19,188	(c)
Treasury Accountant – Ordinance No. 2014-948	107,150	– %	58,004	60,401	
(D. Gény-Stephann + B. Fontana + E. Moulin + A. Rigail + A. Zajdenweber)					
TOTAL GROSS COMPENSATION PAID	**995,680**	**70%**	**558,879**	**559,000**	**(d)**

(a) Since a decision by the Board of Directors on February 27, 2017, directors' compensation is paid annually and in full (fixed and variable portions) at the beginning of the year following the financial year in respect of which it is due.
(b) Mr. Philippe Lépinay has informed the Company that he paid €3,500 in 2024 to the Association du Personnel Actionnaire de Thales (APAT).
(c) Amounts determined prorata temporis.
(d) These amounts do not include compensation not received by the Executive corporate officer (and retained by the Company) in respect of his position as a director. By including this last amount, the gross amount of directors' fees granted for the 2023 and 2024 financial years is €599,329 and €1,080,680 respectively, which remains below the annual budget (€600,000 in 2023 and €1,200,000 in 2024) authorized by the Annual General Meeting.

TABLE 4: SHARE SUBSCRIPTION/PURCHASE OPTIONS GRANTED DURING THE FINANCIAL YEAR TO THE EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR BY ANY GROUP COMPANY

None. As of 2012, the Company no longer grants share/purchase subscription options.

TABLE 5: SHARE SUBSCRIPTION/PURCHASE OPTIONS EXERCISED BY THE EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR

None.

TABLE 6: PERFORMANCE SHARES GRANTED DURING THE FINANCIAL YEAR TO THE EXECUTIVE CORPORATE OFFICER BY THE ISSUER OR BY ANY GROUP COMPANY

Under the 2024 compensation policy approved by the Annual General Meeting of May 15, 2024, in its 10th resolution and the authorization to grant free shares to the concerned party approved by the Annual General Meeting of May 10, 2023 in its 10th resolution, Mr. Patrice Caine was granted a long-term incentive plan for the 2024 financial year in the form of performance shares. The main conditions are listed below.

Senior executive's name	Plan's date	Maximum number of performance shares	Acquisition conditions
Patrice Caine	06/25/2024	12,855	Units vested after a 4-year vesting period as from June 25, 2024 and subject to performance conditions

CRITERIA AND WEIGHT OF LONG-TERM INCENTIVE PLAN (2024 LTI PLAN)

2024 LTI criteria	Weight	Objectives	Thresholds	Payment in % of the target's total
Cumulative free operating cash flow over the period **2024/2026**	30%	Floor: 90% x (budget 24 + budget 25 + budget 26)	If results < floor	— %
			If results = floor	15% (1,285 shares)
		Target: budget 24 + budget 25 + budget 26	If results = target	30% (2,571 shares)
		Ceiling: 120% x (budget 24 + budget 25 + budget 26)	If results ≥ period's ceiling	45% (3,856 shares)
			Linear variation between the floor and target, the target and ceiling	
Organic sales growth 2024/2026 (compound annual growth rate, CAGR)	30%	Floor: 90% x CAGR (budget 24 + budget 25 + budget 26)	If results < floor	— %
			If results = floor	15% (1,285 shares)
		Target: CAGR (budget 24 + budget 25 + budget 26)	If results = target	30% (2,571 shares)
		Ceiling: 120% x CAGR (budget 24 + budget 25 + budget 26)	If results ≥ period's ceiling	45% (3,856 shares)
			Linear variation between the floor and target, the target and ceiling	
Reduction in Scopes 1 and 2 greenhouse gas emissions (CO_2e) Absolute value 2026 compared to 2018 (on a like-for-like basis)	10%	Floor: -48% Target: -50% Ceiling: - 52%	If results < floor	—%
			If results = floor	5% (428 shares)
			If results = target	10% (857 shares)
			If results ≥ period's ceiling	15% (1,286 shares)
			Linear variation between the floor and target, the target and ceiling	
Proportion of women in senior management (pay grades 10-12) Percentage 2026	10%	Floor: 21.75% Target: 22.5% Ceiling: 23.25%	If results < floor	—%
			If results = floor	5% (428 shares)
			If results = target	10% (857 shares)
			If results ≥ period's ceiling	15% (1,286 shares)
			Linear variation between the floor and target, the target and ceiling	
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defense index - Measurement based on performance at 12/31/2026 compared to 12/31/2023	10%	Floor: median of the Stoxx Europe Total Market Aerospace & Defense index Ceiling: highest quintile of the index	If TSR < index median	—%
			If TSR = median's index	10% (857 shares)
			If TSR is in the highest quintile of the index	15% (1,285 shares)
			Linear variation between the median and the entry point of the highest quintile	
Total Shareholder Return compared to CAC 40 index – Measurement based on performance at 12/31/2026 compared to 12/31/2023	10%	Floor: median of CAC 40 Ceiling: highest quintile of the panel	If TSR < panel's median	—%
			If TSR = panel's median	10% (857 shares)
			If TSR is in the highest quintile of the panel	15% (1,286 shares)
			Linear variation between the median and the entry point of the highest quintile	

TABLE 7: PERFORMANCE SHARES OR UNITS THAT BECAME AVAILABLE TO THE EXECUTIVE CORPORATE OFFICER DURING THE FINANCIAL YEAR

As indicated in Tables 1 and 6, Mr. Patrice Caine's compensation as a Company representative includes performance shares since the financial year 2024.

In accordance with the 8th resolution approved by the Annual General Meeting of May 15, 2024, on May 16, 2024, the Chairman and Chief Executive Officer was paid 7,081 performance units valued on the basis of the average of the last 20 closing prices of the Thales share before February 24, 2024, i.e., an amount of €960,963. Half of this amount was paid in kind with Thales shares at the closing price on the day of the said Meeting, and the balance in cash.

TABLE 8: PAST GRANTS OF SHARE SUBSCRIPTION AND/OR PURCHASE OPTIONS TO THE COMPANY TO THE CORPORATE EXECUTIVE OFFICER

None. Mr. Patrice Caine has not received any share subscription and/or purchase options during his term of office.

TABLE 9: PAST AWARDS OF PERFORMANCE UNITS OR SHARES TO THE CORPORATE EXECUTIVE OFFICER

1. Performance units

Senior executive's name	Award year	Number of units allocated	Acquisition conditions
Patrice Caine	2017	3,840	Units vested after a 4 - year vesting period and subject to performance conditions over the period 2017-2019. The achievement of the performance level is presented in the 2019 Universal Registration Document, page 93. The units granted were transferred in accordance with the conditions set out in the 2020 Universal Registration Document, page 94.
Patrice Caine	2018	2,277	Units vested after a 4 - year vesting period and subject to performance conditions over the period 2018-2020. The achievement of the performance level is presented in the 2020 Universal Registration Document, page 95. The units granted were transferred in accordance with the conditions set out in the 2021 Universal Registration Document, page 98.
Patrice Caine	2019	5,760	Units vested after a 4 - year vesting period and subject to performance conditions over the period 2019-2021. The details of the other conditions are provided in the 2018 Universal Registration Document, page 97. The number of units and specific parameters of the 2019 LTI Plan were adjusted following the approval by the Annual General Meeting of May 6, 2021 of its 6th resolution (see section 4.4.2 of the 2020 Universal Registration Document, page 104). The achievement of the performance level is presented in the 2021 Universal Registration Document, page 98. The units granted were transferred in accordance with the conditions set out in the 2022 Universal Registration Document, page 102.
Patrice Caine	2020	7,081	Units vested after a 4 - year vesting period and subject to performance conditions over the period 2020-2022. The number of units and specific parameters of the 2020 LTI Plan were adjusted following the approval by the Annual General Meeting of May 6, 2021 of its 7th resolution (see section 4.4.2 of the 2020 Universal Registration Document, page 104). Details of the other conditions can be found in the 2020 Universal Registration Document, pages 105 and 106. Finally, the floors and ceilings were further adjusted by the Board on March 2, 2022, following the classification of the Transportation business segment as a discontinued business (see section 4.4.1.1.B of the 2021 Universal Registration Document, page 99).
Patrice Caine	2021	10,318	Units vested after a 4 - year vesting period and subject to performance conditions over the period 2021-2023. A change in the compensation scheme towards free shares is contemplated: see section 4.4.1.1.B above. Details of the other conditions can be found in the 2020 Universal Registration Document, page 110.
Patrice Caine	2022	13,617	Units vested after a 4 - year vesting period and subject to performance conditions over the period 2022-2024. A change in the compensation scheme towards free shares is contemplated: see section 4.4.1.1.B above. Details of the other conditions can be found in the 2021 Universal Registration Document, page 112. Achievement of the performance level is presented in section 4.4.1.1.B above.

2. Granting free shares

INFORMATION ON PERFORMANCE SHARES PATRICE CAINE		
	2023 Plan	**2024 Plan**
Date of General Meeting	May 10, 2023	May 15, 2024
Date of General Meeting	July 20, 2023	June 25, 2024
Total number of shares awarded	11,000 (maximum)	12,855 (maximum)
Vesting dates	July 20, 2027 (inclusive) Shares acquired after a 4-year vesting period	June 25, 2028 (inclusive) Shares acquired after a 4-year vesting period
Performance conditions	Subject to performance conditions over the 2023/2025 period. Details of the other conditions can be found in the 2022 Universal Registration Document, page 117.	Subject to performance conditions over the 2024/2026 period. Details of the other conditions can be found in the 2023 Universal Registration Document, page 117.

- **TABLE 10: SUMMARY TABLE OF THE EXECUTIVE CORPORATE OFFICER'S MULTI-YEAR VARIABLE COMPENSATION**

None.

- **TABLE 11**

Company representative	**Patrice Caine**
Start date of current term [(a)]	May 11, 2022
End of current term	General Meeting 2026
Employment	no
Supplementary pension scheme	yes [(c)]
Indemnities or benefits due or likely to be due as a result of termination or change of duties	yes [(b) (c)]
Indemnity relating to a non-competition clause	no

(a) Mr. Patrice Caine was initially appointed Chairman and Chief Executive Officer on December 23, 2014.
(b) For more details see section 4.4.1.1 C above "Benefits and rights upon the termination of office".
(c) For more details, see section 4.4.1.1.C above "Supplementary pension plan of Mr. Patrice Caine, Executive Corporate officer".

4.4.2 Compensation policy for Corporate Officers representatives for the 2025 financial year

In accordance with Article L. 22-10-8 of the French Commercial Code, this section 4.4.2 presents the compensation policy applicable to corporate officers.

Sections 4.4.2.1 and 4.4.2.2 set out the compensation policies applicable to the Chairman and Chief Executive Officer and for directors, respectively, from the financial year 2025, which will be submitted for approval to the Annual General Meeting of May 16, 2025 (12th and 13th resolutions). If the 12th resolution is approved:

- the compensation policy in section 4.4.2.1 will, in accordance with Article L. 22-10-8 of the French Commercial Code, apply to the Chairman and Chief Executive Officer as from the 2025 financial year, subject to possible revision at a subsequent Annual General Meeting deliberating on the same matter;
- the elements of the total compensation and benefits of any kind for the Chairman and Chief Executive Officer paid during the 2025 financial year or granted for the same financial year will be submitted to a vote of the shareholders at the Annual General Meeting called to approve the financial statements for the 2025 financial year, pursuant to Articles L. 22-10-9 and L. 22-10-34 I. and II. of the French Commercial Code, which moreover stipulate that the payment of variable and exceptional items is subject to the approval of the Annual General Meeting.

If the 12th resolution is approved, under Article L. 22-10-8 of the French Commercial Code, the compensation policy presented in section 4.4.2.2 will apply to the directors from the 2025 financial year, subject to possible revision at a subsequent Annual General Meeting deliberating on the same matter.

Process to establish the compensation policy for corporate officers

The Governance and Compensation Committee steers this process in accordance with the internal regulations of the Board of Directors.

To design the compensation policy for the Chairman and Chief Executive Officer, the Governance and Compensation Committee takes into consideration several parameters: salary policy for Group executives and employees, analyses prepared by an outside consultant, practices of comparable companies, strategic priorities, shareholders' point of view, recommendations of proxy-voting firms, stakeholder comments, changes in the Afep-Medef code, etc. Also, it considers the rate of achievement of financial and non-financial objectives in past years and the budget for the coming year. Through its Chairman, the Governance and Compensation Committee obtains all relevant information from the Human Resources Department, particularly concerning changes in salary practices within the Group, and from the other departments involved in establishing the policy (the Finance Department and the Company Secretary). Lastly, to measure the achievement of CSR objectives, and to set targets in this area, it relies on the findings and recommendations of the Strategic & CSR Committee, and on the work of the two lead directors in CSR matters who participate in the corresponding agenda item of the Governance and Compensation Committee.

The Governance and Compensation Committee issues recommendations to the Board of Directors. After examination, the Board submits its decision to the vote of the Annual General Meeting. Changes are only effective after the approval by the Annual General Meeting.

An independent director chairs the Governance and Compensation Committee. He can also call on an external consultant. Finally, the Chairman and Chief Executive Officer never participates in deliberations or votes in the Board of Directors on his own compensation.

When it deems it necessary, and in particular to take into account changes in the Afep-Medef code, the Governance and Compensation Committee studies whether it is appropriate to change the compensation policy for directors.

4.4.2.1 Compensation policy for the Chairman and Chief Executive Officer for the financial year 2025

The Board of Directors, based on the recommendation of its Governance and Compensation Committee, which met on February 4, and March 10, 2025, adopted this compensation policy for the Chairman and Chief Executive Officer for 2025.

A. General framework

Compensation for the Chairman and Chief Executive Officer includes the following items:

- an annual fixed compensation;
- an annual variable compensation whose target is equal to 100% of the fixed compensation, based on a combination of financial and non-financial criteria. The weight of the financial criteria is dominant;
- a long-term incentive plan (LTIP) linked to the value of the Thales share, in the form of performance shares; it is specified that the variable compensation of the Executive corporate officer systematically includes one or more criteria linked to corporate social and environmental responsibility in its annual or long-term component;
- severance pay [1];
- a private unemployment insurance [1];
- a supplementary pension plan with several components [1];
- legal and tax assistance;
- the same health insurance coverage as for senior executives;
- liability insurance for corporate officers;
- reimbursement of business expenses in accordance with Thales rules;
- an annual health check-up, like other Thales senior executives;
- the services of a chauffeur-driven car.

The Company adheres to the principles set out in the Afep-Medef code (section 26.1), according to which, in particular:

- the compensation of the Executive corporate officer must be competitive, tailored to the company's strategy and context. Also, it must promote its performance and competitiveness over the medium and long-term and make it possible to attract, retain and motivate a high-performance executive;
- the following principles are considered when setting such compensation: comprehensiveness, the balance between the items of compensation, consistency with the company's other executives and employees, the intelligibility of the rules (simple, stable, and transparent), and balance against the company's corporate interest, market practices, the executive's performance, and the views of other stakeholders.

The compensation of Executive Committee members and most of the Group's senior executives is composed of a fixed part, an annual variable part, and a Long-Term Incentive Plan (LTIP). The respective proportion of each component is established by taking into account the level of responsibility of each position, and the compensation studies carried out in the various national markets where Thales operates.

Thus, for the Chairman and Chief Executive Officer, these components are proportionate and balance out as follows:

- the fixed part is established considering the level of responsibilities and on benchmark compensation studies for comparable profiles;
- the target annual variable compensation is equal to 100% of the fixed compensation; the maximum cap for this annual variable compensation is 150% of fixed compensation;
- the value at grant date of the target long-term incentive plan may not exceed 120% of fixed compensation.

Long-term compensation is based on the achievement of demanding performance criteria at the end of a three-year period. It vests in a single installment at the end of a four-year period. Most of the long-term incentive is subject to internal performance criteria linked to strategic objectives laid down by the Board that take into account the objectives communicated to financial markets (if they exist).

The Chairman and Chief Executive Officer is also obliged to retain the Thales shares received as follows:

- with regard to shares resulting from the unit-linked plans from which he has benefited in his capacity as Chairman and Chief Executive Officer, shares equal to 50% of the net gain after tax from the LTIP, until he has built up a portfolio of shares equivalent to one year's fixed salary;
- with regard to shares under free share plans which he has received in his capacity as Chairman and Chief Executive Officer, 30% of the shares vested, until he has built up a portfolio of shares equivalent to one year's fixed salary, then 10% of the shares vested beyond that. In this respect, to calculate compliance with this one-year fixed salary requirement, shares resulting from unit-based plans subject to retention obligations will be added to the shares resulting from free share plans that are also subject to this obligation.

These retention obligations will apply throughout the duration of his duties as Executive corporate officer.

The Chairman and Chief Executive Officer also benefits from a supplementary pension plan described in section 4.4.2.1.B.e, which includes several components.

Lastly, severance payments to the Chairman and Chief Executive Officer may only be made in the event of forced departure, subject to the achievement of performance conditions over three financial years. They are capped at 12 months of reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding LTIP). This amount is lower than the recommendations of the Afep-Medef code.

Pursuant to the Afep-Medef code (section 26.1.2), the rules for determining the Chairman and Chief Executive Officer's compensation should be stable and the performance criteria used should be, to the greatest extent possible, long lasting. In principle, fixed compensation should only be reviewed at relatively long intervals (section 26.3.1 of the Afep-Medef code).

The compensation policy for the Chairman and Chief Executive Officer provides for a plan applicable to exceptional circumstances (see section 4.4.2.1.B.g).

[1] *Other compensation subject to performance conditions.*

B. Detailed compensation policy for the Chairman and Chief Executive Officer

a) Overall compensation structure

At its meeting on April 2, 2025, the Board of Directors decided, on the recommendations of the Governance and Compensation Committee, not to make any changes to the compensation policy for the Chairman and Chief Executive Officer, with the exception of the long-term compensation support granted to him in respect of financial years 2021 and 2022.

In its decision, the Board of Directors also took into account the approval rate of 99.8% of the items mentioned in I of Article L. 22-10-9 of the French Commercial Code (8th resolution) and the approval rate of 98.57% of the compensation policy of the Chairman and Chief Executive Officer by the Annual General Meeting of May 15, 2024 (10th resolution).

The main changes contemplated in relation to the compensation policy for the Chairman and Chief Executive Officer adopted by the Annual General Meeting of May 15, 2024 are as follows, the reasons for and terms and conditions of which are detailed in the sections below:

	Summary of changes proposed to the Annual General Meeting of May 16, 2025 (compared to the policy approved by the Annual General Meeting on May 15, 2024)
Annual fixed compensation	• Unchanged
Annual variable compensation	• Unchanged
Long-term incentive plan (LTI Plan 2025)	• Unchanged
Long-term compensation (2021 and 2022 LTI Plans)	• Change in the form of long-term compensation for the Chairman and Chief Executive Officer in respect of 2021 and 2022: compensation will no longer be awarded in the form of performance units, but in the form of free shares
Other components of items	• Unchanged

The Board of Directors gave the following reasons to motivate this change:

- since 2023, the Chairman and Chief Executive Officer's long-term compensation has been in the form of performance shares. Previously, this was awarded in the form of performance units, half paid in cash and half in Thales shares;
- for the two long-term unit-based compensation plans not yet paid out, i.e. those approved by the Annual General Meetings of May 6, 2021 (10th resolution) in respect of 2021 and by the Annual General Meeting of May 11, 2022 (13th resolution) in respect of 2022, to change the compensation medium from units to free shares, without changing the quantum allocated to the floor, target or ceiling, or the related performance and attendance conditions;
- this change, which is in line with the long-term compensation granted since 2023, also strengthens the alignment of the interests of the Chairman and Chief Executive Officer with those of the shareholders:
  - insofar as all long-term compensation for 2021 and 2022 would henceforth be paid in the form of shares, and
  - that the executive's obligation to retain shares will be reinforced, in particular by the requirement to hold 10% of shares actually acquired, after having built up a portfolio of shares equivalent to one year's fixed salary.

Therefore, the Board of Directors decided to:

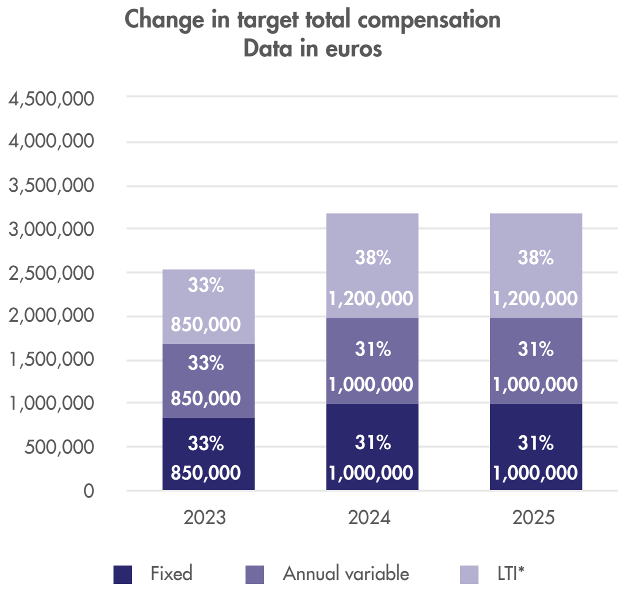
- maintain the fixed compensation of the Chairman and Chief Executive Officer unchanged (€1,000,000);
- maintain the relative weight of target annual variable compensation unchanged (100% of annual fixed compensation), and its maximum (150% of annual fixed compensation) in the event of over achievement of targets, while making the out performance option on financial criteria subject to achievement of a Group profitability target (Adjusted EBIT) for 2025;
- maintain the relative weight of long-term variable compensation (LTI) unchanged in relation to other compensation items, at the target level of 120% of annual fixed compensation, and a maximum level of 180% thereof (i.e. 150% of the target amount);
- maintain the weight of CSR criteria in short-term variable compensation at 15%, and in long-term variable compensation at 20%, which has already been increased in 2024; and
- adjust the long-term compensation of the Chairman and Chief Executive Officer for fiscal years 2021 and 2022: subject to approval by the Annual General Meeting of May 16, 2025 in its 12th and 15th resolutions, this compensation will then be granted in full in the form of free shares.

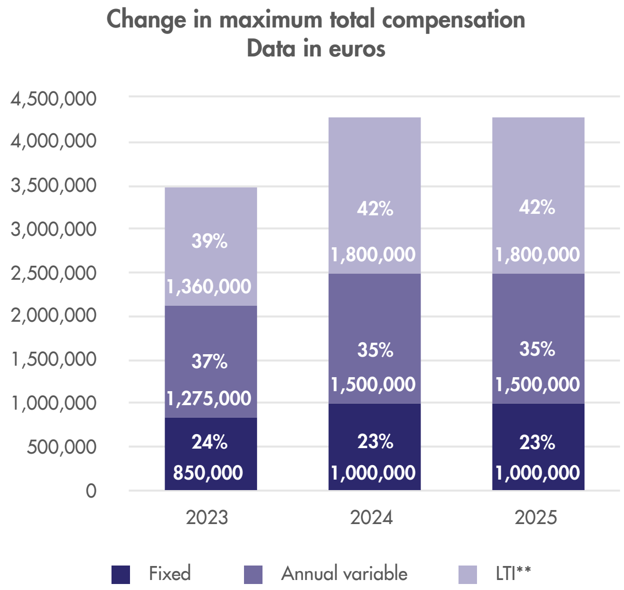
All these changes are described below in the section dealing with the various components of the compensation structure for the Chairman and Chief Executive Officer.

In accordance with its previous practice, the Board doesn't apply any deferral period to the payment of the compensation of the Chairman and Chief Executive Officer, other than that provided for in section L. 22-10-34 of the French Commercial Code, under which the Chairman and Chief Executive Officer's variable annual compensation for 2025 will be paid after approval by the shareholders at the 2026 Annual General Meeting.

Finally, the compensation policy does not provide for the option for the Chairman and Chief Executive Officer to return his annual variable compensation or his LTI.

In summary, the fixed, annual variable and long-term shares of compensation are allocated as follows.





* *Valuation of LTI plans at target in euros based on their IFRS fair value at the date of their allotment.*
** *Corresponds to 150% of target valuation, as presented in the graph on the left.*

Rationale for the policy and its criteria

For annual and long-term variable compensation, the Board has set thresholds and performance criteria that contribute to the objectives of the compensation policy. In fact, the financial criteria selected (Adjusted EBIT, order intake, free operating cash flow) are key indicators of the Group's performance and competitiveness. The Climate and Gender Balance criteria included in the LTI (reduction in operational emissions and proportion of women in senior management - pay grades 10 to 12) correspond to the indicators on which the Group set long-term targets, and for which it has both the largest scope for action and the most mature valuation methodologies. In addition, these criteria are consistent with those used in the compensation policy for other Group executives and employees. The thresholds have been positioned to reinforce the incentives to exceed budgetary targets. Regarding long-term compensation, the purpose is to stimulate the Group's development over the long-term and accelerate the CSR roadmap. Lastly, the Board wished to pay attention to the clarity and stability of the calculation rules.

The Board noted that this total compensation policy provides clear and balanced incentives simultaneously to achieve the most critical dimensions of the annual budget (profitability, growth, cash generation), through annual variable compensation, and to meet value creation targets over a longer horizon (growth, cash generation, stock market performance, environmental and social performance), through a long-term compensation. In addition, the Board considered it essential to complement this financial approach with the inclusion, on an annual basis, of non-financial criteria to promote annual or multi-year strategic objectives and reinforce the consideration of social and environmental issues that are at the heart of the Group's long-term development.

Also, the Board emphasized that this compensation policy contributes to the Group's business development strategy. Incentives for developing new business (variable compensation linked to order intake or organic sales growth) are balanced by incentives to achieve profitability (Adjusted EBIT and free operating cash flow), both for the current year (annual variable compensation) and in the medium term (LTI calculated over 3 years).

Finally, the balance between annual and long-term variable items ensures that the compensation policy contributes to the Group's sustainability by minimizing the incentive to achieve annual objectives at the expense of medium-term development.

Also, the Board noted that the other items of compensation (defined contribution pension plan, severance pay, private unemployment insurance, benefits in kind) contribute to the competitiveness of the compensation policy, which is designed to attract, retain and motivate a high-performing executive. These three objectives serve both the Group's corporate interest and its long-term development.

b) Criteria for determining the 2025 annual variable compensation

As in 2024, the criteria for determining annual variable compensation are 75% financial criteria and 25% non-financial criteria. To reward out performance on financial criteria, the payment relating to these criteria may exceed the target up to 125% of the annual fixed compensation, which is not the case for the non-financial part that remains capped at 25%. Therefore, the annual variable compensation is capped at 150% of the target.

(i) Financial criteria for 2025

The Board of Directors decided to maintain the same financial criteria and weight as those used to determine the 2024 variable compensation, namely:

- Adjusted EBIT for 35%;
- order intake for 20%;
- free operating cash flow for 20%.

For each criterion, annual variable compensation will only be paid if a demanding threshold is reached. For the first two criteria (Adjusted EBIT and order intake), no amount is due when the actual figure reported is less than or equal to 90% of the target. For free operating cash flow, no amount is due when the actual figure reported is below the budgeted objective by more than 2% of targeted budgeted sales.

For 2025, as for 2024, the ability to outperform on these financial criteria for annual variable compensation will be conditional on achieving the profitability target (Group Adjusted EBIT) set by the Board of Directors (see budgeted target below).

The trigger ranges for each of the financial criteria are unchanged from 2024 and are detailed below:

Financial criteria for annual variable compensation	Weight	Thresholds	Payment as a % of the target
Adjusted EBIT	35%	If results ≤ 90% of the budgeted objective	–%
		If results = 100% of the budgeted objective	35.00%
		If results ≥ 110% of the budgeted objective	58.33 %
Order intake	20%	If results ≤ 90% of the budgeted objective	–%
		If results = 100% of the budgeted objective	20.00%
		If results ≥ 110% of the budgeted objective	33.33%*
Free operating cash flow	20%	If results ≤ budgeted objective – 2% of budgeted sales	–%
		If results = 100% of the budgeted objectiveé	20.00%
		If results ≥ budgeted objective + 2% of budgeted sales	33.33%*
TOTAL FINANCIAL CRITERIA	**75%**		

* *For 2025, as for 2024, the ability to outperform on these two criteria is subject to achievement of the Group Adjusted EBIT target (set by the Board of Directors) used for the financial criterion linked to this aggregate.*

The definition and calculation of these criteria are set out in section 2.3 of the 2024 Universal Registration Document.

As in previous years, the targets for each financial criterion correspond to those in the Group's annual budget approved by the Board of Directors. For confidentiality reasons, the exact objectives underlying these financial criteria cannot be disclosed.

The quantified levels of achievement for each financial criterion will be detailed retrospectively in the 2025 Universal Registration Document.

(ii) Non-financial criteria for 2025

For 2025, the Board has decided to maintain the overall weight of non-financial criteria, i.e. 25%, with a criterion linked to Corporate Social Responsibility (CSR) up to 15% of the target variable compensation, in order to reflect the importance of this matter in the Group's strategy.

It has therefore been decided to keep the following four non-financial criteria:

- **strategy and R&D (3%)**: pursuing the integration and realization of synergies linked to the Imperva acquisition, sharing with the Board the main external growth opportunities, and deploying the AI roadmap through cortAIx's three labs divisions;
- **cross-functional operational actions (3%)**: implementing the adaptation plan for the Telecom Space business, continuing to ramp up production rates, particularly in the Defence sector, and improving delivery performance in line with the expected improvement in supplier performance;
- **talent and human resources (4%)**: coordinating and monitoring resources as planned, pursue implementation of the "learning company" projecting and promoting employee commitment and experience;
- **CSR criteria (15%)**: this is broken down according to the three pillars of the Group's medium-term CSR strategy through three ambitious and quantifiable criteria, each accounting for 5% of the total:
  - the 1st pillar focuses on **planet**, and includes among its objectives consolidating the deployment of the low-carbon policy to reduce CO2 emissions. The 2025 targets for this pillar are:
    - (i) formalizing the roadmap for each entity and identifying the associated levers for reducing emissions in line with the Group's 2030 commitments,
    - (ii) securing overall access to low-carbon energies and strengthening the energy efficiency and moderation of energy consumption plan,
    - (iii) a 52% reduction in CO_2 emissions in absolute terms for Scopes 1 and 2 compared with 2018,
  - the 2nd pillar focuses on **society**. The 2025 objectives for this pillar are as follows:
    - (i) raising awareness of climate change: by 2025, on a voluntary basis, training 85% of managers (pay grades 8-12), representing around 45,900 employees, in the Thales Climate Passport; and
    - (ii) digital security: pursuing specific actions on project-dedicated computer networks (BMN),
  - the 3rd pillar concerns **employees,** promoting continuous growth in the proportion of women in the Group's management bodies. The 2025 objective is for 67.5% of Management Committees to include at least four women [1]. This is ambitious as, on the one hand, women are under-represented in the engineering training programs that supply the Group's workforce (on this point, see the explanation given below regarding the Gender Balance target in long-term compensation) and, on the other hand, the successful achievement of this target may be affected by internal mobility or departures during the year.

c) 2025 Long-Term Incentive Plan (LTI Plan or LTIP)

The LTIP is designed to reward the Chairman and Chief Executive Officer based on the Group's long-term performance. In accordance with the Afep-Medef code (see section 26.1.2), the performance and employment conditions applicable to this plan are based on those applicable to the LTI plans of Executive Committee members and other senior Group executives who are beneficiaries (see section 6.2.3.5.1), without said conditions being identical. In this regard, notably, only the Chairman and Chief Executive Officer's LTI Plan includes an external financial criterion linked to Thales' stock market performance, which is justified by his corporate office.

For the two internal performance criteria, the Board of Directors decided to maintain a three-year measure based on average (for organic sales growth) or cumulative (for the free operating cash flow} achievement of the annual budget targets.

The 2025 LTI Plan will take the form of performance shares (hereinafter referred to as "LTI").

At target, the value (IFRS) at the time of the granting of the 2025 LTI Plan will be equal to 120% of the fixed compensation. At the ceiling, the number of LTIs allocated will correspond to 180% of fixed compensation.

[1] *As well as the Group Executive Committee, this includes the management committees of the GBUs, the Business Lines, the major countries where the Group operates, and the DGDI (covering the other countries where the Group operates), for a total of 39 committees. As of December 31, 2024, 64.1% of Management Committees were composed of at least four women.*

1 2 3 4 5 6 7 8

The LTIs are subject to a four-year vesting period. The number of LTIs definitively vested in 2028 will depend on the level of achievement of performance conditions measured over three financial years (2025/2027).

(i) Performance criteria for the LTI 2025 plan

For this 2025 LTI Plan, the Board of Directors, on the recommendation of the Governance and Compensation Committee, has decided to confirm the criteria applied to the 2024 LTI Plan, having noted that they remain demanding and aligned with the Group's main long-term value creation drivers.

The 2025 LTI Plan will therefore be subject to four objectives, all of which are quantifiable:

- 30% based on a business growth target, measured by the organic revenue compound annual growth rate (CAGR) for the period 2025/2027;
- 30% based on a competitiveness objective, measured in terms of cumulative operating free cash flow over the period 2025/2027;
- 20% on CSR objectives. These are in line with the Group's long-term CSR strategy, and complement the objectives associated with short-term variable compensation, which are the levers for achieving them. They are assessed as:
  - half (10%) on the reduction of Scopes 1 and 2 CO_2 emissions by 2027 in absolute terms and measured with reference to the level observed in 2018 and on a like-for-like basis; this CSR criterion is directly linked to the Group's performance in reducing CO_2 emissions. The floor and target objectives for 2027 have been set at -48% and -50% respectively compared with 2018. The demanding nature of these levels of achievement results from the fact that they are expressed in absolute terms and are in line with the trajectory "validated" by SBTi for these scopes on the basis of the 1.5°C scenario;
  - half (10%) on the Gender Balance of management bodies determined by the proportion of women in positions of responsibility (pay grades 10 to 12 [1]). The achievement levels for this objective, determined in line with the Group's long-term strategy in this area, have been set for 2027, at 22.5% and 23.125% respectively for the minimum and target levels. These figures, compared with the 21.1% figure at 12/31/2024, are ambitious on two counts. In France, women account for 33.3% of engineering students, but there is a wide disparity between biology and chemistry programs [2], where women account for over half of all students, and "electronics" and "IT" programs, where the proportion of women is well below 20% [3]. However, it is these latter disciplines that supply the bulk of the Group's workforce. In addition, Thales has a strong presence in other countries where women are under-represented in engineering training (USA 22%, UK 21.5%, Germany 20.3%, Netherlands 19%);
  - the measurement of Scopes 1 and 2 CO_2 emissions (according to the methodology set out for 2025 in section 5.1.2), as well as that of the proportion of women in positions of responsibility (pay grades 10 to 12), will be reviewed by the statutory auditor in charge of certifying sustainability information, who will be required to provide limited assurance, thereby guaranteeing the quality of this measurement;
- 20% based on Thales' stock market performance measured by the Total Shareholder Return or TSR (including the reinvested dividend). The calculation is based on performance at December 31, 2027, compared with performance at December 31, 2024, assessed: half (10%), by comparison with the performance of companies in the Stoxx Europe Total Market Aerospace & Defense index at December 31, 2027, and the other half (10%), by comparison with the performance of companies in the CAC 40 index at December 31, 2027.

(1) The Group's internal classification has 12 pay grades, with 12 being the highest. At December 31, 2024, 11,563 staff were employed at pay grades 10 to 12.
(2) Gender Equality Barometer 2022, Conférence des Grandes Écoles.
(3) Les femmes dans les métiers scientifiques et de l'ingénierie, État des lieux et perspectives, Etude Topics, 2022.

(ii) Thresholds and objectives attached to the 2025 LTI Plan performance criteria

The thresholds and objectives, set in a demanding and motivating manner by the Board, are as follows:

2025 LTI Plan criteria	Weight	Objectives	Thresholds	Payment as a % of target total
Cumulative free operating cash flow over the period 2025/2027	30%	Floor: 90% x (budget 25 + budget 26 + budget 27)	If results < floor	—%
			If results = floor	15%
		Target: budget 25 + budget 26 + budget 27	If results = target	30%
		Ceiling: 120% x (budget 25 + budget 26 + budget 27)	If results ≥ period ceiling	45%
			Linear variation between floor and target, and between target and ceiling	
Organic sales growth 2025/2027 (Compound annual growth rate, CAGR)	30%	Floor: 90% x CAGR (budget 25 + budget 26 + budget 27)	If results < floor	—%
			If results = floor	15%
		Target: CAGR (budget 25 + budget 26 + budget 27)	If results = target	30%
		Ceiling: 120% x CAGR (budget 25 + budget 26 + budget 27)	If results ≥ period ceiling	45%
			Linear variation between floor and target, and between target and ceiling	
Reduction in Scopes 1 and 2 greenhouse gas emissions (CO_2e) [(a)] Absolute value 2027 compared to 2018 (on a like-for-like basis)	10%	Floor: -48% Target: -50% Ceiling: -52%	If results < floor	—%
			If results = floor	5%
			If results = target	10%
			If results ≥ period ceiling	15%
			Linear variation between floor and target, and between target and ceiling	
Share of women in senior management (pay grades 10-12) 2027 value	10%	Floor: 22.5% Target: 23.125% Ceiling: 23.75%	If results < floor	—%
			If results = floor	5%
			If results = target	10%
			If results ≥ period ceiling	15%
			Linear variation between floor and target, and between target and ceiling	
Total Shareholder Return compared to the Stoxx Europe Total Market Aerospace & Defense index - Measurement of performance on 12/31/2027 compared with 12/31/2024	10%	Floor: median of the Stoxx Europe Total Market Aerospace & Defense index Ceiling: highest quintile of the index	If TSR < index median	—%
			If TSR = median's index	10%
			If TSR is in the highest quintile of the index	15%
			Linear variation between median and the highest quintile entry point	
Total Shareholder Return compared to the CAC 40 index - Measurement of performance on 12/31/2027 compared with 12/31/2024	10%	Floor: median of CAC 40 Ceiling: highest quintile of the index	If TSR < index median	—%
			If TSR = median's index	10%
			If TSR is in the highest quintile of the index	15%
			Linear variation between median and the highest quintile entry point	

(a) Scope 1, Scope 2.

For the free operating cash flow and organic sales growth criteria, the targets will correspond to the cumulative amounts (for free operating cash flow) or the compound annual growth rates (for organic sales growth) set out in the Group's annual budgets approved by the Board of Directors in 2025, 2026 and 2027 for the corresponding financial years.

At the end of the 2027 financial year, the Board of Directors will determine the extent to which these performance conditions have been met, and the number of shares that may be definitively acquired. The shares will be vested definitively, subject to the condition of presence and except in the event of death or disability, four years after the date of grant by the Board of Directors.

(iii) Additional 2025 LTIP vesting criteria conditions

If he should leave the Group during the vesting period, all performance unit entitlements shall be forfeited. Entitlement shall only be maintained in the event of death, disability or retirement.

The Chairman and Chief Executive Officer must hold the Thales shares delivered to him:

- with regard to shares resulting from the unit-linked plans from which he has benefited in his capacity as Chairman and Chief Executive Officer, up to 50% of the net gain after tax from the corresponding LTI Plans, until he has built up a portfolio of shares equivalent to one year's fixed salary;

- with regard to shares under free share plans which he has received in his capacity as Chairman and Chief Executive Officer, up to 30% of the shares vested, until he has built up a portfolio of shares equivalent to one year's fixed salary, then up to 10% of the shares vested beyond that; in this respect it is specified that, for compliance with this one-year fixed salary requirement, shares resulting from unit-based plans subject to holding obligations will be added to the shares resulting from free share plans that are also subject to this obligation.

These retention obligations will apply throughout the duration of his duties as Executive corporate officer.

In accordance with section 26.3.3 of the Afep-Medef code and the Internal Code on Insider Trading, the Chairman and Chief Executive Officer has undertaken not to use any hedging instruments in relation to his risk exposure on any shares or performance units he holds.

d) Long-term compensation plans for 2021 and 2022

At its meeting on April 2, 2025, the Board of Directors, on the recommendation of its Governance and Compensation Committee, decided to propose to the Annual General Meeting that the long-term compensation awarded to the Chairman and Chief Executive Officer in respect of financial years 2021 and 2022 be converted from performance units into free shares in line with the long-term compensation awarded to the executive since 2023 and to strengthen the alignment of his interests with those of shareholders (see section 4.4.2.1.B a) for further details).

Subject to approval by the Annual General Meeting of May 16, 2025, of its 12th and 15th resolutions:

- the 2021 and 2022 long-term compensation performance units will not apply and the Board of Directors may grant in substitution to the Chairman and Chief Executive Officer:
  - 10,318 shares, corresponding to the number of units under the 2021 long-term incentive whose performance and attendance conditions have already been met, and
  - 13,617 shares, corresponding to the number of units under the 2022 long-term incentive plan for which the performance conditions have been met and for which the condition of presence at March 1, 2026 (except in the event of death or disability of the beneficiary) remains applicable;
- these allocations will be made within the framework of a specific free share plan, in accordance with the provisions of the French Commercial Code: a two-year vesting period will apply, so that all these shares will be delivered in June 2027, subject, in the case of the 2022 long-term incentive, to the condition of presence on March 1, 2026;
- as for other free share grants to the Chairman and Chief Executive Officer, he will be required to retain 30% of the shares effectively acquired, until he has built up a portfolio of shares equivalent to one year's fixed salary, and then 10% of the shares effectively acquired beyond that.

In the absence of approval by the Annual General Meeting of May 16, 2025 of one of the 12th and 15th resolutions, the performance units in respect of the 2021 and 2022 long-term compensation will be paid, subject to approval of the 10th resolution of the General Meeting of May 16, 2025, half in the form of Thales shares and half in cash, under the conditions approved respectively by the General Meetings of May 6, 2021 (10th resolution) and May 11, 2022 (13th resolution).

e) Supplementary pension scheme

Following the approval by the Annual General Meeting of May 6, 2020, the Chairman and Chief Executive Officer benefits from two supplementary pension schemes: one in the form of progressive and conditional deferred compensation prior to December 31, 2019, and the other in the form of a supplementary defined-contribution pension, subject to Article 82 of the French General Tax Code, set up to provide the beneficiary with a pension annuity that is substantially equivalent to the previous progressive and conditional deferred compensation scheme.

(i) Progressive and conditional deferred compensation prior to December 31, 2019

Prior to January 1, 2020, the Chairman and Chief Executive Officer benefited from a scheme giving entitlement to progressive deferred compensation, the amount of which was determined according to a points-based allocation method identical to that provided for by the supplementary collective pension scheme in place within Thales for Group executives whose compensation exceeded the Agirc contribution ceiling.

More specifically, Mr. Patrice Caine has acquired potential rights:

- for the period from 2011 to 2014, under the Thales Employee Plan;
- for the period from 2015 to 2019, under the Rules applicable to Thales' Corporate Officers.

As of January 1, 2020, in accordance with the approval of the Annual General Meeting of May 6, 2020, this deferred compensation was terminated and the entitlements under the two aforementioned schemes were fixed as at December 31, 2019. As such, the Chairman and Chief Executive Officer has no longer acquired any new rights under these plans since that date.

The fixed rights acquired under the Thales Employee Plan amount to €11,002 (€11,541 after revaluation). This is subject to the provisions of Article L. 137-11 of the French Social Security Code. As a result, the payment of the annuity is subject to a condition of completing his career within the company.

The fixed rights acquired under the scheme applicable to Thales' corporate officers amount to €108,871 (€114,206 after revaluation) (for more information on this point, see 4.4.1.1 C).

The scheme applicable to Thales' corporate officers does not fall under the provisions of Article L. 137-11 of the French Social Security Code. However, the benefit of the annuity on the day of retirement remains conditional on the achievement of a performance condition: the average rate of achievement of the annual Adjusted EBIT targets set by the Board for the corporate officer must be greater than or equal to 80% over the last three financial years ended before the date of termination of his term of office. The fulfillment of this performance condition will be assessed by the Board at the time of the departure of the executive.

The plan regulations provided for a doubling of the annuity for officers who remain a member of the Executive Committee for 10 years. As Patrice Caine had been a member of this Committee for seven years before the date of fixing of rights (from 2013 to 2019), the Board of Directors applied a coefficient of 1.7 to this annuity, in accordance with law and regulations in force, and deemed the condition of presence on the Executive Committee to have been met.

(ii) Defined contribution pension plan for the Chairman and Chief Executive Officer

Following the decision of the Annual General Meeting of May 6, 2020, the Chairman and Chief Executive Officer benefits from a defined contribution pension plan provided by an external insurer and financed by the Company, which allows an annuity or lump sum payment (Article 82 of the French General Tax Code).

For a given year, the Company contributes 32% of the fixed base compensation actually received by the Executive corporate officer between December 1 of the previous year and November 30 of the year in question. In addition, the Company pays the concerned party an equivalent amount to offset the impact of salary and income tax expenses required by the premium paid by the Company.

Following the approval of the 10th resolution by the Annual General Meeting of May 6, 2021 (section 4.4.3.1.B page 112 of the 2020 Universal Registration Document), this defined contribution plan is not conditional on continued presence in the company at the time of retirement, and its payment is conditional on the achievement of a performance condition recorded in respect of financial year N-1 determined as follows:

- if annual variable compensation is <50% of target: no contribution is paid;
- if annual variable compensation is between 50 and 80% of target = between 0 and 100% of contribution (linear);
- if annual variable compensation is ≥ 80% of target = 100% of contribution.

Accordingly, payments are made after the Annual General Meeting has noted that the performance conditions applicable to variable compensation for financial year N-1 have been met.

f) Other Items of the Compensation of the Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer benefits from two other compensation components described in section 4.4.1.1, as follows:

(i) Severance pay

In accordance with the Afep-Medef code to which the Company has declared its adherence, an indemnity may be paid to Mr. Patrice Caine in the event that his term of office ends, except in the case of resignation, serious misconduct or gross negligence.

The amount of this severance pay is set at 12 months of his reference salary (fixed and variable compensation paid during the last 12 months of activity, excluding the long-term incentive plan). The Chairman and Chief Executive Officer resigned at the time of his appointment and no longer has an employment contract with the Company.

The payment of this severance pay is subject to the achievement of a performance criterion over the last three financial years: the average rate of achievement of the annual Adjusted EBIT objectives set by the Board for the corporate officer must be greater than or equal to 80%.

(ii) Private unemployment insurance

The beneficiary is entitled to private unemployment insurance with the same performance criteria as the severance pay. This provides for compensation for a period of one year and for an amount limited to the sum of the amounts corresponding to 70% of the portion of net taxable income below four times the annual social security ceiling (PASS) and 55% of the portion above, up to a limit of eight times the PASS.

In addition, the Chairman and Chief Executive Officer receives the following other items of compensation, also unchanged from 2024:

- legal and tax advice;
- private healthcare benefits identical to those offered to senior executives;
- civil liability insurance for corporate officers;
- reimbursement of business expenses in accordance with Thales rules;
- an annual health check-up, like other Thales senior executives;
- the services of a chauffeur-driven car.

The Chairman and Chief Executive Officer doesn't receive any compensation for his position as a director of Thales. He has no service contract with Thales SA or any of the companies controlled by it, within the meaning of Article L. 233-16 II or III of the French Commercial Code.

For more information, please refer to section 4.4.1.1.

g) Exceptional events

This section describes the measures envisaged in case of an exceptional event.

In the event of (i) a transaction that significantly changes the Group's scope of consolidation, or (ii) the occurrence of circumstances or events outside the Company that have a significant impact on the Group and could not have been foreseen at the time of approval of this compensation policy by the Board of Directors for presentation to the Annual General Meeting, the Board of Directors reserves the right to exercise its discretionary power to adjust upwards or downwards one or more of the parameters attached to the performance criteria (weight, triggering thresholds, objectives, targets, etc.) of the annual or long-term variable compensation (LTIP) of the Executive corporate officer. This will ensure that the results of the application of the said criteria reflect both the performance of the Executive corporate officer and that of the Group. Following the same logic, the Board of Directors may adjust the trigger levels, objectives and targets in the event of changes in accounting standards.

These adjustments will be determined by the Board of Directors on the recommendation of its Governance and Compensation Committee and disclosed on the Company's website.

It should be noted that this option is different from the one provided for in Article L. 22-10-8-III paragraph 2 of the French Commercial Code.

No provision has been made for the Board of Directors to depart from this compensation policy in the event of exceptional events other than those mentioned above.

4.4.2.2 Compensation policy for directors for financial year 2025

At its meeting on April 2, 2025, the Board of Directors, on the recommendation of the Governance and Compensation Committee, decided to maintain the compensation policy for directors as approved by the Annual General Meeting of May 11, 2024 (11th resolution).

a) Annual compensation

The maximum total amount of compensation distributed among the directors (and non-voting directors, if any) for services to the Board, including that due to the directors who are members of the Committees in respect of their participation in them, is set at €1,200,000 per year.

Directors receive:

- for services to the Board, fixed compensation of €20,000 per year (*prorata temporis* in the event of an appointment or of a resignation during the year) subject to compliance with the total budget due to variable compensation, and variable compensation based on attendance at meetings amounting to €5,000 per meeting;
- for services to the Committees, compensation (entirely variable), based on attendance of €2,500 per meeting, with the Chairman of each Committee receiving an additional €2,500 per meeting chaired;

- the directors appointed by the Board as lead directors in CSR matters also receive €2,500 per meeting of one of the three specialized committees in which they participate for the CSR topic(s) on the agenda;
- the above variable amounts per meeting are subject to a 25% discount if the director participates remotely.

Non-voting directors, if any, receive compensation that is entirely variable, based on attendance at meetings and amounting to €2,500 (or less, if the Board so decides) per meeting;

If, on account of the high number of meetings (variable compensation being paid first), the total amount of €1,200,000 per financial year (gross amount before any deductions) is likely to be exceeded, the fixed component of directors' compensation is reduced in order to remain within the annual budget approved by shareholders.

The Chairman and Chief Executive Officer does not receive any compensation in respect of his office as director.

In accordance with the recommendations of the Afep-Medef code, this structure was set up so that the variable item makes up most of the directors' compensation. Directors are therefore encouraged to observe strict attendance at meetings, which is essential if they are to carry out their duties effectively.

No provision has been made for the possibility of requesting that directors return the variable item of their compensation.

b) Exceptional compensation

In accordance with Article L. 225-46 of the French Commercial Code, additional compensation may be allocated to directors outside the authorized annual budget of €1,200,000 on an exceptional basis by decision of the Board in the following cases:

- pursuant to the Board's rules of procedure, the Chairman may request that specific committees be set up to study a proposed transaction, such as the signature of a major contract or the completion of an investment or divestment, for which the referral to one of the standing committees does not seem the best way for such a transaction to be appraised and subsequently voted on by the Board. In such cases, the Board of Directors may decide to grant its members exceptional compensation in the form of a flat fee pro-rated for the meetings attended;
- the Board may also entrust specific tasks to a director and decide to grant him exceptional compensation commensurate with the work performed.

This exceptional compensation, where applicable, will be subject to the provisions of Articles L. 225-38 to L. 225-42 of the French Commercial Code.

4.5 Compensation of other Officers

The total compensation paid in 2024 to Executive Committee members, excluding the Chairman and Chief Executive Officer, represents a total of €13,927 thousand including a variable portion of 33.3% for 2024. As for the Chairman and Chief Executive Officer, the variable portion is indexed to financial and non-financial performance criteria.

DETAILS OF THE SALARIES PAID TO THE EXECUTIVE COMMITTEE (EXCLUDING THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER) IN FINANCIAL YEARS 2023 AND 2024

(in thousands of euros)	**2024** **Versé au cours de l'exercice**	**2023** **Versé au cours de l'exercice**
Executive Committee (excluding the Chairman and Chief Executive Officer)		
Fixed compensation	6,214	6,526
Variable compensation	4,633	6,972
Defined contribution pension	3,026	2,432
Severance payment	—	—
Benefits in kind	53	52
Total before employer social contributions	**13,927**	**15,982**
Employer social contributions	4,276	5,496
TOTAL EXPENSES	**18,203**	**21,478**

Starting in 2020, members of the Executive Committee have benefited from a defined contribution pension whose contribution paid by Thales to the insurer is considered a benefit in kind.

Additionally, at the end of December 2024, 275,805 performance shares and 32,540 phantom shares were granted to members of the Executive Committee other than the Chairman and Chief Executive Officer. The breakdown by grant date and their detailed characteristics, as well as any options exercised, are provided in section 6.2.3.5 (page 246). The summary statement of transactions carried out by officers, directors, etc. and linked persons is shown in section 4.6. page 139.

4.6 Summary statement of transactions mentioned in Article L. 621-18-2 of the French Monetary and Financial Code carried out in 2024

In accordance with Article 223-26 of the General Regulations of the French financial markets authority (AMF).

To the Company's knowledge the following declarations have been sent to the AMF by persons required to file a declaration [1], for publication on its website (http://www.amf-france.org):

Senior executive's name	Financial instrument	Type of transaction	Total transaction amount *(in euros)*	Unit price *(in euros)*
Loïc Rocard	Share	Acquisition	72,829.0000	145.6580
Patrice Caine	Share	Payment in kind [(a) (b)]	480,339.6500	166.1500
Pascale Sourisse	Share	Disposal	751,502.3000	146.9500
Millar Crawford	Share	Disposal	83,653.4676	148.5852
Ruby McGregor-Smith	Share	Acquisition	76,479.9000	152.9598
Philippe Duhamel	Share	Free share acquisition [(c)]	–	–
Sylvie Duhamel (related to Philippe Duhamel)	Share	Free share acquisition [(c)]	–	–
Pascale Sourisse	Share	Free share acquisition [(c)]	–	–
Pascal Bouchiat	Share	Free share acquisition [(c)]	–	–
Isabelle Simon	Share	Free share acquisition [(c)]	–	–
Philippe Keryer	Share	Free share acquisition [(c)]	–	–
Philippe Vallée	Share	Free share acquisition [(c)]	–	–
Hervé Derrey	Share	Free share acquisition [(c)]	–	–
Yannick Assouad	Share	Free share acquisition [(c)]	–	–
Hervé Dammann	Share	Free share acquisition [(c)]	–	–
Christophe Salomon	Share	Free share acquisition [(c)]	–	–
Peggy Nahmany	Share	Free share acquisition [(c)]	–	–

(a) Payment of performance units made partly in kind with Thales shares of the value of units granted under the LTI Plan and subject to performance conditions.
(b) Declaration of March 6, 2025.
(c) Acquisition price: €146.

[1] *These are persons required to file a declaration pursuant to Article L. 621-18-2 a), b) and c) of the French Monetary and Financial Code. The persons referred to in Article L. 621-18-2 b) of the French Monetary and Financial Code include the members of the Executive Committee.*


THALES
TopSky - UAS Airspace Manager | Strategic
Flight requests
Restriction zones
Summary
Details
Title: Villatte
Date 04/21/2023
Start 06:00 End 18:00 Duration 12h00min
Altitude 539 ft / 120 m AGL
Status APPROVED
Mission comment
Comment
Add comment
Filter
DATE
COMPANY
IND.
STATUS
BORDEAUX
THALES
TopSky - UAS Airspace Manager | Tactical

5

Social and environmental responsibility

5.1 Sustainability report

This section constitutes the Thales Group's sustainability statement (hereinafter the "**Sustainability Report**"), prepared in accordance with Directive (EU) 2022/2464 as regards corporate sustainability reporting (hereinafter the "**CSRD**") transposed into French law in Article L. 232-6-3 of the French Commercial Code. This Sustainability Report was approved by Thales' Board of Directors at its meeting of April 2, 2025.

5.1.1 General disclosures

5.1.1.1 General basis for preparation of the Sustainability Report

The Sustainability Report was prepared based on the scope covered by the Group's consolidated financial statements presented in chapter 7 of the 2024 Universal Registration Document.

The Group's value chain, as described in section 5.1.1.3.1.c "Value chain", was examined as part of the double materiality assessment which identified certain impacts, risks and opportunities directly related to some or all of the Group's value chain (please refer to section 5.1.1.4.2 – "Specific description of the elements used to identify and assess material impacts, risks and opportunities (IROs) and their interaction with strategy and business model" for more details).

Some disclosures pertaining to the value chain are also included in the Sustainability Report, particularly those related to Scope 3 greenhouse gas (GHG) emissions, workers, affected communities, consumers and end-users, and relationships with suppliers.

The Sustainability reporting has been prepared for the first-time application of the legal and regulatory requirements arising from the transposition of the European Corporate Sustainability Reporting Directive ("CSRD"). This first year of applying the directive and carrying out the required double materiality assessment has involved uncertainty about the interpretation of the text, a lack of established practices and comparative data, and difficulties in collecting data, particularly from within the value chain.

Accordingly, the Group has endeavored to comply with the norm-based requirements set by the ESRS, as applicable on the date on which the Sustainability Report was prepared and based on the information available within the timeframe allowed to prepare said Report.

In some cases, difficulties in accessing reliable data meant that it was necessary to resort to estimates (see section 5.1.1.1.1.b – "Sources of estimation and outcome uncertainty"), which it will be possible to refine as and when the quality of the available data improves.

Lastly, the Group may, where applicable, modify certain reporting and communication practices and also its internal control procedures for producing sustainability reporting as part of a drive for continuous improvement.

5.1.1.1.1 Disclosures in relation to specific circumstances

a) Time horizon

The short-, medium- and long-term horizons used for the purposes of the Sustainability Report are those stipulated in the ESRS: the short-term horizon is considered to be the current year, the medium-term horizon is between 2 and 5 years, and the long-term horizon is more than 5 years.

b) Sources of estimation and outcome and value chain estimation uncertainty

The sustainability information disclosed may contain uncertainty inherent to the state of scientific or economic knowledge and the quality of the internal and external data used (e.g. the data calculated for the value chain). Estimates and judgments are made for certain disclosures based on experience, internationally recognized sustainability frameworks and the best information available. This is the case for forward-looking data, missing data and the quantification of environmental disclosures. For example, environmental data regarding industrial facilities cannot always be measured directly, and it may therefore be necessary to develop calculation models based on measured data.

These estimates are dependent on the methodologies selected and assumptions made.

The type of estimates made, the scope covered by them and any limitations on the scope covered when collecting certain data in this Report are explained in detail in the paragraphs on methodology included in each section concerned.

In particular, Thales has used estimates to determine Scope 3 carbon emissions covering various categories such as purchased goods and services, business travel, and use of products sold, each of which has its own uncertainties. The accuracy of these estimates may be affected if the data, which is often provided by third parties, is incomplete or of inadequate quality. Emission factors used to convert activity data into CO_2 emissions are also subject to variations depending on the source and circumstances in which they apply. The conventions and methodologies adopted, such as monetary emission factors, also introduce significant margins of error including the lack of consensus on certain accounting practices and the ever-changing regulatory framework. Accordingly, the Group exercises its best efforts to comply with industry best practices and methodologies.

The Sustainability Report takes into consideration:

- on the one hand, changes in the Group's scope of consolidation in 2024 and for the reference base under review: it includes the effects arising from the disposal of the Power Generation and Transportation activities and from the acquisitions of Imperva, Tesserent and Cobham Aerospace Communications, all of which were completed in 2023 and 2024;
- on the other hand, certain methodological changes and updates to carbon footprint calculations since the publication of the 2023 Non-Financial Performance Statement, i.e. the inclusion of company cars or vehicles under long-term leases in Scope 1, updates to emission factors, and the introduction of Scope 3 energy-related upstream emissions which were not published previously. These changes are described in detail for each data table concerned. No material errors were identified in the data published in the 2023 Non-Financial Performance Statement used as a basis for comparison for the Sustainability Report.

c) Specific disclosures stemming from other legislation or generally accepted sustainability reporting pronouncements

In order to meet the legal non-financial reporting requirements referred to in the French Commercial Code, other than those relating to the Sustainability Report, section III of chapter 5 of the Universal Registration Document provides detailed information about the vigilance plan, the fight against tax evasion, and actions aimed at promoting the link between the nation and the armed forces and supporting the engagement of civilian and military reserves.

d) Scope

This being the first year of application, certain quantitative data could only be collected in part. These data included:

- information on compensation for which available data cover 96% of the Group's consolidated headcount;
- information on supplier payment terms, which was calculated for the scope covering the Group's main French legal entities;
- information on purchase commitments for which available data cover around 95% of the Group's commitments.

The Group is taking all necessary measures to improve these data coverage rates.

5.1.1.1.2 Incorporation of information by reference

In order to meet the CSRD's disclosure requirements while avoiding repetition in the 2024 Universal Registration Document, the following datapoints are deemed to be included by reference in the Sustainability Report:

Standards	Disclosure requirements and datapoints	Sections of the 2024 Universal Registration Document
ESRS 2 GOV-1		Chapter 4 "Governance and compensation"
	• § 21a) Number of executive and non-executive members	• 4.1.2.a
	• § 21b) Representation of employees and other workers	• 4.1.1 and 4.1.2.a
	• § 21c) Experience acquired by board members	• 4.1.3.b, 4.1.3.c and 4.1.4
	• § 21d) Diversity within the board	• 4.1.3.a
	• § 21e) Percentage of independent board members	• 4.1.2.b
	• § 22a) Identity of the administrative, management and supervisory bodies	• 4.1.2.a and 4.1.4
	• § 23a) CSR-related expertise of the administrative, management and supervisory bodies	• 4.1.3.c
	• § 23b) Relation between this expertise and material IROs	• 4.1.3.c
ESRS 2 SBM-1	Information relating to product descriptions	"Core missions" and chapter 1 "The Group's business model"
ESRS 2 SBM-1	Information on the resources and value creation of the business model	"Strategic priorities" sections of Chapter 1 "The Group's business model"

5.1.1.1.3 Transitional provisions applied

When preparing this first Sustainability Report, the Group decided to adopt certain transitional measures authorized by the ESRS by opting for exemption from disclosure of the following information:

- breakdown of revenue by significant sector in the absence of an ESRS sector-specific standard;
- anticipated financial effects of material risks and opportunities;
- anticipated financial effects of climate change.

5.1.1.2 Governance

5.1.1.2.1 Role of the administrative, management and supervisory bodies in the governance of sustainability matters, oversight of impacts, risks and opportunities, monitoring of material sustainability matters and preparation of the Sustainability Report

a) Governance at the level of the Board of Directors and its specialized committees

The Group's governance of sustainability matters promotes strategic and operational alignment at all levels of the company, beginning with the Board of Directors and its specialized committees, as presented below.

BOARD OF DIRECTORS

Approves the Group's multi-annual CSR strategy, monitors it each year and reports back to the Annual General Meeting via the Sustainability Report. Ensures that social and environmental issues are factored into its decisions. For this purpose, refers to its three committees and two lead directors in CSR matters.

Audit & Accounts Committee	Strategy & CSR Committee	Governance & Compensation Committee
Monitors the sustainability reporting process and the process used to determine the disclosures to be published in this regard and, where appropriate, makes recommendations to ensure its integrity. Examines the draft Sustainability Report each year, including the environmental taxonomy statement and material impacts, risks and opportunities under the double materiality concept.	Sets the Group's strategic sustainability goals and ensures they are monitored each year (action plans, KPIs, etc.); as part of this process, it also identifies and updates the list of sustainability matters that are material for the Group. For this purpose, it receives the draft Sustainability Report reviewed by the Audit and Accounts Committee, including the observations made by the sustainability auditor(s), before it is presented to the Board of Directors, and can make any relevant comments.	Proposes sustainability targets to be included in the Chairman & CEO's annual and long-term variable compensation package and examines the level of achievement of these targets, with the help of the Strategy & CSR Committee.
Takes note of the main systems for managing impacts, risks and opportunities and for performing internal controls and audits of sustainability disclosures. Keeps informed of the outcome of these procedures and monitors their effectiveness.		Regularly reviews the directors' skills matrix, including its sustainability aspects. Examines all questions regarding the proper working of the Board, in particular via the Board's annual assessment.
Supervises the procedure for selecting sustainability auditors and recommends their appointment or reappointment to the Board, after which it oversees their audit assignment [1].		

Two lead directors in CSR matters

They take part in the Strategy & CSR Committee's CSR updates and their duties, under the Committee Chair's control, are:

- to coordinate the action taken by the Board's three committees in the area of sustainability reporting. Accordingly, they take part in the Audit and Accounts Committee meeting reviewing the draft Sustainability Report and in the Governance and Compensation Committee meeting reviewing the sustainability criteria applied to the Chairman & Chief Executive Officer's compensation (targets and achievement). They also interact with the Chairs of both these Committees, which may if appropriate invite them to take part in other committee meetings held on a given sustainability theme and/or send them the corresponding documents to collect their feedback; and
- on the Board's request, to discuss certain sustainability matters more in depth with General Management.

(1) *The statutory auditors (or independent third parties, as the case may be) responsible for auditing sustainability information inform the Audit and Accounts Committee of their overall work program, any modifications they feel should be made to the Sustainability Report, any irregularities or inaccuracies they may have discovered, and any significant internal control weaknesses they may have identified regarding the procedures for preparing and processing sustainability information, including oversight of impacts, risks and opportunities.*

Concerning this first Sustainability Report:

- the Audit and Accounts Committee was informed, in the presence of the two lead directors in CSR matters, that the data preparation process was progressing smoothly at its meetings of November 25, 2023, February 20 and November 25, 2024, and February 25 and March 19, 2025, the latter being held jointly with the Strategy & CSR Committee;
- the Governance and Compensation Committee reviewed the sections of the Sustainability Report pertaining to governance at its meeting of March 10, 2025;
- the Board of Directors as a whole was informed of sustainability-related regulatory requirements at its meetings of February 1 and March 4, 2024, after which it was informed of the progress made on preparing the new reporting in the minutes of the Audit and Accounts Committee meeting of November 28, 2024, and it then approved the Sustainability Report at its meeting of April 2, 2025.

b) Governance at the level of the Executive Committee and Group

Strategy & CSR Committee, an executive-level steering body

The Strategy & CSR Committee is tasked with providing executive-level validation for Thales' sustainable development strategy and policy objectives, as well as their associated metrics and targets, based primarily on the issues identified in the Group's double materiality assessment.

The Committee meets at least once each quarter and gives its approval for the priorities and action plans established to achieve the Group's sustainability objectives.

It also ensures that the means, investments and resources committed to support the Group's sustainability ambitions and objectives are adequate.

CSR Department and cross-functional Group sustainability policy steering and coordination bodies

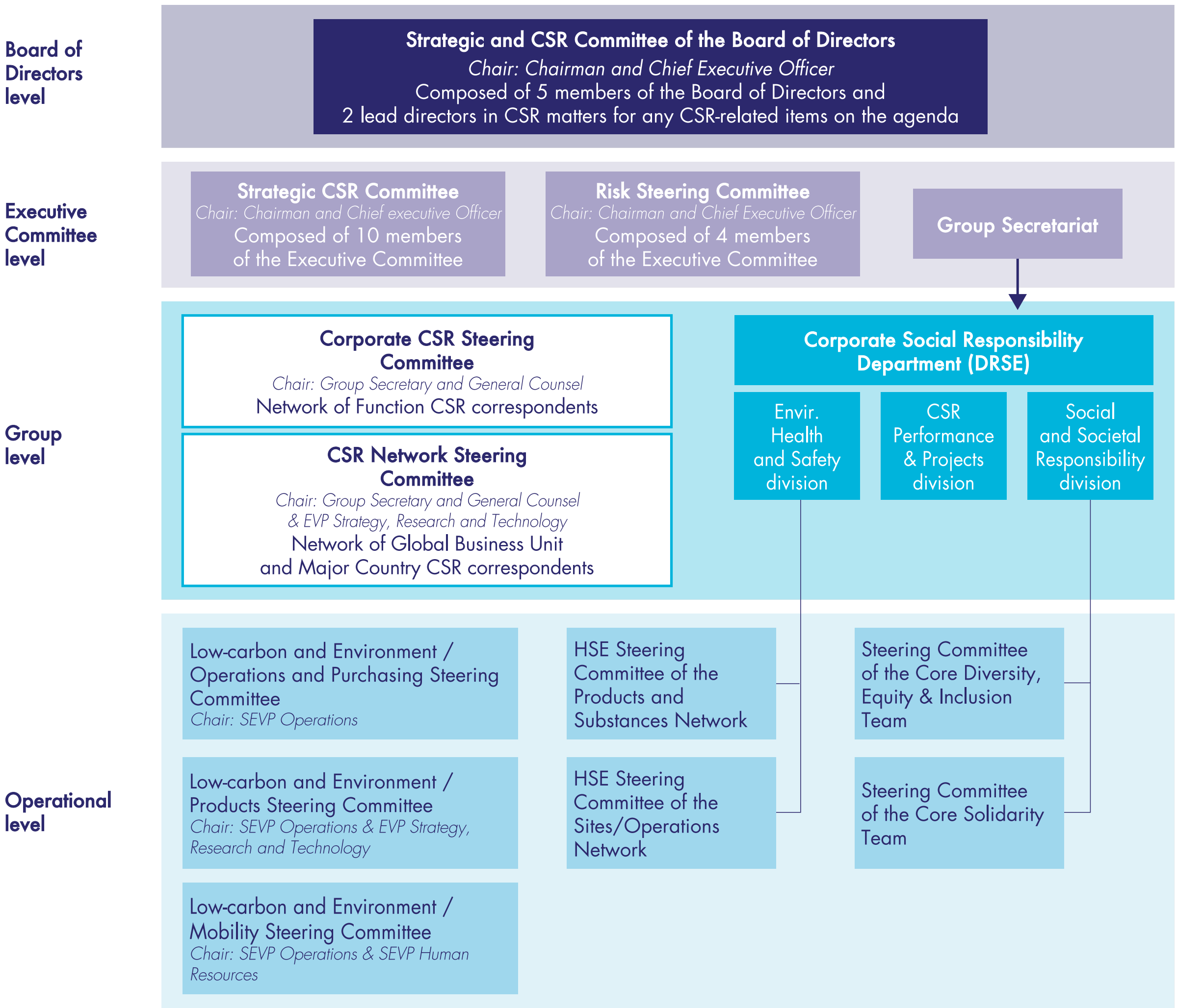
An integrated CSR Department aims to combine strategic vision, expertise and operational performance. It is part of the Company Secretariat and is supported by a network of correspondents throughout the Group.

This Department comprises two areas of expertise: "Environment, Health and Safety" and "Social and Societal Responsibility", both of which draw up and manage CSR policy road maps and coordinate networks deployed within the Global Business Units, Major Country organizations and central functions. A third area of expertise, "CSR Performance and Projects", also provides the tools, methods and elements needed to monitor and anticipate in order to ensure that applicable sustainability regulations are followed and Thales' CSR policy is effective.

Two cross-functional CSR steering and coordination bodies complete the Group's overall set-up:

- the Corporate CSR Steering Committee, chaired by the Group Secretary and General Counsel, is made up of the CSR correspondents of the central functions and the heads of the CSR Department. Its mission is to develop and share key sustainability issues, priorities and initiatives and periodically evaluate the deployment of road maps in relation to the targets set;
- the CSR Network Steering Committee, chaired by the Group Secretary and General Counsel together with the Senior Executive Vice President (SEVP) of Strategy, Research and Technology, is made up of the heads of the CSR Department and also the Vice Presidents Strategy and Marketing of the Global Business Units and Major Country organizations who are the CSR correspondents in their units and regions, and its role is to deploy CSR actions from a primarily strategic and operational standpoint.

These cross-functional bodies are supplemented by operational bodies, both at the business level (Global Business Units and product lines) and regional level (countries, regions and sites), as presented below.



Lastly, Thales has set up a governance structure dedicated to compliance and structured around an Integrity and Compliance Committee. This Committee is responsible for overseeing the preparation, deployment, implementation, evaluation and updating of the Group's Integrity and Compliance Program [1].

[1] *The Integrity and Compliance Program comprises 4 pillars: Anticorruption, Trade Compliance, Antitrust and Personal Data Protection.*

c) Oversight of material IROs, determination and oversight of action plans and targets

The Risk Management Committee (Group) provides consolidated oversight of material IROs by keeping them up to date. This Committee was involved in the assessment work and, in an extended format including alongside its permanent members (Chairman & Chief Executive Officer, Finance Director, Operations Director, Group Secretary and General Counsel), the Senior Executive Vice Presidents (SEVP) of the Human Resources and Strategy, Research & Technology functions, validated the results of Thales' first double materiality assessment prepared by the CSR Department [1] and Audit, Risks & Internal Control Department.

The double materiality assessment is updated at least every 5 years by the Audit, Risks and Internal Control Department and submitted for validation to the Risk Management Committee. The Committee can also decide to make additional updates, whether in part or in full, whether on the initiative of the DARCI, the CSR Department or the Board of Directors, particularly in the event of significant changes to the Group's scope or organization (acquisitions, disposals, restructuring), its geopolitical, economic, technological or regulatory environment, or observed industry practices.

In addition, **the Board of Directors' Strategy & CSR Committee,** with the help of the two lead directors in CSR matters, is kept informed each year during the preparation of the prior year's Sustainability Report of the material IROs, the implementation of due diligence, and the outcomes and effectiveness of the associated policies, actions, metrics and targets. For this purpose, it can refer to the observations made by the Audit and Accounts Committee, with both Committees able to make any relevant comments to the Board as part of the governance structure presented in section 5.1.1.2.1.a above.

The list of material IROs at December 31, 2024, examined by the Audit and Accounts Committee, the Strategy & CSR Committee and then the Board for the purposes of reviewing this report, is shown in section 5.1.1.4.2.

d) Action plans, determination of targets and oversight of progress on material impact, risk and opportunity metrics

The Corporate CSR Steering Committee and CSR Network Steering Committee, under the supervision of the Executive Committee's Strategy & CSR Committee, coordinate all action plans at Group level, set targets and oversee progress on metrics (see section 5.1.1.2.1.b).

The Board of Directors' Strategy & CSR Committee monitors the targets and action plans in relation to material sustainability matters (i.e. those flagged by the double materiality assessment) based on the work carried out by the Audit and Accounts Committee, and reports back to the Board to make any decisions (e.g. to adjust a target, replace or add a new metric, or update an action plan).

5.1.1.2.2 Integration of sustainability-related performance in incentive schemes for the administrative, management and supervisory bodies

The Board of Directors applies various sustainability-related incentives to the Chairman & Chief Executive Officer's annual and long-term variable compensation packages. These incentives are determined on the recommendation of the Governance and Compensation Committee, which itself refers to the two lead directors in CSE matters as presented in 5.1.1.2.1.a above.

For 2024, the Board of Directors decided to increase the weight of sustainability criteria in the Chairman & Chief Executive Officer's short-term variable compensation from 10% to 15% and in his long-term variable compensation from 10% to 20%, with a corresponding reduction in the weight of other internal criteria.

The sustainability criterion applied to the Chairman & Chief Executive Officer's annual variable compensation for 2024 (15%) is broken down according to the three pillars of the Group's medium-term sustainable strategy in the form of three quantifiable criteria each accounting for 5%:

- the 1st pillar focuses on the **planet** and includes among its objectives the aim of deploying the low-carbon policy to reduce CO_2 emissions. The two 2024 targets for this pillar are as follows (reductions in absolute terms and in comparison with 2018):
  (i) a 50% reduction in Scope 1 and 2 CO_2 emissions, and
  (ii) an 8% reduction in Scope 3 (use of products) CO_2 emissions.
- the 2nd pillar focuses on **society**. The two 2024 targets for this pillar concern:
  (i) climate change awareness: voluntary training under the "Thales Climate Passport" in 2024 for 50% of managers (Levels of Responsibility 8-12) corresponding to around 26,000 employees, and
  (ii) reinforcement of the digital security policy, with specific actions on project-centric IT networks (BMN – *Business Managed Networks*);
- the 3rd pillar concerns **people**, with priority given to continuous growth in the proportion of women in the Group's management bodies. The 2024 objective is for 60% of Management Committees to include at least four women [2].

The sustainability criteria applied to the Chairman & Chief Executive Officer's long-term compensation (20%) were determined in accordance with the Group's long-term CSR strategy and supplement the sustainability-related criteria applied to his short-term variable compensation, which are the levers for meeting these criteria.

(1) as described in section 5.1.1.4.1.
(2) As well as the Group Executive Committee, this includes the Management Committees of the Global Business Units, the Business Lines, the major countries where the Group operates, and the International Development Department (covering the other countries where the Group operates), a total of 39 committees. At December 31, 2024, 64.1% of Management Committees included at least four women.

In 2024, the sustainability criteria applied to his long-term compensation are assessed as follows:

- half (10%) based on the reduction in absolute Scope 1 and 2 CO_2 emissions by 2026, measured with reference to the level observed in 2018 and on a like-for-like basis; this sustainability criterion is directly linked to the Group's performance in reducing CO_2 emissions from its operations. The achievement levels for this 2026 objective, determined in accordance with the Group's long-term strategy in this area, have been set at -48% and -50%, respectively, for the minimum and target levels. These objectives are in line with the trajectory validated by the SBTi for these scopes on the basis of the 1.5 °C scenario;
- half (10%) based on the gender balance of management bodies determined by the proportion of women in positions of responsibility (Levels of Responsibility 10 to 12 [1], which constitutes a new objective compared with the 2023 LTI Plan. The achievement levels for this objective, determined in accordance with the Group's long-term strategy in this area, have been set for 2026 at 21.75% and 22.50%, respectively, for the minimum and target levels. These levels should be compared with the 20.4% reached at December 31, 2023.

5.1.1.2.3 Statement on due diligence

The Group follows vigilance governance procedures in compliance with the requirements set out in the French law (n° 2017-399) of March 27, 2017 on the duty of care of parent companies and contracting companies.

The Group Secretariat thus oversees the preparation, implementation, evaluation and updating of the due diligence plan. Each year it signs off on the draft update of said plan after having submitted any significant changes in the risk map to the Risk Management Committee for approval.

The governance procedures in place are described in the due diligence plan.

CORE ELEMENTS OF DUE DILIGENCE AND CORRESPONDENCE WITH THE SUSTAINABILITY REPORT

a) Embedding due diligence in governance, strategy and business model	See governance procedures described above
b) Engaging with affected stakeholders in all key steps of the due diligence	Please refer to the section on dialog with stakeholders among the topical standards
c) Identifying and assessing adverse impacts	Please refer to the sections on dialog with stakeholders and on identification of material IROs and their interaction with business model among the topical standards
d) Taking actions to address those adverse impacts	Please refer to the sections on actions among the topical standards
e) Tracking the effectiveness of these efforts and communicating	Please refer to the sections on metrics and on processes to remediate negative impacts among the topical standards

5.1.1.2.4 Risk management and internal controls over sustainability reporting

The quality of the Group's sustainability reporting is assessed using Thales' risk management and internal control procedures.

a) Internal control processes and systems in relation to sustainability reporting

In 2024, the Audit, Risks and Internal Control Department prepared an internal control manual drawing on financial auditing methodology and defining the types of controls applicable to sustainability reporting:

- **Existence** control: verification of the authenticity of the information provided;
- **Consistency** control: data compatibility and consistency with the prior period or with forecasts;
- **Completeness** control: inclusion of all necessary data;
- **Accuracy** control: precision, timeliness and accuracy of the data;
- **Authorization** control: validation of data by duly authorized persons.

The manual defines the objectives of the internal reporting controls for the Sustainability Report, specifying for each datapoint:

- the type of control and its description;
- the reporting requirement(s) concerned by the control;
- the scope covered and any limitations;
- the person responsible for the control;
- the source document;
- the associated tool in the event of an automatic control;
- the control frequency;
- the expected evidence;
- the evidence archiving procedure.

Representatives of the Group's functions responsible for Environment, Social and Governance matters are responsible for performing these controls or ensuring they are performed by the teams concerned. Cross-functional controls of qualitative data were defined in order to guarantee application of policies in accordance especially with the Group's Chorus frame of reference.

These internal control procedures began being deployed in December 2024 and will continue being deployed in 2025.

b) Risk assessment methodology for the purposes of sustainability reporting

The data collected by Thales when preparing this first Sustainability Report were more granular than for its Non-Financial Performance Statements of previous years. However, in the absence of reliable information, estimates were made.

Under a specific Audit, Risks and Internal Control Department mission in 2024, internal interviews were carried out and processes were analyzed in order to list and prioritize key reporting risks:

- the most significant of these risks appears to concern the completeness of the reporting scope, particularly as regards the inclusion of entities recently acquired by the Group;
- the consistency of the data reported, which could be compromised by the variety of different tools and local regulations involved;
- reliability and accuracy, as estimates of quantitative data may vary depending on the methods used, the assumptions made and the data sources referred to;
- the existence and validation of reporting elements, given that the information to be disclosed is new.

(1) *The Group's internal classification has 12 Levels of Responsibility, with 12 being the highest. At December 31, 2024, 11,562 staff were employed at Levels of Responsibility 10 to 12.*

Once these reporting risks had been identified, it was possible to define the five control categories presented above. The most significant of these risks concerns the incompleteness of the reporting scope, particularly as regards the inclusion of entities recently acquired by the Group. The variety of different tools, definitions and local regulations involved, which could compromise the consistency of reported data, must also be factored in. In addition, the quantitative data estimated for the value chain may vary depending on methods used, assumptions made and data sources referred to.

The Group intends to compile feedback in 2025 in order to take into consideration any difficulties encountered during the preparation of the 2024 Sustainability Report, any findings from the internal control procedures and the recommendations issued by the sustainability auditors. The conclusions will be shared with the functions concerned in order to define and implement any ad hoc action plans deemed necessary.

Lastly, another Audit Risks and Internal Control Department (DARCI) mission scheduled for the second half of 2025 will seek to assess the internal sustainability control procedures and their deployment.

5.1.1.3 Strategy

5.1.1.3.1 Strategy, business model and value chain

The Group's principal markets and main product lines and/or services offered are described in the "Core missions" section of chapter 1 "The Group's business model" of the 2024 Universal Registration Document.

At December 31, 2024, Thales had 83,020 employees, the majority of whom are located in France (50%), Europe excluding France (26%), the Americas (10%) and Asia-Pacific (12%).

a) Sustainability-related strategy

Sustainable development is a strategic priority for the Group. As a major player in the defence, aerospace and high-tech industries, Thales acknowledges its responsibility and role in developing solutions that will help the world rise to the contemporary challenges it is facing. By giving sovereign States the means to protect their air, space, maritime and cyber territories. By creating ever more efficient and frugal resources to help its customers and partners fulfill their critical missions. By gearing its research and innovation capabilities towards more ethical and inclusive technologies and a better understanding of the planet. Such a close correlation between the Group's operating objectives and social commitments is central to its corporate strategy.

A cycle of objectives relating to the four pillars of its CSR strategy defined in 2019 came to an end in 2023; the pillars were decarbonization (targets validated by the SBTi), diversity and inclusion, ethics and integrity, and health and safety in the workplace. Thales met or exceeded all the long-term objectives set out in its CSR strategy as defined initially in 2019 before being revised upwards in 2021. These issues are rapidly gaining importance, so the Group's success prompted it to upgrade its ambitions and commitments out to 2030. The Group's pro-active CSR strategy breaks down into nine strategic commitments spanning three essential pillars: SOCIETY, PLANET and PEOPLE, and aims to position Thales as a leading light in sustainable development in its markets.

- **Society**
  - *Business:* Thales has set itself the goal of providing protection against cyberattacks for twice as many large businesses and governments by 2030. Cybersecurity has become vital to global stability. The critical assets that Thales protects on behalf of its customers – border control systems, identity documents, bank data, defence systems and air navigation systems - all boost economic activity and help to spur progress in many aspects of a citizen's day-to-day life. Growth in Thales' cybersecurity business increases its positive impact on society.
  - *Ethics:* Thales has pledged to have its AI systems and solutions assessed based on the responsible AI criteria set out in its Digital Ethics Charter by 2030. AI is playing a key role in resolving the major challenges of the future, although it also raises some crucial ethical concerns. This is especially true in the defence and security sectors. It makes particularly good sense for Thales to adopt a responsible approach as AI will be embedded into the Group's solutions on an ever larger scale going forward.
  - *Communities:* Thales wishes to boost public confidence in science and technology and raise awareness about their importance. Thales' objective is to reach 1 million young people by 2030 through engagement initiatives held in schools as well as its student grant programs, such as the *Thales Solidarity* STEM for ALL program. The aim here is to inspire young people to pursue engineering as a career path and encourage the next generation to study or choose a career in the sciences. The Group is thus consolidating its contribution to the world of science and taking part in efforts to share and spread knowledge.
- **Planet**
  - *Climate:* Since 2019, the Group has been pursuing its strategy for a low-carbon future, which has already resulted in significant reductions in its CO_2 emissions. The Group continues to take action in a drive to meet its targets, which are aligned with the Paris Agreement, to reduce its absolute Scope 1 and 2 emissions by 50% by 2030 and its absolute Scope 3 emissions by 15% relative to 2018. This emissions reduction trajectory was validated by the SBTi in 2023.
  - *Resources:* Thales wishes to become more involved in the circular economy and achieve a 95% recycling rate of its non-hazardous waste by 2030. The Group also applies an ecodesign approach and factors the environment into its product lifecycles.
  - *Nature:* In keeping with its initiatives to protect the biodiversity surrounding its sites, Thales aims to reduce its water withdrawal intensity by 30% between now and 2030 in order to protect the planet's water resources.
- **People**
  - *Learning organization:* Employee reskilling and upskilling are major challenges in today's ever-changing technological world. As a leading player in the world of technology with over 33,000 top-level engineers, the Group's priorities include maintaining its cutting-edge expertise and attracting the most talented employees. Thales has devised a new index in-house with which it intends to measure the skills maturity of its employees in order to help them develop their skills and promote mobility. Thales hopes to obtain a score of over 70 out of 100 on this index Group-wide by 2030, an indication of the suitability of its employees' skills relative to the maximum possible level.

- *Diversity, equity and inclusion:* Thales wishes to build an inclusive culture in which everyone can feel comfortable about being different, where others are respectful of their differences, and where they can find their place in the working community; it pays particularly close attention to the issue of employee diversity. Following on from the efforts it has made to improve its gender balance since 2016, the Group now aims to continue increasing the rate of female representation in its most senior positions to 25% by 2030.
- *Health and well-being:* Thales strives to improve the health and well-being of its staff, regardless of their profession or working environment. The Group wishes to step up its efforts to prevent accidents in the workplace and lower the Lost Time Injury Frequency Rate to 1 or below by 2030.

Among these commitments, the Group identified four priority actions with an impact on society, the planet and people in 2024. These priorities come with quantified targets that will be taken into consideration in the sustainability criteria applied to the Chairman & Chief Executive Officer's 2024 variable compensation (see section 5.1.1.2.2) and to that of employees eligible for variable compensation, i.e. 58,565 employees in total.

The sustainable development criteria applicable to employees in 2024 are summarized below.

- **Society**:
  - Provide training in climate change issues to 50% of managers (Levels or Responsibility 8-12), corresponding to approximately 26,000 employees, through the "Thales Climate Passport" online training program;
  - Reinforce the digital security policy, with specific actions on the Group's project-centric IT networks *(Business Managed Networks* - BMN).

This target was achieved: 34,770 employees received climate change awareness training through the Thales Climate Passport program; moreover, specific actions were carried out aimed at reinforcing digital security on project-centric IT networks.

- **Planet**: Reduce absolute Scope 1 and 2 CO_2 emissions by 50% and absolute Scope 3 (use of products) emissions by 8% in 2024 compared with 2018, in line with Thales' emissions reduction trajectory validated by the SBTi in March 2023.

This target was achieved as the Group reduced its absolute Scope 1 and 2 CO_2 emissions by 56.8% and its Scope 3 (use of products) emissions by 35% compared with 2018.

- **People**: Ensure continuous growth in the proportion of women in positions of responsibility (Levels of Responsibility 10 to 12[1]) with the 2024 target of 21% in line with the 2026 target set by the Board of Directors.

This target was met at December 31, 2024 with a proportion of 21.1%.

Moreover, Thales continued working towards its sustainability ambitions in 2024 thanks to its portfolio of products and solutions:

- **Building a safer world**, through high-tech equipment that gives sovereign states the means to protect their territories and their populations. For example:
  - Thales is the world's leading supplier of submarine sonar systems, equipping more than 50 naval forces around the world;
  - Imperva, a Thales Group brand, deploys a range of digital protection services to protect data, applications and the internet against malware.
- **Building a more environmentally friendly world**, thanks to a range of solutions that help its customers to reduce their ecological footprints or observe environmental phenomena more effectively. For example:
  - Thales offers products and services that can reduce the civil aviation industry's environmental impact by up to 10% by optimizing flight trajectories,
  - as part of Europe's Copernicus program, Thales Alenia Space's satellites considerably improve knowledge of the state of the earth's surface and sea surface so that more effective action can be taken against environmental degradation and the consequences of climate change,
  - Thales was selected by the European Space Agency (ESA) to carry out the SOLARIS initiative's feasibility study on the use of solar power from space to generate energy;
- **Building a more inclusive world**: with the Group providing responsible products and services that strengthen the trust of users and service providers alike.
  - Thales' secure and biometric technologies are used in over 70 national identity document programs, helping democracies and public services to run more efficiently.

(1) *LR10 to LR12 correspond to the levels of responsibility of senior management.*

b) Thales' business model

The strategic priorities set for 2025 to develop and secure the resources and value creation of the Group's business model are described in detail in the "Strategic priorities" section of chapter 1 "The Group's business model".

INTELLECTUAL CAPITAL

- **€1.274bn** in self-funded R&D
- Portfolio of more than **21,000** patents
- More than **40% of the Group's employees** involved in research, engineering and technological development
- More than **600 experts** in artificial intelligence

HUMAN CAPITAL

- **83,000 employees**
- **€9.25bn** in payroll
- **94.2%** full-time contracts
- **97.6%** permanent contracts

INDUSTRIAL CAPITAL

- Operations in **68 countries**
- **20 sites** with more than **1,000 employees**
- **17,000** suppliers

ENVIRONMENTAL CAPITAL

- Strategy for a **low-carbon future** based on 2030 objectives validated by the SBTi and aligned with Paris Agreement target of **1.5°C** for operational CO_2 emissions (Scopes 1 & 2)
- **R&D on technologies** with high environmental potential: nano-neurons, lasers for fusion energy, quantum antennas

SOCIETAL CAPITAL

- Policy of non-engagement in the design, manufacture or sale of controversial weapons
- **ISO 37001** certification (anti-bribery management systems) of entities accounting for more than **64% of Group sales**
- **6,214 employees** trained in corruption prevention **(100% of target population)**
- **100%** of new suppliers bound to the principles of Thales's Integrity & Corporate Responsibility Charter
- One of the only companies in the sector to have adopted a Digital Ethics Charter

FINANCIAL CAPITAL

- Limited net debt: **€3.04bn** at December 31, 2024
- Long-term generation of free operating cashflow
- Solid credit ratings **(A- S&P, A2 Moody's)**

INTELLECTUAL VALUE

- **400 new patent** claims in 2024
- **Ranked among the world's 100 most innovative companies by Clarivate for the 12th time**
- Europe's leading publisher of research papers in the field of physics according to international scientific journal Nature

INDUSTRIAL VALUE

- Procurement spend of over **€9.2bn** in 2024
- **€2.8bn** in products and services purchased from more than **3,800 small and medium-sized suppliers** in France
- More than **2,000 start-ups** listed as Group suppliers since 2016
- **Responsible Supplier Relations and Procurement** certification in France

HUMAN VALUE

- **19 hours** of learning per employee on average in 2024
- **21.1% women** in senior management in 2024
- **64.1%** of management committees with at least **4 women** in 2024
- **31** internal training academies available for employees

ENVIRONMENTAL VALUE

- Flight path optimisation solutions to achieve **10%** reduction in civil aircraft CO_2 emissions by 2030
- Central role of **Thales Alenia Space** satellites on major oceanography and environmental monitoring
- **56.8%** decrease in Scopes 1 & 2 CO_2 emissions in absolute values since 2018
- **24.7%** decrease in Scope 3 CO_2 emissions in absolute values since 2018

SOCIETAL VALUE

- **50+ countries** rely on Thales equipment to protect their populations and territorial integrity
- **Two out of three** aircraft in the world take off and land using **Thales** equipment
- **30,000+ organisations** use Thales identity management and data protection technologies
- Interbank fund transfers worth approx. **€5bn** are protected every day
- **300** government ID verification programmes around the world rely on Thales solutions
- Over **150,000 young people** learned about STEM careers through the Vocation Makers initiatives

FINANCIAL VALUE

- **35** large orders with a unit value of more than **€100m**
- Strong increase in global sales
- **€2.142bn** of free operating cash flow from continuing operations[1]
- Double-digit Adjusted EBIT margin

[1] Excluding the Transport activity sold on May 31, 2024.

c) Value chain

Thales' value chain is supported by the Group's 83,020 employees as they design and develop high-tech products and solutions that meet the need for security, sustainability, connectivity and decision support in three activities: Defence, Aerospace, Cyber and Digital.

Thales' value chain can be summarized as follows:

RESEARCH & INNOVATION

- Research Centres
- Investment in **emerging technologies**
- **33,000 employees** involved in research, engineering and technological development
- **600 AI experts**

PROCUREMENT & SUPPLIERS RELATIONS

- Approximately **17,000 tier** 1 suppliers
- **73%** of purchases made in **Europe**
- Initiatives in support of **SMEs**
- **CSR** Selection criteria

OPERATIONS

- **20 facilities** with more than **1,000 employees**
- Manufacturing of equipments, systems, technological and digital applications
- Provision of maintenance and services

CLIENT RELATIONS

- Global organisations – governments agencies, institutions, administrations, cities
- Global **industrial** and **services** businesses
- **Critical** customers

SERVICES, MAINTENANCE & PRODUCT END-OF-LIFE MANAGEMENT

- **Increase** in product lifespan
- Maintenance and **obsolescence** avoidance management supported by **AI**
- Reuse or **recycling** of end-of-life products or components

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5.1.1.3.2 Interests and views of stakeholders

Thales encourages the development of active relations with its stakeholders and strives to take their expectations into account when defining and implementing its sustainability strategy, while respecting the need for confidentiality surrounding its operations.

Thales deploys a policy of appropriate and structured dialog for each category of stakeholder depending on its expectations and issues, thereby implementing its corporate purpose: "Building a future we can all trust." These exchanges enable the Group to share its policies and action plans and verify their relevance:

Stakeholders ***Departments in charge of dialog***	**Relations maintained**	**Implementation in 2024**
Employees ***HR Department***	With over 83,000 employees worldwide, 40% of them dedicated to R&T, human resources are essential to the Group's performance. Thales has developed a number of dialog mechanisms based on proximity to ensure well-being in the workplace and remain attentive to employees' concerns.	The Group conducts an engagement survey every two years, the results of which are shared internally in order to implement the action plans necessary to make improvements to the points identified as requiring improvement (see section 5.1.3.1.5.b).
Consumers and end-users ***Quality and Marketing Department***	The Group remains attentive to its customers and the users of its solutions. The Group's current and future success is based on lasting relationships of trust with its customers, the result of its firmly committed teams and a particularly demanding safety and security policy.	See section 5.1.3.4.
National and international regulators and authorities ***Public Affairs Department***	Thales operates in highly regulated sectors. The Group maintains close relations with the authorities and ensures that it complies strictly with applicable regulations.	Besides keeping in contact with the authorities as required to execute its ongoing contracts, Thales also maintains dialog with regulators and authorities through the professional organizations of which it is a member (the International Aerospace Environmental Group (IAEG), French Aerospace Industries Association (GIFAS) and European Aerospace, Security and Defence Industries Association (ASD)). (See section 5.1.3.3).
Suppliers ***Procurement Department***	Purchases made from Thales' suppliers correspond to around half of the Group's annual revenues. Thales maintains a responsible and high-performance supply chain by establishing mutually cooperative relationships with its partners based on trust and by sharing the Group's sustainability ambitions and strategy.	See section 5.1.3.2.
Investors and analysts ***Investor Relations Department***	Thales strives to provide the financial markets with financial information that is accurate, precise and truthful, in compliance with applicable regulations. Accordingly, the Investor Relations Department implements a range of communication tools for investors and financial analysts.	Regular communication with investors and analysts through the organization of roadshows; Participation in numerous investor meetings, for instance on sustainability matters; Publication of the URD and Integrated Report in electronic format for easier sharing; Capital Markets Day on November 14, 2024.
Non-financial rating agencies ***CSR Department***	Non-financial rating agencies play an increasingly important role in assessing Thales' sustainability policy. The Group has stepped up its actions in order to better meet their expectations and build closer relations with their analysts. The aim of this approach is to discuss Thales' sustainability matters in greater depth and on a more regular basis.	Discussions held with analysts during emblematic Aerospace and Defence industry events enabling the Group to present its activities in the field of sustainability (Paris Air Show, Eurosatory, etc.).
Professional organizations ***Thales Global Business Units, CSR Department***	Thales is a member of numerous national and international professional organizations and therefore helps to build common and industry-specific approaches to major sustainability issues.	The Group participates in the work of the IAEG (International Aerospace Environmental Group), GIFAS (French Aerospace Industries Association) and ASD (European Aerospace, Security and Defence Industries Association). As part of the AFEP (French Association of Private Enterprises) and Medef (France's biggest employer federation), the Group regularly participates in consultations organized by the European Union on sustainability matters.
Future employees ***HR Department***	Thales has for many years maintained strong and regular relations with the world of academia. This approach is essential to meet the growing challenges of recruitment.	Thales is placed second in the Universum ranking of preferred companies of engineering students in France (2024). See section 5.1.3.1.
Research institutes and universities ***R&T Department***	In each of the countries where it operates, Thales endeavors to build partnerships within innovation ecosystems - with academic partners, innovating companies, and manufacturers - to innovate together on usages, business models and technologies and so increase its local footprint.	See section 5.1.3.3.

Stakeholders *Departments in charge of dialog*	Relations maintained	Implementation in 2024
NGOs and civil society *CSR Department*	The Group supports the promotion of science and technology through the *Thales Solidarity* program by taking action aimed at: • Demystifying science and technology among the broadest public possible, particularly the younger generations; • Creating interest in these fields and assisting those wishing to make a career in them.	See section 5.1.3.3.
Media *Communication Department*	Thales is committed to developing trusting and transparent relations with the media in the countries and territories where the Group operates.	Thales organizes around three visits a month to its industrial sites with the local, national and international press as well as elected representatives and schools. In 2024, around 80,000 articles citing Thales were published in media around the world.
Local communities and residents *CSR Department*	Thales pays particularly close attention to its relations with the local communities and residents living near each of the sites it operates. The Group ensures that its industrial activities take into consideration the sustainability issues of the ecosystem in which it operates.	See section 5.1.3.3.

The departments responsible for maintaining dialog with one or more of our stakeholders thus took part in the work carried out in 2023 on the Group's double materiality assessment (see section 5.1.1.4.1). Thales selected its material sustainability matters after consulting with internal and external stakeholders ahead of its ESG Investor Day held in October 2021 and also based on the way these departments perceive the company's sustainability impacts on external stakeholders.

Interests and views of stakeholders in relation to topical social standards

In the introduction to each section of this Report covering the CSRD's social standards, Thales specifies the way in which the interests, views and rights of value chain workers, affected communities and end users are taken into consideration.

5.1.1.4 Impact, risk and opportunity management

5.1.1.4.1 Description of the processes to identify and assess material IROs

a) Disclosure Requirements in ESRS covered by the undertaking's Sustainability Report

The Group made use of its risk assessment and management system in order to manage impacts, risks and opportunities in accordance with the CSRD. This system breaks down into different risk factors and scenarios, the governance of which is overseen according to the Group's three major lines of responsibility: Corporate, Global Business Units/Business Lines, local entities. For the impacts and risks to which the Group is exposed, the Risk Assessment Committee (chaired by the VP Audit, Risks and Internal Control) issues recommendations to the Risk Management Committee (chaired by the Chairman & Chief Executive Officer), which ensures that the system for assessing and managing risks is exhaustive so that these risks can be controlled. As part of this process, the results of the Group's double materiality assessment were approved in November 2023 by a Risk Management Committee extended to include the Senior Executive Vice Presidents (SEVP) of the Human Resources and Strategy, Research & Technology functions.

In accordance with ESRS requirements, the double materiality assessment was performed for Thales and for its upstream and downstream value chain.

Prior to the double materiality assessment, Thales identified 80 sustainability matters, split into 13 topics, and ranked them by order of importance to the Group, on the one hand, and to its stakeholders, on the other. It identified these sustainability matters by holding interviews with its internal stakeholders and also based its conclusions on the earlier single materiality assessment carried out in 2021 and on the interviews held at that time with its external stakeholders: customers, suppliers, NGOs, etc.

The CSR Department then analyzed any discrepancies between these sustainable development issues and the themes of the 10 topical ESRS (Environment, Social and Governance) to be taken into consideration [1].

Sustainability issues were redefined or clarified so as to cover all the matters required under the ESRS, while incorporating sustainability issues specific to Thales based on its operations and business model.

Each matter and corresponding definition was validated by Thales function representatives from the following functions: CSR, Human Resources, Operations (including the Procurement Department), Company Secretariat (including the Audit, Risks and Internal Control, Legal and Contracts, and Ethics and Integrity Departments), Finance and Sales.

b) Sustainability matters selected

On completion of this work, eighteen matters covering all the ESRS standards in the Environment, Social and Governance (ESG) pillars were identified for the double materiality assessment along with two Group-specific matters (non-ESRS) relating to sovereignty issues, for a total of twenty matters.

c) Identification of impacts, risks and opportunities

Based on these matters, work was carried out to identify impacts, risks and opportunities (IROs) during a workshop bringing together the CSR, HR, Operations, Company Secretariat, Finance and Sales experts concerned.

For this purpose, the Group's operations, its business relationships along the entire value chain, and the products and services it sells were taken into consideration.

In order to assess the materiality of these IROs, each matter was deemed to be of an equal nature and of equal importance for all the Group's activities and for all the regions in which Thales operates.

The methodology used to assess short-, medium- and long-term IROs included the requisite variables, which are the following:

- For impact materiality: severity as determined by scale, scope, irremediable character and likelihood;
- For financial materiality: magnitude of the financial effect and its likelihood of occurrence.

The criteria assessed to determine gross IRO scores were each defined on a scale of 1 to 4 so as to be consistent with the Group's current risk assessment approach.

Thales set distinct materiality thresholds for impact materiality and for financial materiality when drawing up its list of relevant material matters:

- Impact materiality: the threshold was set at level **3 out of 4**;
- Financial materiality: the threshold was set at level **3.5 out of 4**.

The results of the double materiality assessment were presented to the extended Risk Management Committee so that it could validate the relative positioning of each IRO in relation to the Group's sustainable development strategy. They were consolidated in the form of a matrix.

The Committee also requested that two matters deemed non-material but for which Thales has made a public commitment in its drive to reduce its carbon footprint (with reference to the Paris Agreement and as validated by the SBTi) be presented voluntarily in this Report in accordance with ESRS E1. These two matters were:

- GHG emissions from operations, accounting for less than 1% of the Group's GHG emissions; and
- supply chain emissions, which form part of the Group's commitment to reduce its Scope 3 GHG emissions.

d) Description of the processes to identify and assess material impacts, risks and opportunities

Precise descriptions of the impacts, risks and opportunities in relation to the topical standards for climate and business conduct are provided in the sections devoted to these matters (sections 5.1.2.3 and 5.1.4.1).

The matters of pollution, water and marine resources, biodiversity and circular economy were not deemed material. To reach this conclusion:

- Thales examined the type and location of the operations of (i) its subsidiaries and (ii) the suppliers with which the Group has an established business relationship, albeit without consulting specifically with the neighboring communities;
- as concerns biodiversity, Thales took into consideration the fact that it operates very few sites in or near biodiversity-sensitive areas.

[1] *According to ESRS 1 AR16.*

5.1.1.4.2 Specific description of the elements used to identify and assess material impacts, risks and opportunities (IROs) and their interaction with strategy and business model

On completion of this double materiality assessment, 11 matters were deemed material for the Group along with 25 corresponding material IROs, as described below:

Sustainability matter	Material IROs: effect and nature of impact	Description	ESRS	Actual / potential effect	Time horizon	Value chain
Environmental impact of products	Negative impact	Environmental performance in terms of the GHG emitted by products and solutions when used by customers	E1	Actual effect	Short, medium and long-term	Downstream value chain
Diversity and inclusion	Negative impact	Inability of the Group to introduce a culture of inclusion within which no employee is denigrated or treated unequally based on their distinct characteristics (age, gender, religion, sexual orientation, cultural origin, etc.)	S1	Potential effect	Long-term	Own operations
	Negative impact	Employee disengagement due to a compensation policy perceived as being unfair	S1	Potential effect	Short and medium term	Own operations
	Negative impact	Exposure of employees to discrimination, harassment or unconscious biases, limiting their inclusion within the Group	S1	Potential effect	Short and medium term	Own operations
Working conditions	Positive impact	Employee employability thanks to skills development in the Group's areas of expertise	S1	Actual effect	Short and medium term	Own operations
Human Rights & fundamental freedoms	Negative impact	Contribution via established business relationships to violations of the Human Rights and fundamental freedoms of employees in the upstream or downstream value chain	S2	Potential effect	Medium and long-term	Upstream and downstream value chain
	Negative impact	Violation of the Human Rights and fundamental freedoms of local populations as a result of conflict minerals mining	S2	Potential effect	Medium and long-term	Upstream value chain
Social and societal impact arising from the use of products and services	Positive impact	Access to knowledge, communication and employment for individuals and communities enhanced by the solutions developed by Thales (e.g. telecommunications, access to the internet)	S3	Actual effect	Short and medium term	Downstream value chain
	Positive impact	Access to mobility (passports, navigation systems, driving licenses) and voting (identity cards, electronic voting solutions) for populations enhanced by the digital solutions developed by Thales	S3	Actual effect	Short and medium term	Downstream value chain
	Opportunity	Business opportunities arising from the development of innovative solutions	S3	Potential effect	Short, medium and long-term	Own operations
	Negative impact	Misuse of Thales equipment or services	S3	Potential effect	Short, medium and long-term	Downstream value chain
Product quality and safety	Positive impact	Guarantees of the safety of users and reliability of certified products	S4	Actual effect	Short, medium and long-term	Downstream value chain
	Risk	Risk arising from the sale of defective products	S4	Potential effect	Short, medium and long-term	Downstream value chain
	Risk	Risk of a defective product being recalled and/or withdrawn from the market	S4	Potential effect	Short, medium and long-term	Downstream value chain
	Risk	Reputational risk potentially resulting in contract losses in the event of proven product quality problems	S4	Potential effect	Short, medium and long-term	Downstream value chain

Sustainability matter	Material IROs: effect and nature of impact	Description	ESRS	Actual / potential effect	Time horizon	Value chain
Customer relationships: security and sovereignty of government customers	Negative impact	Potential harm to the security and sovereignty of government customers and their populations in the event of a breach of export control regulations (management of controlled information)	S4	Potential effect	Short, medium and long-term	Downstream value chain
Ethics and Compliance	Risk	Risk arising from non-compliance with competition law	G1	Potential effect	Short, medium and long-term	Own operations
	Risk	Risk arising from non-compliance with applicable corruption and influence peddling legislation	G1	Potential effect	Short, medium and long-term	Own operations
	Risk	Risk arising from non-compliance with applicable export control legislation or international economic sanctions	G1	Potential effect	Short, medium and long-term	Own operations
Corporate governance	Positive impact	Contribution to stakeholder protection through the promotion of values and a culture of compliance	G1	Actual effect	Short term	Own operations and value chain
Security of digital and physical institutions and infrastructures	Positive impact	Contribution to maintaining the peace and stability necessary to achieve prosperity and protect sovereignties	Specific	Actual effect	Short, medium and long-term	Downstream value chain
	Positive impact	Contribution to protecting the critical infrastructures and systems that are essential for human organizations to function	Specific	Actual effect	Short, medium and long-term	Upstream and downstream value chain
Data protection and cybersecurity	Positive impact	Protection of customers' IT infrastructure	Specific	Actual effect	Short and medium term	Downstream value chain
	Risk	Cyberattack on an element of the Group's IT system	Specific	Potential effect	Short and medium term	Own operations
	Risk	Risk of a data leak or cyberattack at a supplier	Specific	Potential effect	Short and medium term	Upstream value chain

To date, the Group has not identified any impact of these material IROs on its financial position, financial performance or cash flows. Furthermore, Thales believes that there are no material risks or opportunities (IROs) that might result in a significant adjustment to the carrying amounts of assets and liabilities reported in the financial statements.

5.1.1.4.3 Disclosure Requirements in ESRS covered by Thales' sustainability statement

Thales has drawn up the list of disclosure requirements with which the Group has complied in a table of contents presented in section 5.1.5.1 of this Report.

In addition, the Group has disclosed the requisite datapoints that are relevant to its sustainability matters and material impacts, risks and opportunities, concluding, as indicated in section 5.1.1.4.1 above, that the topics of pollution, water and marine resources, biodiversity and circular economy are non-material.

The only matter not addressed in this Report with regard to non-material topics concerns the workforce (temporary workers and self-employed workers), as specified in section 5.1.3.1.9.

To summarize, based on the matters identified as material, the mandatory reporting scope includes:

- six topical ESRS standards in addition to the two cross-cutting ESRS 1 and ESRS 2 standards. These are ESRS E1, G1 and S1, S2, S3 and S4, of which 15 sub-topics are material of the 37 set out in the standards;
- entity-specific disclosures in relation to the two matters specific to the Group.

Moreover, two other climate-related matters were identified as non-material (a reduction in emissions from operations and a reduction in Scope 3 "purchased goods and services" emissions). However, since Thales has pledged to reduce its carbon footprint (with reference to the Paris Agreement and as validated by the SBTi), they are disclosed on a voluntary basis via ESRS E1 datapoints.

In addition, in accordance with the ESRS 1-35 standard, section 5.1.5.2 of the Sustainability Report provides details about the significant or important datapoints required under other European Union regulations listed in Appendix B of ESRS 2, particularly those referred to in the regulation on sustainability-related disclosure in the financial services sector (SFDR).

5.1.2 Environment: Climate change

ENVIRONMENTAL IMPACT OF PRODUCTS		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability strategy**
Environmental impact of products	• **Negative impact** of environmental performance in terms of GHG emissions from products and solutions when they are used by customers.	• **Planet**: Change operating procedures to remain within planetary boundaries.
Main policies	• Climate transition plan. • Strategy for a low-carbon future. • SBTi validation of carbon reduction commitments.	
Levers for action	**For Scope 3.11 – Use of services and goods sold by Thales:** • Consider the environment throughout the product's life cycle; • Develop features to improve customers' environmental performance; • Develop products that strengthen control and understanding of environmental issues.	
Main targets	The target for reducing the emissions linked to the use of products sold by Thales falls under its Scope 3 reduction commitment: • 15% reduction in Scope 3 emissions (Purchased goods and services, Business travel, Use of sold products) by 2030 in absolute terms and compared to the 2018 baseline.	

Beyond the environmental impact of its products in terms of GHG emissions (corresponding to Scope 3.11 – Use of sold products), Thales is more broadly committed to reducing its carbon footprint (as validated by the SBTi and in line with the Paris Agreement). This commitment entails the reduction of:

- GHG emissions linked to its operational processes (Scope 1) and consumption of purchased energy (Scope 2);
- GHG emissions linked to its supply chain (Scope 3.1 – Purchased goods and services and Scope 3.6 – Business travel by employees) and customers' use its of products.

Because these Scope 1 and 2 and Scope 3.1 and 3.6 emissions are an integral part of the Group's transition plan for climate change mitigation, they are covered by the Thales strategy for a low-carbon future, as are emissions linked to product use (Scope 3.11). Thus, although no impact, risk or opportunity connected to them was deemed material under the double materiality assessment, some information has been voluntarily included in this chapter for greater clarity regarding Thales' overall commitment pertaining to its carbon footprint.

5.1.2.1 Identification of material climate-related impacts, risks and opportunities

The Group has set up a process to identify and assess impacts, risks and opportunities related to material sustainability matters. This process is described in section 5.1.1.4.1.

In terms of climate change, the following aspects were considered as part of the process:

- *Environmental impact of products.* This covers the environmental impact (including climate) of products and solutions when they are used by customers;
- *Climate change adaptation.* This addresses the Group's ability to identify, assess and manage physical risks associated with climate change and the corresponding opportunities;
- *Carbon footprint of operations.* This takes into account Scope 1 and 2 emissions, i.e., GHG emissions related to energy consumption in the various Thales buildings and facilities, the use of energy in industrial manufacturing processes and digital solutions (including energy consumption associated with the use of digital infrastructure, such as for data storage and artificial intelligence), as well as GHG emissions linked to the use of cooling systems;
- *Carbon footprint of the supply chain.* This pertains to GHG emissions arising from procurement (extraction of raw materials, manufacture of goods) and logistics upstream of the value chain.

Only the environmental impact linked to the use of Thales products and services was considered material for the Group. This decision is consistent with the conclusions of two studies conducted to identify:

- physical risks associated with climate change (section 5.1.2.1.1);
- transition risks and opportunities associated with climate change (section 5.1.2.1.2).

5.1.2.1.1 Physical risks associated with climate change

The assessment of physical risks associated with climate change as regards the Group's own operations and its value chain was conducted through:

- an assessment of the resilience of the Group's assets to physical risks associated with climate change;
- an internal tool used to assess the supply chain's exposure to key physical risks.

a) Assessment of the resilience of the Group's assets to physical risks

The assessment of the resilience of Group assets to the physical risks associated with climate change was finalized in the first quarter of 2023.

It took into account two climate change scenarios defined by the IPCC (SSP2-4.5 and SSP5-8.5 for two time horizons (2030 and 2050).

It concludes that the Group's portfolio of assets is robust, and that of the 365 locations covered, only 11 are assessed as very high risk and 35 as high risk under the most pessimistic scenario in terms of GHG (SSP5-8.5). Rising temperatures and flooding are identified as the main risks for the sites concerned.

The sites at risk were categorized according to different criteria (size, number of employees, type of activity, owned or leased, etc.) to prioritize actions to take to identify any adaptation needs.

Only nine high-risk sites were identified as needing a local adaptation plan to obtain a more granular assessment of the risks, identify relevant adaptation measures and schedule them. A method to assist the affected sites with drawing up local adaptation plans was developed in 2024 at two pilot sites; it is slated for widespread release to the other affected sites in 2025.

The other at-risk sites were given detailed information about the results of the study and were asked to confirm that:

- in the case of an extreme event (flood, tornado, etc.), the measures in place, both in terms of emergency response plans and business continuity plans, were sufficient;
- in the case of chronic temperature rise and heat waves, the technical solutions in place are capable of maintaining operating conditions at an acceptable level (for both personnel and production facilities).

At this stage, none of the feedback from the sites at risk points to any adaptation needs requiring large investments. If there were such a need, the investments linked to adaptation requirements would be identified during the budgeting process.

New sites integrated within the Group after an acquisition or because of relocation of existing sites undergo a simplified assessment of their resilience to physical risks using the internal supply chain assessment tool.

b) Assessment of the supply chain's exposure to key physical risks

The resilience of the supply chain is measured through an assessment process addressing 10 risks: financial health, economic dependence, on-site incidents (fire, natural disaster, neighborhood risks, etc.), geopolitics, cybersecurity, corporate integrity and responsibility, anti-corruption, vigilance, trade compliance and supplier maturity. Historical climate-related risks are already reflected in the natural disaster component.

In addition to this assessment, the Group wanted to have a tool to assess supplier exposure to the physical risks associated with climate change. This tool was developed internally in 2024. It makes it possible to identify which suppliers are most exposed to the key physical risks that are relevant to the Group's supply chain (heat waves, cold waves, floods, water stress):

- because of their geographic location;
- according to three climate scenarios ("standard", "optimistic" and "pessimistic");
- for two time horizons (2030 and 2050).

In 2025, a pilot program will be rolled out to a sub-set of affected suppliers (i.e., those most exposed to the physical risks associated with climate change and having the greatest impact on Thales' activities) to discuss what they know about their exposure and to determine the best way to support them in their adaptation strategy in the medium and long-term.

5.1.2.1.2 Transition risks and opportunities associated with climate change

The transition risks and opportunities associated with climate change were analyzed as part of the study on the resilience of the Group's strategy and business model to climate change. The methodology (including the use of climate scenarios), the results and their integration in the global business strategy and financial planning are described in section 5.1.2.2.

5.1.2.2 Material impacts, risks and opportunities and how they relate to the strategy and business model

In collaboration with a third party, the Group conducted a study on the resilience of its strategy and business model to climate change. Its conclusions were presented to the Group Executive Committee in July 2022. There has been no need to update this study to reflect strategic developments within the Group.

The aim of the study was to address the challenges related to climate change and to assess its impact on Thales' principal activities (defence and security, aerospace, and identity and digital security), covering all the Group's Global Business Units, to plan for changes and assess transition risks and opportunities.

5.1.2.2.1 Scenarios and methodological assumptions

To explore how Thales' principal activities could evolve in a low-carbon world, two scenarios with contrasting projections were drawn up for 2030 and 2050:

- A "pro-technology" scenario featuring:
  - a socio-environmental transition founded primarily on technological innovations that drive GDP growth while significantly reducing environmental impacts;
  - a disruptive technological change that significantly improves the contribution to decarbonization compared to historic trends.
- A "frugality" scenario featuring:
  - a socio-environmental transition founded primarily on resilience, through social and societal behavioral changes focused on new prosperity goals;
  - a slightly more optimistic contribution to the technological improvement of decarbonization than historic trends.

The two low-carbon emission scenarios selected have certain characteristics in common: they are aligned with the Paris Agreement and thus present two possible ways to keep global warming below +2°C.

Both scenarios use two types of levers to fight climate change: (1) the penetration of technology into all activities, with low-emission solutions, energy efficiency and storage, and (2) changes in consumption habits, including more frugality. The scenarios differ in how these two levers are weighted.

The study consisted of a scenario analysis as defined by the TCFD (Task Force on Climate-Related Financial Disclosures), aimed at identifying key trends in the Group's business sectors. Two types of analyses were completed, based on the sector assessed:

- quantitative and qualitative for the digital and space industries;
- quantitative for civil aeronautics;
- qualitative for the defence sector.

5.1.2.2.2 Results

The conclusions of the study for each of the four sectors analyzed, for each scenario and for the 2030 and 2050 time frames, are described below.

In civil aeronautics, decarbonization may generate increased costs for players in the sector. Airlines would have to bear a large share of the costs with a potential impact on airfares and air traffic demand. This risk could be exacerbated if sustainable aviation fuel (SAF) sourcing were more limited than in industry forecasts or if carbon taxes were introduced or extended. In parallel, because sustainable fuels and technologies should have a limited impact until 2030-2035, the industry should be motivated to roll out traffic control solutions, representing opportunities for Thales, with offers like Thales Green Operations, which enables short-term decarbonization.

In the space sector, the analyses revealed certain risks in the "Frugality" scenario: in a more frugal world, having less data transmitted and stored could lower payloads and bring about a preference for land-based solutions (5G and wired), which consume less energy. Nevertheless, in both scenarios, Earth observation activities would expand and create new opportunities for Thales CSRD, for example, in the prevention of extreme climate events or monitoring the environmental impact of human activity on biodiversity.

In the digital sector, despite the potential global slowdown in data flows in both low-carbon scenarios, no risk was identified for developing cybersecurity services. There are opportunities for Thales in both scenarios: in a pro-technology world, the digitalization of the economy should boost the demand for cybersecurity. In the same vein, the growing popularity of the cloud for IT services should mandate greater security.

Lastly, in the defence sector, in both scenarios considered, climate change could create more constraints for armed forces when they intervene in the most affected areas: armed forces and logistical support could be required to maneuver in more extreme conditions than today, with a limited supply of resources, meaning their equipment would have to be made more robust to guarantee an acceptable level of operational availability. Limitations arising from securing energy supplies in theaters of operation could intensify the need to improve the energy efficiency of their equipment. Given the anticipated changes, Thales solutions should continue to meet the needs of the forces to a greater extent. For example, the proliferation of threat sources is likely to call for enhanced detection, analysis and decision-making, as well as armed forces interoperability solutions like the ones offered by Thales. For the moment, the transition to a low-carbon economy will continue to be a second-tier priority for armed forces relative to military superiority. However, some risk factors, such as tension in the demand for critical metals in the supply chain, may influence this priority.

5.1.2.2.3 Integration in the global business strategy

Working from these conclusions for each activity, impacts, risks and opportunities were identified for Thales.

To better assess its capacity to integrate these innovation opportunities in its business strategy, the Group designed a tool it could use to identify and rank the opportunities for each of the Group's business activities based on their sustainability and business impacts.

The Group's Global Business Units have been using this tool in their annual strategic planning process since 2024 to prepare to adapt their strategy and business model to climate change in the short, medium and long-term, by updating their portfolios of products and services.

5.1.2.3 Policies related to climate change mitigation

In 2019, Thales published its strategy for a low-carbon future and its 2030 reduction objectives aligned with the Paris Agreement. This strategy to reduce the carbon footprint was reinforced when the Group submitted its carbon reduction commitments to the SBTi for validation. The commitments were validated in March 2023.

The two documents, published in 2019 and 2021 [1] comprise the Group climate policy and describe its mitigation goals, as mitigation is the only climate change-related material issue identified for Thales.

The low-carbon strategy is the Group's climate change mitigation policy. It applies to all its business activities everywhere it operates and to its value chain, both downstream with the reduction of GHG emissions from purchased goods and services and upstream with the reduction of emissions from the use of sold products. The implementation of this policy therefore involves all the stakeholders in the Thales value chain, including Group suppliers, internal participants and customers. The main stakeholders are described in section 5.1.1.3.1.

This policy refers to third-party initiatives to support the commitments it contains; for example, it states that the 2030 objectives are subject to validation by the SBTi, and that the Group's GHG emissions are accounted for in accordance with the requirements of the GHG Protocol.

The policy is made available to all stakeholders on the Group's website, and progress updates are included in the annual reports.

The governance of this policy is set forth in section 5.1.1.2.1.

[1] *"Our Strategy for a low-carbon future" (2019) and "Acceleration of our strategy for a low-carbon future" (2021).*

5.1.2.4 Transition plan for climate change mitigation

The Thales transition plan aims to make it possible to understand the Group's past, current and future mitigation efforts to ensure the compatibility of its strategy and business model with the transition to a sustainable economy. However, it is acknowledged that there is currently no consensus on GHG emission reduction targets and pathways that can be translated to the company level (as targets are set at the national level) to ensure that a strategy is compatible with a scenario limiting global warming to 1.5°C in line with the Paris Agreement.

5.1.2.4.1 Ambition and strategy

The low-carbon strategy implemented by the Group for several years reflects its commitment to the fight against climate change and its desire to reduce its emissions and those of its value chain.

To define its low-carbon strategy and goals, Thales takes into account its carbon footprint and the challenges the transition to a low-carbon economy poses to its business activities. To this end, the Group defined pathways to reduce emissions by 2030 that are compatible with the pledges of the 2015 Paris Climate Agreement (see 5.1.2.4.2. Decarbonization targets and pathway).

The majority of the Group's operations are tertiary and light industrial activities that use parts and materials produced by its supply chain. This is why most of its emissions are related to Scope 3 ("purchased goods and services" and "use of sold products").

Thales' 2024 carbon footprint

(*) *Historically, Scope 3.9 emissions were not separated from Scope 3.1 emissions.*

Therefore, the Thales strategy for a low-carbon future published in 2019 was reinforced in 2021 and organized around three major lines of effort, taking into account this GHG emissions profile

Thales Strategy for a low-carbon future

Accelerate the reduction of operations-related CO_2 emissions (Scopes 1 and 2)

Increase the engagement of the entire supply chain

Deploy eco-design for product innovation

- Reduce GHG emissions from operations by:
  - improving the energy efficiency of Group operations and of the buildings the Group occupies;
  - making use of renewable energy sources;
  - eliminating and managing the most emission-intensive refrigerant gases and substances;
  - transitioning to a fleet of electric/hybrid vehicles;
- Offer customers innovative, eco-responsible features and services to help them reduce their own GHG emissions by:
  - developing smart air traffic management solutions and flight path optimization tools that lead to reductions in emissions;
  - optimizing energy efficiency in the digital space through the development of digital solutions that are "frugal by design" for digital systems, algorithms and artificial intelligence;
  - offering energy management systems to make systems more energy efficient;
  - better understanding climate phenomena through the development of dedicated space systems;
- Strengthening engagement throughout the value chain by:
  - validating the action plans of the most emission-intensive suppliers;
  - collaborating to align supplier practices with the Group's reduction target;
  - leveraging eco-design to drive product innovation.

In committing to reduce the carbon footprint of its value chain, Thales demonstrates that it:

- contributes significantly to the ambitious objectives of decarbonizing aviation;
- supports the energy transition of the armed forces;
- promotes a responsible space ecosystem and sustainable space travel;
- optimizes the energy efficiency of the digital world through the development of digital solutions that are "frugal by design".

The Thales low-carbon strategy and transition plan are founded on the resilience of the Group's strategy and business model in the face of climate change and take into account the robustness of its assets relative to the physical risks associated with climate change (section 5.1.2.1.1).

The Group's transition plan is approved by the Strategy and CSR Committee (within the Executive Committee) and its operational execution is overseen by distinct Low-Carbon and Environment Steering Committees organized according to the specific category of GHG emissions addressed: Procurement and Operations Committee for Scopes 1, 2 and 3.1, Mobility Committee for Scope 3.6 and Products Committee for Scope 3.11.

The results of the emissions calculations for the various scopes (section 5.1.2.5.2) and the link with energy consumption (section 5.1.2.5.1) are used by these committees to illustrate the Group's progress. Ad hoc updates on transition plan implementation may also be given during meetings of the Strategy and CSR Committee (within the Executive Committee). Finally, the Board of Directors has also established several incentives related to deployment of the low-carbon strategy in the long-term and annual variable compensation schemes for the Chairman and Chief Executive Officer (section 5.1.1.2.2).

Low-Carbon and Environment Steering Committee – Operations/Procurement	**Low-Carbon and Environment Steering Committee – Products**	**Low-Carbon and Environment Steering Committee – Mobility**
Chair: SEVP Operations	*Chair: SEVP Operations & SEVP Strategy, Research and Technology*	*Chair: SEVP Operations & SEVP Human Resources*

5.1.2.4.2 Decarbonization targets and pathway

The Group's strategy for a low-carbon future, which was deployed in 2019, has already resulted in significant reductions in its CO_2 emissions, and more specifically its Scope 1 and 2 emissions.

In March 2023, the independent Science Based Targets Initiative (SBTi) approved Thales' greenhouse gas emissions reduction objectives for 2030. This confirms their compatibility with the Paris Climate Agreement.

The Thales emission reduction targets [1] as validated by the SBTi are described in the table below:

	Scope	Target	Base year	Target year	Pathway	Type
Medium-term target	Scopes 1 and 2	-50.4%	2018	2030	1.5°C	Absolute
Medium-term target	Scope 3	-15%	2018	2030	2°C	Absolute

In keeping with the SBTi rules, the 2030 targets cannot be attained through carbon credits.

At the end of 2024, Scope 1 and 2 emissions had been reduced by 56.8% compared to 2018 emissions, and Scope 3 emissions had been lowered 24.7%. The reduction targets for 2030 have been met, but they are still relevant, given the Group's growth outlook.

Base year and baseline values

The first emission reduction targets were defined and published in 2019, using 2018 as the base year, and that year was retained when the 2030 SBTi targets were submitted, because it was representative in terms of activity.

The base year used for the Scopes 1 and 2 and Scope 3 emission reduction targets did not change in 2024. However, the baseline values were modified because of changes in scope or methodology (see section 5.1.2.5.2.c).

a) GHG emission reduction targets for Scopes 1 and 2 by 2030

The target was defined according to the SBTi methodology, aligning with a 1.5°C trajectory and calculating Scope 2 emissions using the "market-based" method. It was not defined by reference to a sector-specific decarbonization trajectory. The target was validated by the SBTi in 2023.

The following GHGs are covered by the target: methane (CH_4), sulfur hexafluoride (SF_6), nitrous oxide (N_2O), nitrogen trifluoride (NF_3), carbon dioxide (CO_2), perfluorocarbons (PFCs) and hydrofluorocarbons (HFCs). Therefore, the target covers the same scope as the GHG emission inventory reported in section 5.1.2.5.2.

The table below presents changes in Scope 1 and 2 emissions in recent years (in thousands of tonnes CO_2e):

	2018 [a]		2023 [a]			2024		
Scope	**Value**	**Breakdown**	**Value**	**Breakdown**	**Change vs. 2018**	**Value**	**Breakdown**	**Change vs. 2018**
Scope 1	104	37.4%	76	64.1%	-26.7%	84	70.2%	-18.9%
Scope 2	174	62.6%	43	35.9%	-75.5%	36	29.8%	-79.5%
SCOPES 1 and 2	**278**	**100%**	**119**	**100%**	**-57.3%**	**120**	**100%**	**-56.8%**

(a) The data for 2018 and 2023 differs from what was disclosed in the 2023 Universal Registration Document because of a methodological change explained in section 5.1.2.5.2.

(1) The Group has defined the following targets for 2030:
- *50.4% reduction in emissions linked to operational processes and energy consumption (Scopes 1 and 2) by 2030 in absolute terms and compared to the 2018 baseline, in line with a 1.5°C trajectory;*
- *15% reduction in emissions linked to the supply chain and to product use by customers (Scope 3 – Purchased goods and services, Business travels and Use of sold products) in absolute terms and compared to the 2018 baseline, in line with a 2°C trajectory.*

1 2 3 4 5 6 7 8

b) GHG emission reduction target for Scope 3 by 2030

The target was defined according to the SBTi methodology, aligning with a 2°C trajectory. It was not defined by reference to a sector-specific decarbonization trajectory. The target was validated by the SBTi in 2023.

The target covers a different scope than the GHG emission inventory reported in section 5.1.2.5.2. The target does not cover emissions linked to upstream energy. The Scope 3 target covers 99.5% of the GHG emissions reported in section 5.1.2.5.2.

The table below presents changes in the relevant Scope 3 categories in recent years (in thousands tonnes of CO_2e):

	2018 [(a)]		2023 [(a)]			2024		
Scope 3 category	**Value**	**Breakdown**	**Value**	**Breakdown**	**Change vs. 2018**	**Value**	**Breakdown**	**Change vs. 2018**
3.1 Purchased goods and services	2,123	21.1%	2,373	31.2%	11.8%	2,365	31.4%	11.4%
3.6 Business travels	316	3.1%	172	2.3%	-45.7%	207	2.7%	-34.6%
3.9 Downstream transportation	118	1.2%	80	1.1%	-32.4%	100	1.3%	-15.1%
3.11 Use of sold services and goods	7,508	74.6%	4,984	65.5%	-33.6%	4,869	64.6%	-35.1%
TOTAL Scope 3 (SBTi TARGET SCOPE)	**10,065**	**100%**	**7,608**	**100%**	**-24.4%**	**7,541**	**100%**	**-25.1%**

(a) The data for 2018 and 2023 differs from what was disclosed in the 2023 Universal Registration Document because of a methodological change explained in section 5.1.2.5.2.a.

5.1.2.4.3 Qualitative assessment of potential locked-in GHG emissions [(1)]

To determine the future emissions that could affect the Group's GHG emission reduction targets, Thales conducted a qualitative assessment of potential locked-in GHG emissions for the Group's key assets and for the environmental impact of products sold.

a) Qualitative assessment of potential locked-in GHG emissions arising from key assets

A qualitative assessment of potential locked-in GHG emissions arising from key assets was carried out in 2024 on the basis of Scope 1 and 2 emissions in 2023. The following assumptions were used for this assessment:

- Because the 2030 target for Scopes 1 and 2 is defined according to the "market-based" method, it can be achieved by using renewable energy. Because the Group's goal is to make broad use of renewable energy, it decided to exclude Scope 2 emissions linked to purchased electricity from the estimated locked-in emissions;
- The Scope 1 and 2 emissions to include in the estimated locked-in emissions are those that could prevent the attainment of the target, unless investments were made before the end-of-life of emission-producing equipment. When emissions linked to purchased electricity are excluded, 86% of Scope 1 and 2 emissions in 2023 came from gas consumption (52%), N_2O emissions (26%) and HFC emissions caused by refrigerant usage (8%). The other emission items individually account for less than 3% of the remaining emissions. The assessment was based on hypothetical changes in these three main areas; the scenarios involve the replacement of production equipment at the end of its service life with electrical equipment or more energy-efficient equipment (using refrigerant gases with lower emissions) and the reduction of certain emissions (N_2O).

The cumulative locked-in GHG emissions associated with the key assets from 2024 to 2030 are estimated at 324,000 tonnes CO_2e, and at 450,000 tonnes CO_2e by 2050. Their year-to-year reduction means that these locked-in emissions are unlikely to jeopardize the achievement of the target to reduce 2018 GHG emissions by 50.4% by 2030. Therefore, there are no plans to manage, i.e., to transform, decommission or phase out, any Group assets.

This conclusion is not affected by the recognition from 2024 onwards of emissions linked to the use of company vehicles not owned by the Group (on long-term leases) under Scope 1 (and no longer Scope 3.6). Given that these vehicles have a service life (for those that are owned) or a leasing period of just a few years, the potential locked-in emissions associated with them do not have any impact on the Group's ability to reach the 2030 target.

It should be noted that the notion of "firmly planned key assets" [(2)] was not included in the estimated locked-in emissions, although this does not cast doubt on the accuracy of the estimate.

b) Qualitative assessment of potential locked-in GHG emissions arising from key products

Under the methodology adopted by the Group, the cumulative potential locked-in GHG emissions arising from key products correspond to the direct GHG emissions produced during the use of sold products (section 5.1.2.5.2).

These locked-in emissions are calculated for future years in consideration of the annual product deliveries to which the Group is already committed, and for products whose performance (energy consumption, refrigerant gases used) cannot be modified over the term of our commitments. As of the end of 2024, the annual locked-in emissions through 2030 do not jeopardize the achievement of the target to reduce emissions by 15% compared with 2018.

The challenge will be to manage, for future commitments, the use of products whose direct GHG emissions during the use phase will be lower relative to their current version. That is the objective of the actions presented in section 5.1.2.4.4:

- Consider the environment throughout the product's life cycle;
- Develop features that enable customers to improve their environmental performance.

At this stage, there are no plans to manage, i.e., to transform, decommission or phase out, any GHG-intensive or energy-intensive products.

(1) Estimates of future GHG emissions that are likely to be caused by an undertaking's key assets or products sold within their operating lifetime.
(2) Firmly planned key assets are defined in the CSRD as "those that the undertaking will most likely deploy within the next 5 years".

5.1.2.4.4 Decarbonization actions and levers

Detailed decarbonization levers and action plans have been tailored to each significant scope and emission category:

for Scopes 1 and 2 [1], the focus is on improving the energy efficiency of the Group's activities and buildings, making use of renewable energy sources, eliminating and managing the most emission-intensive refrigerant gases and transitioning to a fleet of electric or hybrid vehicles.

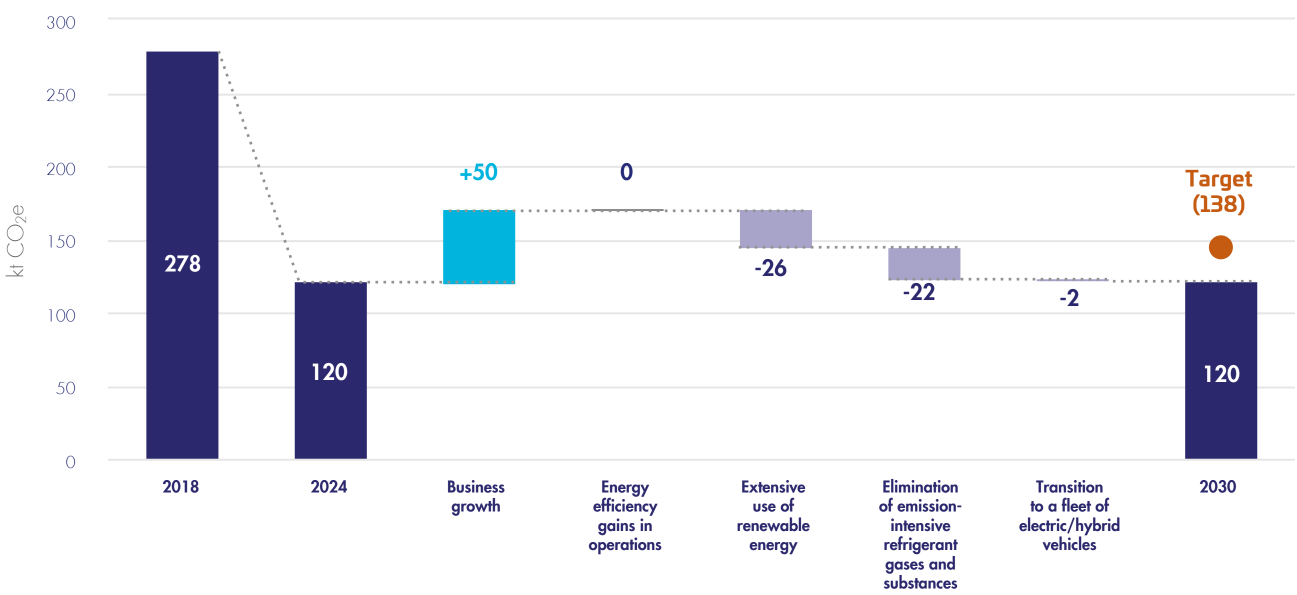
for Scope 3, actions are being taken to address the following categories:

- "Purchased goods and services", by improving the accuracy of procurement-related emission calculations to better manage reductions, engaging in a collaborative approach with the Group's suppliers, by including sustainability aspects in the tendering process and by raising team awareness;
- "Business travels", by implementing an eco-responsible business travel policy;
- "Use of sold goods and services", by incorporating environmental considerations throughout the product life cycle, developing features to improve customers' environmental performance and working to develop products that strengthen control and understanding of environmental issues.

The estimated quantitative contribution of each decarbonization lever to reaching the targets by scope is summarized in the graphs below, which also show the impact of projected business growth on each scope (data given in thousands of tonnes CO_2e):

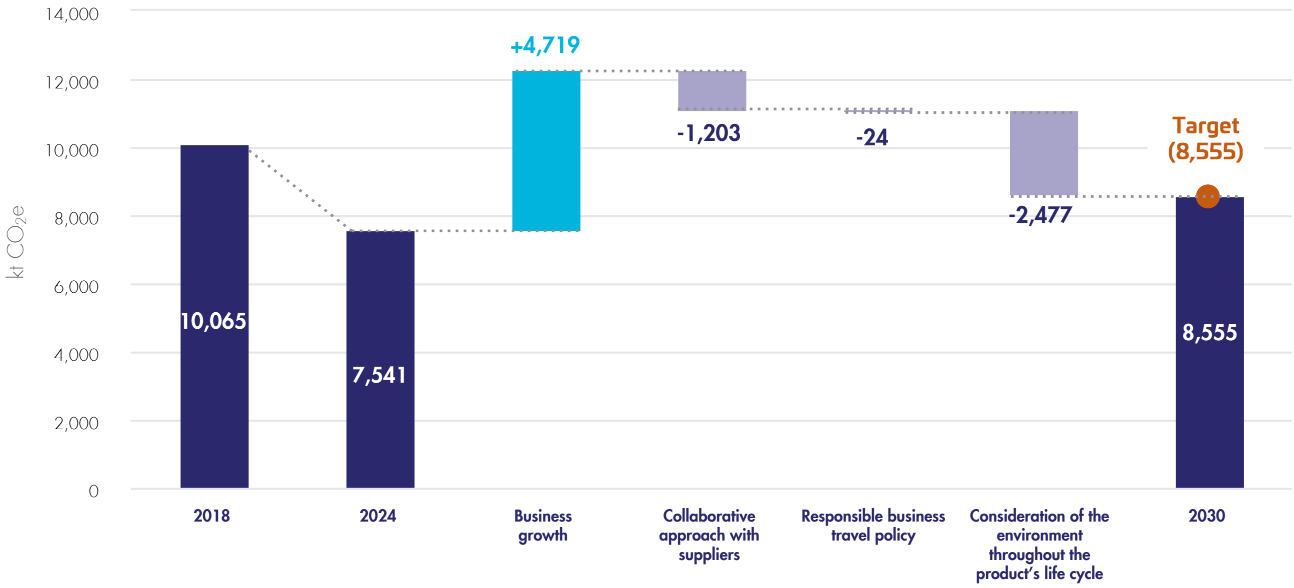
Estimated quantitative contribution of decarbonization levers by scope:

Estimated contribution of decarbonization levers to meeting Scope 1 and 2 emission reduction targets (-50.4% by 2030 vs. 2018)



[1] *Deemed a non-material issue by the double materiality assessment, but for which Thales is publicly committed to reducing its carbon footprint in line with the Paris Agreement and as validated by the SBTi (ESRS 1, paragraph 5.1.1.1.4).*

Estimated contribution of decarbonization levers to meeting Scope 3 emission reduction targets (-15% by 2030 vs. 2018)



The growth assumptions are based on:

- a projected increase in turnover between now and 2030 for Scopes 1, 2 and 3.6 "Business travels";
- the assumptions used in the strategic planning process by product line (extrapolated for 2029 and 2030) for Scopes 3.1 "Purchased goods and services" and 3.11 "Use of sold products".

It should be noted that the GHG emission reduction targets are met without factoring in the adoption of new technologies.

a) Actions to reduce Scope 1 and 2 emissions

The reduction of Scope 1 and 2 emissions is founded on the implementation of the following four actions:

- improve the energy efficiency of Group operations and of the buildings the Group occupies by reducing the energy consumption of buildings, deploying ISO 50001-certified energy management systems (at the sites that consume the most energy), replacing the most energy-intensive equipment and installing solar panels at the sites.

  In 2024, the main initiatives carried out sought to optimize operating conditions (temperature, pressure, humidity), install technical building management/centralized technical management systems to improve energy consumption, replace gas boilers with heat pumps and continue rolling out energy frugality measures. However, against a backdrop of strong growth, the Group's total energy consumption rose 6% versus 2023, though it was down 8% against 2018. The actions described above will be taken further in 2025.
- renewable energy [1] will be used in the main countries where the Group operates, relying on existing mechanisms (guarantees of origin, renewable energy certificates) to substantiate its renewable energy sourcing.

  This line of effort is also supported by the signing of long-term renewable power purchase agreements (PPAs) and feasibility studies on the installation of solar panels to produce electricity for on-site consumption. In addition, since mid-2024, all new consultations to renew gas supply contracts have required at least 75% biogas, where allowed by market conditions. In 2024, the share of renewable electricity in total electricity consumption rose again, reaching 90%, while the percentage of biogas was 26% versus 20% in 2023.

  In 2025, opportunities will be explored to sign PPAs for Belgium, Poland, the United Kingdom and Australia, and a study will be carried out to determine the feasibility of a geothermal production unit at a French site.
- eliminate and manage the most emission-intensive refrigerant gases and substances, such as N_2O. In 2024, the countries that are the biggest contributors drew up action plans to:
  - replace cold production equipment at the end of its service life with equipment that employs refrigerant gases with low global warming potential,
  - substitute lower-emission gases for higher-emission gases in existing facilities.

Although some of these actions were implemented in 2024, total substance-related emissions increased by 32.5% versus 2023, mainly due to growth in the activity of the main production unit concerned.

In 2025, in addition to pursuing the measures described, the N_2O emission reduction plan will be supplemented.

- transition to a fleet of electric/hybrid vehicles.

The Group's company car policy was introduced in 2022. It primarily addresses the GHG emission reduction targets. It was implemented in 2023 in all major Group countries. The deployment of the policy took into account legal and fiscal provisions, practices and the potential availability of low-carbon electricity.

The Group's entities/countries have updated their catalogs of vehicles (limit the catalog to vehicles with maximum emissions of 150g/km CO_2 for gas models and 120g/km CO_2 for hybrid models). In 2024, this policy resulted in a significant rise in orders for electric or hybrid transmissions (6.8% versus 61% in 2023) and emissions from company cars were down 2.3% versus 2023 and down 45.3% compared to 2018.

[1] *Because the Group's Scope 2 emission reduction targets have been validated by the SBTI using the market-based method, its use of renewable energies contributes to reducing emissions.*

The mobility credit policy will be implemented in 2025: this is a system in which employees forfeit their take-home company cars in exchange for a monthly stipend; the goal is to encourage increased use of "soft" mobility solutions, such as bicycle, subway or train.

Group sites are required to study the implementation of these actions and to apply them in line with the overall low-carbon road map of the country or entity to which they report.

b) Actions to reduce Scope 3 emissions

Actions to reduce Scope 3 emissions – "Purchased goods and services"

The reduction of Scope 3 emissions related to "Purchased goods and services" is mainly achieved through the following four actions:

- improve the accuracy of calculations of procurement-related emissions to better manage reductions.

  In 2024, the Group's methodological guide to accounting for GHG emissions was updated, integrating supplier-specific emission factors into the calculation of Scope 3.1 emissions. A supplier data collection program was launched, depending on supplier maturity, and the mapping of procurement-related emissions reduction levers and quantification of their impact by 2030 was improved. The actions carried out in 2024 have made it possible to define a framework to take into account actual supplier data (subject to reliability and annual updating), which will enable the Group to integrate emissions reductions achieved by suppliers in the calculation of Scope 3.1 emissions. Moreover, a preliminary modeling was conducted to identify and quantify the decarbonization levers to prioritize to reach the targets by 2030.

  A project to automate the collection of actual supplier data and to integrate this data into emission accounting tools is slated to launch in 2025.

- engage in a collaborative approach with the Group's suppliers to lower their own emissions.

  Thales works with the Group's most emission-intensive suppliers to encourage them, by using quantified, milestone-based action plans, to implement road maps to lower their GHG emissions in the short, medium and long-term. At the end of 2024, more than 280 supplier action plans had been validated, which accounts for 45% of the "Purchased goods and services" carbon footprint. In addition, the levers for reducing emissions per procurement category were identified by Thales to assist its suppliers in defining their decarbonization pathways.

  In 2024, the main actions pertained to monitoring the decarbonization action plans and pathways, tracking SBTi validation of the decarbonization targets defined by the most emission-intensive suppliers and supporting small and medium businesses in these endeavors (by providing a guide to explain how to submit SBTi applications). The *"Pacte PME: L'Alliance pour la décarbonation et la transition énergétique"* initiative was also deployed to make it easier to provide decarbonization support to French small and medium businesses and mid-caps. Finally, suppliers were invited to participate in the Group's eco-design work: more than 25 Thales solutions (flagship projects and products) have been identified for joint research to reduce their carbon footprint.

  In 2025, the Group will reinforce the actions it has already begun (in particular, the percentage of the procurement carbon footprint covered by action plans should reach 50%), but it also plans to digitalize the supplier engagement program to strengthen the assessment and monitoring of action plans by buyers.

- incorporate sustainability aspects in the tendering process.

  Incorporating sustainability in the tendering process is a key factor in transforming supply chains. In 2023, a new supplier selection criterion entitled "Non-financial performance – CSR" was defined and now accounts for 15% of the evaluation score. In particular, it makes it possible to highlight eco-designed solutions and CSR commitments made by suppliers to reduce their CO_2 emissions.

  The following initiatives were carried out in 2024 to further incorporate sustainability in tendering processes:

  - Oversee the application of criteria to tenders,
  - Specify supplier selection criteria for pilot tenders in four procurement categories,
  - Establish an internal organization to support buyers in completing supplier assessments.

  The following initiatives are planned for 2025:

  - Extend the selection criteria and specifications to new procurement categories,
  - Enhance the criteria for assessing purchased solutions (products/projects),
  - Integrate the sustainability criteria matrix and supplier scores in the Procurement tool.

- raise employee awareness.

  The deployment of the Group Sustainable Procurement Policy and Low-Carbon Policy require that the Group's Procurement teams receive training on climate matters. To this end, employees were encouraged to participate in "Climate Fresks". A training program was also set up for the procurement function to enhance knowledge and skills in decarbonization and supplier motivation. The network of "Low-carbon procurement" points of contact, set up within the procurement organization in 2022 to assist Thales buyers, continues to develop.

  The following initiatives were carried out in 2024 to raise employee awareness:

  - deploy "Low-carbon procurement" training for Procurement teams, facilitated by in-house trainers from the network of points of contact: more than 20 "Low-carbon procurement" training sessions were held in France and in the main regions where Thales operates, resulting in the training of more than 480 buyers, i.e., 32% of the Procurement staff;
  - organize a seminar for the network of Procurement points of contact (currently comprising about 40 employees) to share best practices, discuss the "low-carbon" solutions offered and impart key messages.

  The following initiatives are planned for 2025:

  - continue to organize "Low-carbon procurement" training for stakeholders involved with the Procurement process,
  - reinforce and update Procurement training modules to incorporate the new tools and practices developed,
  - strengthen the Group dynamic within the network, notably by deploying/expanding it to other purchasing categories and Business Lines.

The implementation of these initiatives will help to make the "Low-carbon procurement" points of contact more autonomous, improve the process of on-boarding new arrivals, and ultimately improve collaboration with suppliers and accelerate the reduction of Scope 3 "Purchased goods and services" emissions.

Actions to reduce Scope 3 emissions – “Business travels”

The reduction of Scope 3 emissions related to “Business travels” is founded on the deployment of a responsible business travel policy. This policy, which was updated in 2023, mainly addresses carbon footprint reduction objectives. It was applied in 2023 in France and in the Group's main countries.

The following initiatives were carried out in 2024 to advance the responsible business travel policy:

- continue to roll out the policy to countries not covered in 2023;
- select a single travel agency for the Group to ensure the effective and uniform implementation of the business travel policy and reporting on costs and GHG emissions;
- deploy online training about the travel policy in France.

In 2024, emissions from business travels were assessed at 207,000 tonnes CO_2, up 20.5% versus 2023 but down 34.6% compared to 2018. The observed increase can be explained by the return to normal travel after the Covid pandemic. This trend is still aligned with the Group's goal to control its GHG emissions related to business trips.

The following responsible business travel policy initiatives are planned for 2024:

- continue to roll out the “Business Intelligence” tool to track travel costs and GHG emissions across the entire Group;
- deploy an online training about the business travel policy to the whole Group.

c) Actions to reduce Scope 3 emissions – “Use of sold services and goods”

The reduction of Scope 3 emissions related to “Use of sold services and goods” depends on the following three factors:

- growth in sales of products and services;
- intrinsic reduction of the emissions generated by products sold during their useful life;
- reduction of emissions during the use phase, by improving the mobile platforms on which products are installed, and by improving the energy mix for fixed equipment that uses electricity.

Reducing these emissions relies on the implementation of the following two actions:

- take the environment into account throughout the product life cycle, by optimizing equipment power consumption, and by optimizing weight for mobile equipment (embedded or transported) to reduce the energy required for its mobility;
- develop features to help to improve mobile platforms and thus reduce the indirect emissions of the products installed on them.

Reducing emissions linked to the energy consumed by equipment and improving the energy mix for fixed equipment that runs on electricity will lower direct emissions related to the use of sold products and services.

Reducing emissions linked to the weight of mobile equipment, as well as improving the mobile platforms on which it is integrated or transported, results in a reduction in indirect emissions linked to the use of products and services sold.

These actions stem from the implementation of the Group's innovation policies. Thales’ Global Business Units update their road maps for reducing GHG emissions each year, identifying priority products and the work to be undertaken to meet the targets defined for 2030. This work is carried out by engineering teams, who benefit from training and awareness raising activities and who have access to a community of eco-design points of contact.

These actions are generally carried out over several years and their impact on emission reduction is incremental.

The reduction in Scope 3.11 emissions – “Use of sold products and services” between 2018 and 2023 is attributable mainly to changes in the quantity of products sold with 10% attributable to product adaptations associated with platform upgrades and product improvements. The trend switched between 2023 and 2024, as the reduction in emissions was driven exclusively by the above-mentioned product/platform improvements.

Consider the environment throughout the product’s life cycle

Some actions that incorporate environmental considerations throughout the product life cycle may involve changes or choices in the architecture of the equipment or system in question, while others may involve using the best techniques to improve energy efficiency or miniaturize components and reduce mass. Design tools, such as simulations and topological optimization, are also used to reduce the mass of mobile equipment.

The following initiatives were carried out in 2024:

- Thales fine-tuned the emission factors used for satellite launches, defined factors for various types of drones and updated the factors associated with the platforms based on publicly available data;
- Thales carried on with its efforts to reduce the mass and consumption of equipment in development and of equipment for which significant redesigns are in progress;
- in line with its policy, the Group continued to provide eco-design training to its engineering teams and to set up and nurture its community of eco-design points of contact.

Emission reductions achieved from improvements to the performance of sold products and of platforms led to a decrease in emissions of 186,000 tonnes CO_2e between 2023 and 2024. At the end of 2024, eco-design training programs had reached 17,040 employees, or 50.3% of the Group's engineering staff. The community of eco-design points of contacts now has 145 members. This community has a dedicated website that is open to Group employees and which provides access to relevant information, documents, rules and tools and also features specialized training materials. It promotes discussion and the sharing of best practices. Specialized groups have also been created to focus on software and digital, electronic hardware and mechanical hardware.

The following initiatives are planned for 2025:

- build on the actions carried out in 2024, i.e., reduce mass and consumption of products in development or for which a significant redesign is envisioned;
- continue to miniaturize and lighten equipment to support platform changes or lower their emissions;
- seek out additional opportunities involving products for which a redesign could be justified in the short term.

Develop features that enable customers to improve their environmental performance

Improvement actions consist of offering customers and end users features that will enable them to lower their own emissions by using Thales solutions. These solutions enable stakeholders to directly or indirectly reduce their energy consumption, either through optimization systems that lead to lower energy requirements, through energy management systems in the case of a given system or platform or by making the solutions compatible with the use of renewable energy.

The initiatives carried out in 2024 related to:

- improvement/optimization of flight operations;
- optimization of flight paths;
- flight management systems;
- energy management for land-based mobile platforms;
- possibility of using renewable energy;
- creation of mobile systems to deliver training as close to the user as possible;
- develop simulation resources to reduce the amount of training time under real conditions.

These initiatives actively involve users in their implementation, as is the case for flight operations and flight paths.

The features that Thales makes available to customers and end users are generally beneficial to the entire platform that uses them. As a result, the proportion that actually contributes to reducing emissions from the Group's products is only a small fraction of the total reduction. Conversely, Thales products embedded in a mobile platform benefit from all the improvements made by the various contributors to the platform. In practice, it is quite difficult to isolate these different contributions. In 2024, the reduction in emissions achieved through platform improvements mostly came from aeronautical platforms.

The work planned in 2025 is a continuation of the initiatives carried out in 2024.

5.1.2.4.5 Financial planning and significant additional financial amounts

The initiatives to be carried out to materialize the decarbonization levers and key actions do not require significant investment or funding [1]. In fact, because Thales' business activities generate few emissions [2], the qualitative assessment of potential locked-in GHG emissions (section 5.1.2.4.3) shows that they are not likely to compromise the achievement of GHG emission reduction targets by 2030.

CapEx needs for climate change mitigation projects are identified during the multi-year budgeting process. In 2024, no significant amounts of OpEx or CapEx were required to implement these actions. Similarly, no additional financial investment was required for the initiatives relating to the end-of-life of the facilities concerned. None of the initiatives planned for 2025 to implement actions related to the climate change policy require any significant amount of OpEx or CapEx, nor any additional financial investment.

Section 5.1.2.6 explains all the targets and plans (CapEx, CapEx plans and OpEx) the Group has defined in line with the criteria set forth in Commission Delegated Regulation (EU) 2021/2139.

(1) *It should be noted that the Group is not covered by any of the exclusion criteria mentioned in Article 12 of Delegated Regulation (EU) 2020/1818 of 17 July 2020, thus it is not excluded from the Paris-aligned benchmarks and has been in the Euronext CAC SBT 1.5 index since September 2023.*
(2) *The Group has no business activity related to coal, oil or gas.*

5.1.2.5 Indicators related to climate change mitigation

5.1.2.5.1 Energy consumption and mix

Quantitative information about energy consumed is reported as final energy consumption (section 5.1.2.5.1.b). The information is provided and used to calculate energy intensity (section 5.1.2.5.1.c) based on the proportion of the Group's business conducted in high climate impact sectors (section 5.1.2.5.1.a).

a) Group business conducted in high climate impact sectors

An analysis of the Group's activities against the definition of high climate impact sectors under the CSRD leads to the following conclusions:

- nearly all activities fall within sectors with a high climate impact;
- the parts of the business that may not come under these high climate impact sectors are not segregated either in terms of data collection to identify their energy consumption, or in terms of their net revenue. These activities are carried out in establishments and within legal entities whose main activity falls within sectors with a high climate impact;
- any effort to identify energy and net product consumption data for these parts of the business would yield only estimates, which calls into question the relevance of calculating an energy intensity associated with activities carried out in sectors with a high climate impact.

Therefore, Thales has assumed that, for the purposes of calculating the energy intensity required under the CSRD (section 5.1.2.5.1.c), all the Group's business activities should be considered as belonging to sectors with a high climate impact.

b) Final energy consumption

Information about energy consumption and energy mix is as follows:

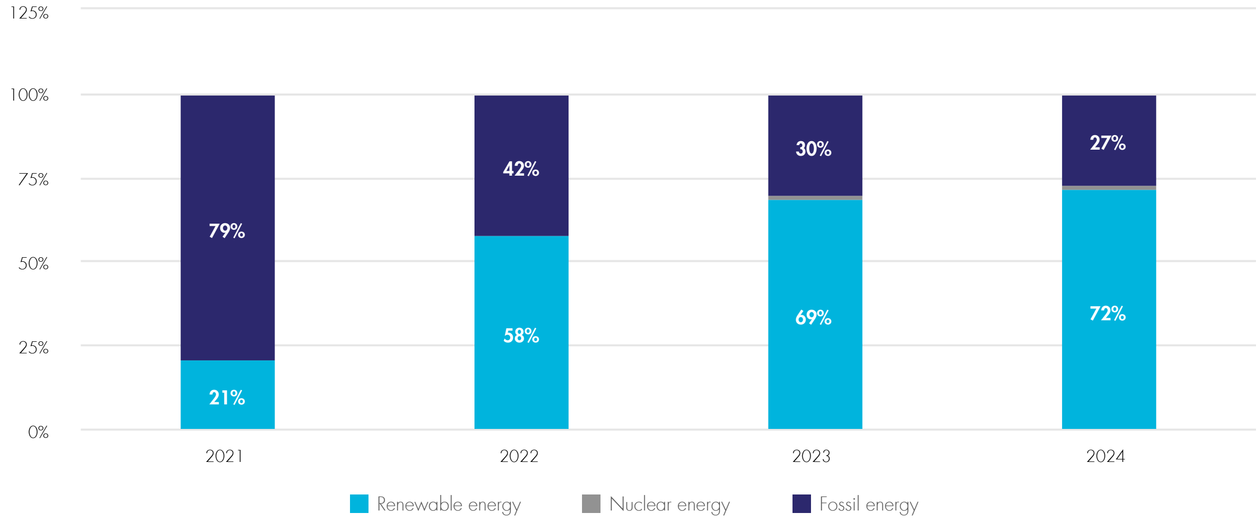
Energy consumption and mix	**2018**	**2023**	**2024**	**Change 2024 vs. 2023**	**Change 2024 vs. 2018**
Consumption of coal and coal-based products *(MWh)*		75	–	-100.0%	
Consumption of crude oil and petroleum products *(MWh)*	17,547	11,405	13,220	15.9%	-24.7%
Consumption of natural gas *(MWh)*	263,502	180,552	186,647	3.4%	-29.2%
Consumption of electricity from fossil sources *(MWh)* [b]	560,727	63,484	52,337	-17.6%	-90.7%
Consumption of heat, steam and cooling from fossil sources *(MWh)* [a]	29,675	18,359	6,775	-63.1%	-77.2%
Total fossil energy consumption *(MWh)*	**871,451**	**273,874**	**258,978**	**-5.4%**	**-70.3%**
Share of fossil sources in total energy consumption *(%)*	**83.7%**	**30.4%**	**27.1%**	**-3.3 pts**	**-56.6 pts**
Consumption from nuclear sources *(MWh)* [b]	NR	9,207	8,032	-12.8%	
Share of consumption from nuclear sources in total energy consumption *(%)*	NR	1.0%	0.8%	-0.2 pts	
Consumption of fuel from renewable sources *(MWh)*		47,111	64,075	36.0%	
Consumption of electricity obtained from renewable sources *(MWh)* [b]	170,069	565,806	603,882	6.7%	255.1%
Consumption of self-generated renewable electricity *(MWh)* [b]		4,928	4,558	-7.5%	
Consumption of heat, steam and cooling obtained from renewable sources *(MWh)* [a]			11,215		
Consumption of self-generated renewable heat, steam and cooling *(MWh)* [a]			4,305		
Total renewable energy consumption *(MWh)*	**170,069**	**617,845**	**688,036**	**11.4%**	**304.6%**
Share of renewable sources in total energy consumption *(%)*	**16.3%**	**68.6%**	**72.0%**	**+3.4 pts**	**+55.7 pts**
TOTAL ENERGY CONSUMPTION *(MWh)*	**1,041,520**	**900,926**	**955,046**	**6.0%**	**-8.3%**

(a) The breakdown of heat, steam and cooling consumption by fossil or renewable source is not available for years prior to 2024. By default, the total amount is reported in the fossil source category.

(b) The share of nuclear power in countries' residual electricity mix could not be reconstructed for the base year 2018. By default, the total non-renewable electricity consumption was reported in the fossil-sourced electricity category.

The evolution over time of total energy consumption, broken down into fossil, nuclear and renewable energy consumption, is as follows:

Change in energy consumption profile:



c) Energy intensity associated with activities carried out in sectors with a high climate impact

Due to the position outlined in section 5.1.2.5.1, the energy intensity associated with activities in high climate impact sectors is as follows:

ENERGY INTENSITY PER NET REVENUE	2023 [a] [b]	2024 [b]	Change 2024 vs. 2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors *(MWh/€ MILLION)*	**47.2**	**46.4**	**-1.7%**

(a) For the 2023 and 2024 ratios: using the revenue presented in the consolidated income statement in section 7.1.1 of chapter 7 – "Financial Statements" of this Universal Registration Document.
(b) For the 2023 ratio only: based on total energy consumption in 2023 before restatement for the changes in scope described in section 5.1.1.1.1.

The revenue from business activities in high climate impact sectors used in the intensity calculation above is the figure reported on the income statement in the financial statements in section 7.1 (€20,577 million).

5.1.2.5.2 Gross Scope 1, 2 and 3 GHG emissions

The Group's gross GHG emissions for Scopes 1, 2 and 3 are reported in section 5.1.2.5.2.a in line with the methodological aspects described in section 5.1.2.5.2.c.

a) Gross emissions

In 2024, the values used for the base year were modified because of the following significant changes:

- the Group's methodological guide to accounting for GHG emissions was updated, causing emissions linked to the use of company vehicles not owned by the Group (*on long-term leases*) to be transferred from Scope 3.6 to Scope 1. Thus, emissions for the base year were recalculated to take into account this change. The new baseline for Scopes 1 and 2 had no impact on the target, which remains an absolute reduction of 50.4% of 2018 emissions between now and 2030; its achievement and progress over time are presented in section 5.1.2.4.2.
- changes in the scope of the Group's activities, as presented in section 5.1.1.1.1, have prompted a recalculation of the baseline values used for the emission reduction targets for Scopes 1, 2 and 3. In effect, the impact of the disposal of the ELS (aeronautical electrical systems) business alone led to a significant change in Scope 3 emissions. The emission reduction targets remain unchanged at present, and are still validated by the SBTi. The Group has until 2026 to resubmit its emission reduction targets to the SBTI if applicable.

This results in a difference between the values reported for financial year 2023 and those reported for financial year 2024, which works out to a variation of -20.5% for Scopes 1, 2 and 3 combined for 2018 and a variation of -6.7% for 2023. Other non-significant methodological changes have been made to the calculation of emissions; they mainly pertain to upstream energy emissions isolated in Scope 3, and to the adjustment of location-based and market-based methods for calculating Scope 2 emissions.

The 2024 environmental reporting perimeter is identical to that of the financial reporting perimeter, excluding activities in the process of being divested.

For the purposes of performance comparison, previous years' results are adjusted to the same perimeter and recalculated using the same methodology as that used for the current year.

Total GHG emissions broken down by Scope 1 and 2 and significant Scope 3 emissions for 2024 are as follows:

				Retrospective data		Target year
	2018 (base year)	2023	2024	% 2024 vs. 2023	% 2024 vs. 2018	2030
Scope 1 GHG emissions						
Gross Scope 1 GHG emissions *(thousands of metric tons of CO_2e)*	104	76	84	10.7%	-18.9%	
Percentage of Scope 1 GHG emissions from regulated emission trading schemes *(%)*	—	—	—	—%	—%	
Scope 2 GHG emissions						
Gross location-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	174	130	133	2.6%	-23.7%	
Gross market-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	174	43	36	-16.2%	-79.5%	
Scope 1 AND 2 GHG EMISSIONS (TOTAL)						
with gross location-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	278	206	217	5.6%	-21.9%	
with gross market-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	278	119	120	1.0%	-56.8%	139 (-50.4% vs. 2018)
Significant Scope 3 GHG emissions						
Total gross indirect (Scope 3) GHG emissions *(thousands of metric tons of CO_2e)*	10,065	7,608	7,581	-0.4%	-24.7%	8,555 (-15% vs. 2018)
1 Purchased goods and services	2,123	2,373	2,365	-0.3%	11.4%	
2 Capital goods [(a)]	*Emissions relating to capital goods are recorded in category 1 "Purchased goods and services"*					
3 Fuel and energy-related activities (not included in Scopes 1 or 2)			39			
4 Upstream transportation and distribution [(b)]	*Emissions relating to upstream transportation and distribution activities are recorded in category 1 "Purchased goods and services"*					
5 Waste generated in operations	*Emissions relating to waste generated in operations are not significant*					
6 Business travels	316	172	207	20.5%	-34.6%	
7 Employee commuting	*Emissions relating to employee commuting are not significant*					
8 Upstream leased assets [(c)]	*Emissions relating to upstream leased assets are recorded on a case-dependent basis in Scopes 1, 2 or 3 – "Fuel and energy-related activities"*					
9 Downstream transportation	118	80	100	25.5%	-15.1%	
10 Processing of sold products	*Not applicable*					
11 Use of sold products	7,508	4,984	4,869	-2.3%	-35.1%	
Of which direct emissions	*1,468*	*1,161*	*1,170*	*0.8%*	*-20.3%*	
Of which indirect emissions	*6,040*	*3,823*	*3,699*	*-3.2%*	*-38.8%*	
12 End-of-life treatment of sold products	*Emissions relating to the end-of-life treatment of sold products are not significant*					
13 Downstream leased assets	*Emissions linked to downstream leased assets are not significant*					
14 Franchises	*Not applicable*					
15 Investments	*Emissions linked to investments are not significant*					
TOTAL GHG EMISSIONS						
with gross location-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	**10,343**	**7,814**	**7,798**	**-0.2%**	**-24.6%**	
with gross market-based Scope 2 GHG emissions *(thousands of metric tons of CO_2e)*	**10,343**	**7,727**	**7,701**	**-0.3%**	**-25.5%**	

(a) Data relating to capital goods cannot be separated from other commitments in the procurement information system.
(b) The share of purchases relating to upstream distribution and to transportation is not separated in the amounts billed by suppliers.
(c) The only assets leased upstream are sites of which Thales is the lessee and for which emissions are included in Scopes 1, 2 and 3.3.

b) Total GHG emission intensity

Total GHG emission intensity is as follows:

GHG INTENSITY PER NET REVENUE	2023 [(a)] [(b)]	2024 [(b)]	Change 2024 vs. 2023
Total GHG emissions (location-based) per net revenue *(tonne CO_2e/€ million)* [(a)]	454	379	-16.5%
Total GHG emissions (market-based) per net revenue *(tonne CO_2e/€ million)* [(a)]	449	374	-16.7%

(a) *For the 2023 and 2024 ratios: using the revenue presented in the consolidated income statement in section 7.1.1 of chapter 7 – "Financial Statements" of this Universal Registration Document.*

(b) *For the 2023 ratio only: based on total GHG emissions in 2023 before restatement for the changes in scope described in section 5.1.1.1.1.*

c) Methodological aspects

Accounting methodology applied to GHG emissions

GHG emissions are calculated in accordance with the rules set out in the internal methodological guide. This guide complies with the requirements of the GHG Protocol and is regularly updated to take into account improvements suggested by the functions concerned as regards data collection and accuracy of calculations.

The calculation of Thales' GHG emissions covers Scopes 1, 2 and 3:

- **Scopes 1 and 2**: GHG emissions of sites where Thales operates and vehicles owned by Thales;
- **Scope 3**: the table below specifies for each Scope 3 category whether it is included in the inventory and whether it is significant for the Group:

Category	Topic	Included in the inventory	Significant
3.1	Purchased goods and services	Yes	Yes
3.2	Non-current assets	Yes	Yes
3.3	Upstream energy	Yes	Yes
3.4	Upstream transportation and distribution	Yes	Yes
3.5	Waste generated in operations	Yes	No
3.6	Business travels	Yes	Yes
3.7	Employee commuting	Yes	No
3.8	Upstream leased assets	Yes	Yes
3.9	Downstream transportation and distribution	Yes	Yes
3.10	Processing of sold products	N/A	–
3.11	Use of sold services and goods	Yes	Yes
3.12	End-of-life treatment of sold products	Yes	No
3.13	Downstream leased assets	Yes	No
3.14	Franchises	N/A	–
3.15	Investments	Yes	No

The categories are deemed significant if the corresponding emissions are more than 2% of total Scope 3 emissions. Below that, a category may be held to be significant if its emissions factor into the reduction targets.

The calculation of GHG emissions includes CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3. No other additional GHGs have significant emissions to warrant their inclusion. The most recent Global Warming Potential (GWP) values published by the IPCC based on a 100-year time horizon are used to calculate CO_2e emissions of non-CO_2 gases.

The emission factors used to account for the Group's GHG emissions are updated annually to reflect changes in the energy mix of production in the countries/regions where the Group operates, changes in the power purchase agreements signed by the Group and changes in inflation for spend-based emission factors.

GHG emissions are calculated over the same period of reference for all entities in the Group's value chain.

The main resources used to determine emission factors are:

- for Scopes 1 and 2: IEA, IPCC, DEFRA, Base Carbone, eGrid, AIB, Green-e, NGA;
- for Scope 3.1 – Procurement: EXIOBASE, EPA, Ecoinvent, ADEME or Base Empreinte, supplier-specific emission factors;
- for Scope 3.11 – Use of products, direct emissions: consumption emission factors corresponding to the energy source (including IEA for electrical consumption)
- for Scope 3.11 – Use of products, indirect emissions: emission factors defined according to the type of platform (e.g., based on ICAO data for commercial aeronautical platforms) or estimated by in-house experts.

Organization of data collection

The data used for GHG emission reporting included in the inventory is collected by:

- the HSE Sites & Operations network as regards data on sites where Thales operates;
- the HSE Projects and Products network as regards data on solutions or products sold;
- the central Procurement function as regards data on purchased goods and services;
- various supplemental sources as regards data on employee mobility;
- contacting the companies in question to obtain data on investments.

Sites and operations

Data relating to Thales' own activities is collected using a dedicated reporting tool. The basic reporting unit is the establishment (footprint of a legal entity on a site). The annual reporting campaign includes several questionnaires and takes place over the months of December and January, depending on the nature of the information collected (qualitative data in December, quantitative data in January). After submission by the contributors from each establishment, the data is reviewed and validated by the coordinators in charge of this perimeter. The data is then reviewed and consolidated by the Group CSR Department.

Projects and products

The data needed to calculate the GHG emissions of products sold (direct and indirect emissions) is collected through the HSE Projects and Products network. The data is verified and consolidated by the HSE Product Coordinator of the Global Business Unit concerned, then forwarded to the central team for global consolidation and publication of results.

In the specific case of equipment sold to civil aircraft manufacturers, the Group takes into account equipment installed on platforms effectively sold during the year. This makes it easy to separate products intended for original equipment from those sold as spares. Spare parts are not included in the total, because they are replacing existing equipment whose emissions have already been accounted for. In this instance, the quantities of products sold are based on external data published by these manufacturers.

Procurement

The Procurement Department’s contribution to annual reporting pertains solely to the calculation of GHG emissions. The data included corresponds to orders placed during the year. These orders are structured by sub-category, and each sub-category is associated with a specific emission factor. Amounts purchased by sub-category are available in the centralized Procurement tool. The only exclusions are purchases for which GHG emissions (energy and substances used on site, employee mobility) are accounted for separately.

Mobility

Data on employee mobility is collected as follows:

- with regard to home/work travel, a survey was carried out in 2021 to characterize employees' commuting patterns and estimate the carbon footprint of this travel;
- as regards company vehicles and short or long-term rentals, as well as rail and air travel in connection with employee assignments, the data is supplied to Thales by subcontractors for which a Group-wide framework agreement is in place.

Data relating to services performed by local providers is entered in the tool used to run the annual reporting campaigns.

Investments

GHG emissions from investments are calculated on the basis of the Scopes 1 and 2 data of the entities in which Thales has invested. This data is collected from the Finance teams at those entities. When the entity contacted is unable to provide this data, an extrapolation is determined in proportion to the amounts invested, taking into account the nature of the activity.

Scope of consolidation

The scope of consolidation for data relating to energy consumption and GHG emissions is the one defined in section 5.1.1.1.1. Published data therefore covers the full scope of financial consolidation.

Data provided by Group sites: A data collection campaign is organized for all establishments that meet the following criteria:

- tertiary establishment whose workforce is greater than or equal to 100 people;
- semi-industrial establishment whose workforce is greater than or equal to 50 people;
- industrial establishment irrespective of the number of employees.

Other establishments also participate in this data collection:

- on a voluntary basis to improve their local management; or
- by integrating their data with data from another establishment that is participating in the collection campaign (establishment belonging to the same site or entity).

The results for establishments not participating in the data collection campaign are then estimated on the basis of the data collection results, in proportion to their number of employees.

In 2024, the data collection campaign covered 89.6% of Thales Group employees. Consolidated figures for the sites concerned are then extrapolated to 100% to cover the entire perimeter.

Disposals and acquisitions:

In the case of business disposals, previous years' data are recalculated, excluding the establishments concerned;

Acquired companies are integrated in annual reporting in the year they are acquired; their contribution is calculated from their date of acquisition. The results for the base year are reassessed for this new perimeter based on the data available at the time of integration.

Metrics

GHG emission indicators are regularly reviewed to take account of new developments (regulatory changes in particular). The indicators are described in the reporting tool.

For intensity indicators (relative to revenue), the revenue figure used is the current year's total for the financial reporting perimeter. For the purpose of performance comparison, revenue figures for previous years are adjusted to the same perimeter (corrected figures established by the Finance function).

5.1.2.5.3 GHG removals and GHG mitigation projects financed through carbon credits

Thales does not include GHG removals, carbon credits or emissions avoided as a means to achieve its GHG emission reduction targets (section 5.1.2.4.2). The Group has not published a "net zero" target within the meaning of the CSRD apart from its gross GHG emissions reduction targets.

Only some of the Group's activities purchase carbon credits (section 5.1.2.5.3.a), and only some of these purchases are used to support public claims of neutrality (section 5.1.2.5.3.b).

a) Carbon credit purchases

The Group finances climate change mitigation projects outside its value chain through the purchase of carbon credits in two instances:

- the Business Lines of the CDI Global Business Unit would like to demonstrate within the framework of their customer/supplier relations that the Scope 1 and 2 emissions of these activities have been significantly reduced, and that the residual portion has been offset. Only information exchanged as part of the customer/supplier collaboration can be used to mention and document the use of these carbon credits, so this use does not fall within the defined framework of public claims of neutrality. Only carbon credits purchased for the MCS Business Line's EcoSIM product range are used to support public claims of neutrality (§ 5.1.2.5.3.b).
- in some sales contracts, certain customers require that the carbon footprint of sold products follow a reduction trajectory enabling them to achieve a specific level of neutrality. In such cases, to offset residual emissions after actions have been carried out to achieve the reduction targets, carbon credits whose quality has been defined in consultation with the customers concerned are purchased, and proof of their cancellation (and hence their use) is provided to them.

The table below presents information about carbon credits canceled in the reporting year:

Carbon credits canceled in the reporting year	**2024**
TOTAL *(metric tons of CO_2e)*	**8,384**
Share from removal projects *(%)*	*54%*
Share from reduction projects *(%)*	*46%*
Verified Carbon Standard (VCS) – Verra	*54%*
Clean Development Mechanism (CDM) – UNFCCC	*46%*
Share from projects within the EU *(%)*	*–%*
Share of carbon credits that qualify as corresponding adjustments *(%)*	*–%*

No purchased carbon credits have been included from the Group's carbon accounting.

b) Public claims of neutrality

The EcoSIM products sold by the MCS Business Line make a public claim of neutrality through marketing messaging affixed to the products in question (SIM card sold to telecommunications actors) if the customer so chooses.

This claim supplements the mitigation actions taken to meet GHG emission reduction targets. The CDI Global Business Unit lowered its Scope 1 and 2 GHG emissions by 89% between 2018 and 2024, meaning it has already surpassed the Group target for 2030. The use of carbon credits therefore did not compromise GHG emission reduction efforts.

In 2024, some 3,101 tonnes of CO_2 carbon credits were purchased to justify public claims of neutrality for the EcoSIM line. These credits comply with standards approved by the International Carbon Reduction and Offset Alliance (ICROA).

5.1.2.5.4 Internal carbon pricing

Thales does not apply any internal carbon pricing scheme. The Group actively monitors the topic to assess the suitability of implementing such a program.

5.1.2.6 European Environmental Taxonomy

This section is published pursuant to Regulation (EU) 2020/852 of 18 June 2020 and its delegated acts [1], on the establishment of a framework to facilitate sustainable investment.

The regulation and its delegated acts require Thales to disclose, on the basis of its accounts on December 31, 2024, its turnover, operating expenditures (OpEx) and capital expenditure (CapEx) related to Group activities eligible for and aligned with one of the environmental objectives of the Green Taxonomy, namely:

- climate change mitigation (CCM);
- climate change adaptation (CCA);
- sustainable use and protection of water and marine resources (WTR);
- transition to a circular economy (CE);
- pollution prevention and control (POL);
- protection and restoration of biodiversity and ecosystems (BIO).

Some of the products, solutions and services designed by Thales contribute to two of the six objectives. For example:

- avionics solutions to optimize flight paths, and thus aircraft fuel consumption, which contributes to climate change mitigation;
- manufacture of electrical and electronic equipment that advances the transition to a circular economy, given the lifespan of the products manufactured and their repairability, which is taken into account in the original design.

No Thales business activities are eligible for the four other objectives of the European Taxonomy.

5.1.2.6.1 2024 results and highlights

The Taxonomy eligibility of Thales activities was stable compared to 2023. For the first time, the alignment analysis covered all the Group's eligible activities. In 2023, the alignment analysis was not required for Thales' main eligible activities (CCM 3.21 – Manufacture of aircraft and CE1.2 – Manufacture of electrical and electronic equipment).

Despite a significantly wider scope of alignment to be analyzed, the 2024 report shows only a slight uptick in alignment rates compared with 2023, due to the obstacles to alignment addressed below. Thales is nevertheless continuing to take steps to make its activities and investments more sustainable.

Results of applying the Taxonomy to Thales in 2024

- **Turnover (TO)**: given the scope of activities now covered by the analysis, Thales assesses its turnover eligible for the Taxonomy regulations in force on December 31, 2024 at 64% of its consolidated turnover for 2024, namely €13.3 billion, of which €10.8 billion in electrical and electronic equipment (manufacturing and support), €2.0 billion in aircraft manufacturing (CCM 3.21) and €0.5 billion in data processing activities.

  Aligned turnover amounted to 3% (€0.7 billion). The figure corresponds to business from the repair and refurbishment of electrical and electronic equipment (CE 5.1) of certain Global Business Units.

  The discrepancy between turnover eligibility and alignment is due to alignment impediments *vis-à-vis* the following substantial contribution criteria:

  - presence of substances not authorized for alignment in all products by way of purchased components and despite RoHS/REACH certification (CE 1.2 activity),
  - Packaging that is not eco-friendly (shuttle crates, at least 65% recycled and recyclable materials, etc.) (CE 5.2 activity),
  - Not all our suppliers' data centers comply with the European Code of Conduct (CCM 8.1 activity),
  - Refrigerants present in proportions above the authorized threshold (CCM 8.1 activity – Toulouse data center).

  The discrepancy between turnover eligibility and alignment is also due to alignment impediments arising from the pollution DNSH principle (Appendix C): insufficient proof of "essential" use of substances (CE 1.2 activities in particular).

- **Capital expenditure (CapEx)**: the Group estimates its 2024 capital expenditure eligible under the Taxonomy regulation in force at December 31, 2024 at €294 million, i.e. 34% of its 2024 capital expenditure (€876 million including acquisitions, IFRS 16 right-of-use asset increases and the fixed asset inventory of the Group's acquisitions in 2024).

  Of this eligible CapEx, €60 million is aligned according to the criteria of the Green Taxonomy, representing 6.9% of total CapEx. This figure is slightly higher than what was reported in 2024 (6.6%) because of the alignment of the vehicle fleet.

  The discrepancy between the eligibility and alignment of this CapEx is due to the fact that it corresponds in part to:

  - lease renewals for premises that do not meet the substantial contribution criteria (energy performance criteria) (CCM 7.7 activities),
  - data processing equipment installed at non-aligned data centers: Toulouse center and equipment hosted by Group suppliers that do not yet meet the substantial contribution criteria or for which the Group has no information (CCM 8.1 activity),
  - company vehicles for which Thales does not have information from the service provider that manages part of the international fleet (CCM 6.5 activity),
  - fixed assets of companies acquired during the year, for which no alignment has been reported due to the absence of detailed information.

- **Operating expenses (OpEx)**: As previously mentioned, given the low materiality of OpEx meeting the Taxonomy's restrictive definition in relation to the Group's consolidated operating expenses, the eligibility and alignment of these operating expenses have not been analyzed. Nonetheless, in 2024, the Group incurred expenses relating to climate change mitigation. Examples of such expenditure include R&D initiatives to develop environmentally-friendly packaging.

(1) *The delegated acts included in the regulatory framework of the European Environmental Taxonomy are Regulation (EU) 2021/2139 amended by Regulations (EU) 2022/1214 and 2023/2485 defining the Climate Delegated Regulation, Regulation (EU) 2023/2486 defining the Environmental Delegated Act and Regulation (EU) 2021/2178.*

List of eligible activities identified by Thales that were analyzed for alignment in 2024:

Objective*	Activity number	Activity name as per EU delegated acts	Corresponding eligible Thales activities	Reported indicators	
				TO	CapEx
CCM	3.21	Manufacture of aircraft	• Flight avionics: flight controls, on-board computers, navigation and positioning systems • EEE installed on other equipment: flight avionics, aircraft electrification, software • Air traffic management (ATM) and avionics solutions that optimize aircraft trajectory and reduce the fuel consumed by air transport by up to 10% • Navigation radios	X	X
CCM	7.3	Installation, maintenance and repair of energy efficiency equipment	• Insulation work, replacement of windows, doors, light sources, water fittings, air conditioning or heating systems		X
CCM	7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings	• Charging stations installed in parking lots		X
CCM	7.5	Installation, maintenance and repair of instruments and devices related to building energy performance	• Installation, maintenance and repair of thermostats, smart meters, etc.		X
CCM	7.6	Installation, maintenance and repair of renewable energy technologies	• Installation, maintenance and repair of photovoltaic panels, heat pumps, etc.		X
CCM	7.7	Acquisition and ownership of buildings	• Purchased or leased buildings (IFRS 16)		X
CCM	6.5	Transport by motorbikes, passenger cars and light commercial vehicles	• Group employees' take-home company cars		X
CCM	8.1	Data processing, hosting and related activities	• Data centers • Cybersecurity	X	X
CE	1.2	Manufacture of electrical and electronic equipment	• Stand-alone EEE: Radio communication products, identity verification systems, in-flight entertainment equipment (IFE) • Flight simulators, which meet training needs with an extremely small carbon footprint* • Medical (radiology detectors) • Radar/sonar systems • Scientific instruments including scientific and industrial lasers • Zoom lenses • Earth observation satellites, whose data are essential for understanding phenomena related to global warming • Satellite navigation solutions: at the heart of programs such as Galileo and EGNOS, Thales Alenia Space is at the forefront of satellite navigation in Europe. These projects are essential building blocks for optimizing sea, air and land travel • Weapons systems/missile electronics • Flight avionics: flight controls, on-board computers, navigation and positioning systems • EEE installed on other equipment: flight avionics, aircraft electrification, software • Air traffic management (ATM) and avionics solutions that optimize aircraft trajectory and reduce the fuel consumed by air transport by up to 10%	X	X
CE	5.1	Repair, refurbishment and remanufacturing	• Repairs to equipment for activities corresponding to 1.2	X	X
CE	5.2	Sale of spare parts	• Sale of spare parts for 1.2 equipment	X	
CE	5.3	Preparation for reuse of end-of-life products and components	• Preparation for some equipment from 1.2		
CE	5.4	Sale of second-hand goods	• Sale of second-hand 1.2 goods	X	
CE	3.2	Renovation of existing buildings	• Work carried out in purchased or rented buildings, greater than or equal to 25% of the surface area or 25% of the value of the property		X

* *CCM: Climate Change Mitigation.*
CE: Circular Economy.

5.1.2.6.2 Applying the Green Taxonomy to Thales

a) Eligibility analysis

The eligibility analysis covered all Thales' business operations. Turnover, operating expenses and tangible and intangible fixed assets have been calculated with care to avoid double counting. Each product/project has been allocated to a specific activity, and real estate expenditure has been handled separately by the Real Estate function for the Group as a whole.

The eligibility analyses were performed by the teams in charge of Group Product Policy and HSE, then by the Product, HSE and Finance teams of each Global Business Unit in order to determine whether the activities of each product line meet regulatory definitions, and to determine the corresponding turnover based on information available in ERP systems.

Because operating expenses as defined in the Taxonomy regulation are non-material (see 5.1.2.6.3 – Methods used by Thales to calculate eligible and aligned KPIs), the eligibility analysis focused exclusively on turnover and capital expenditure.

Eligibility of turnover

As for the 2024 disclosure, the analysis identified the following as eligible:

- managed services spread across the Business Lines of the Cybersecurity and Digital Identity (CDI) Global Business Unit, as well as the Secure Information and Communications Systems (SIX) Global Business Unit falling within the scope of the cross-functional activity "Data processing, hosting and related activities" (CCM 8.1) for the climate change mitigation objective;
- SIX's aeronautical activities (radio navigation) and the Avionics Global Business Unit for commercial and military aircraft and helicopters: air traffic control solutions, flight management and piloting equipment, measuring instruments (altitude, angle of incidence, etc.) and positioning instruments (inertia, GPS, etc.) and display and control screens under the "Manufacture of aircraft" scope of activity (CCM 3.21) for the climate change mitigation objective, and also under the scope of the activity "Manufacture of electrical and electronic equipment" (CE 1.2) for the circular economy objective;
- maintenance and repair activities linked in particular to radio communication products, identity verification systems, in-flight entertainment equipment (IFE), flight simulators, radiology equipment, radar systems, scientific lasers and observation satellites within activity categories CE 5.1 to 5.5 under the circular economy transition objective.

The analysis showed that turnover from activities CE 5.3, CE 5.4 and CE 5.5 is below the threshold that Thales has set for its reporting (see 5.1.2.6.3 – Methods used by Thales to calculate eligible and aligned KPIs) and that there is no eligible turnover for activity CE 3.2.

Eligibility of capital expenditure (CapEx)

Thales identified the capital expenditure directly related to the turnover-eligible activities identified above (see 5.1.2.6.2.a – Eligibility of turnover):

- for the climate change mitigation objective, these are:
  - Data processing, hosting and related activities (CCM 8.1) for the Global Business Units concerned (CDI and SIX),
  - Aircraft manufacturing activities (CCM 3.21) of the Avionics Global Business Unit (AVS);
- for the circular economy objective, the activities are:
  - electrical and electronic equipment manufacturing activities (CE 1.2) and repair, refurbishment and remanufacturing activities (CE 5.1) in all the Group's Global Business Units.

In addition to these capital expenditures, Thales also considered investments that cut across all Group activities and identified CapEx that is "individually eligible" for the climate change mitigation objective:

- real estate activities managed centrally for the entire Group, given their cross-functional nature:
  - renovation of existing buildings (CCM 7.2),
  - installation, maintenance and repair of energy efficiency equipment (CCM 7.3),
  - installation, maintenance and repair of charging stations for electric vehicles in buildings (CCM 7.4),
  - installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings (CCM 7.5),
  - installation, maintenance and repair of renewable energy technologies (CCM 7.6),
  - acquisition and ownership of buildings (CCM 7.7);
- take-home company cars provided to Group executives:
  - transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5).

In accordance with the Taxonomy Regulation, fixed assets arising from business combinations (acquisition of a subsidiary) in the 2024 financial year were included in the CapEx base (denominator). Given their recent integration, a macroscopic analysis was carried out on this perimeter, which identified the IFRS 16 inventory of right-of-use assets as eligible, as they are primarily associated with buildings or vehicles.

b) Alignment analysis

Alignment is contingent on three cumulative conditions:

- compliance with substantial contribution criteria;
- compliance with the principle of "do no significant harm" (DNSH);
- compliance with the Minimum Safeguards.

The year, the alignment analysis covered all the Group's eligible activities for the first time.

Because operating expenses as defined in the Taxonomy regulation are non-material (see 5.1.2.6.3 – Methods used by Thales to calculate eligible and aligned KPIs), the alignment analysis focused exclusively on turnover and capital expenditure.

Compliance with substantial contribution criteria

The verifications were carried out in compliance with the recommendations of the delegated Taxonomy acts, for each eligible activity, by the operational teams of the Global Business Units and Functions concerned.

As regards eligible turnover and directly related capital expenditure:

- data processing, hosting and related activities (CCM 8.1).

  To carry out the analysis, Thales took into account the existence of the European Code of Conduct on Data Center Energy Efficiency to assess whether the substantial contribution criteria had been met. The activity meets the substantial contribution criteria when it implements all the relevant practices listed as expected practices in their most recent version, with verification by an independent third party every three years. As of the end of 2024, two Group data centers (Élancourt and Toulouse) are registered with the European Code of Conduct, but the Élancourt site is the only one that meets all the substantial contribution criteria. In view of the planned work on the cooling system, the Toulouse data center should reach 100% compliance during the 2025 financial year.
- manufacture of aircraft (CCM 3.21)

  For compliance with the substantial contribution criteria, Thales took into account the list of aircraft complying with the take-off mass and CO_2 metric value criteria indicated in the regulation and applied the replacement ratio published by the EASA.
- manufacture of electrical and electronic equipment (CE 1.2)

  Except in a very limited number of cases, Thales' business does not currently consist in manufacturing products that proactively replace hazardous substances, as there are no replacement solutions for operations carried out internally or in the value chain. Nevertheless, initiatives are underway to gradually replace substances where possible.

  As a result, Thales cannot guarantee the absence of substances not authorized for alignment in the majority of its products, despite its RoHS [1]/REACH [2]certifications, as the lists of substances in the Taxonomy are much more restrictive and it is not currently possible to obtain certificates for each component sourced outside the Group.

  It was determined that this substantial contribution criterion has not been met for the majority of equipment, and that the activity is not aligned.
- repair, refurbishment and remanufacturing of electrical and electronic equipment (CE 5.1)

  Repair and refurbishment activities meet the substantial contribution criteria because they are covered by a sales contract that complies with the provisions in force and the activity follows a waste management plan that ensures that product materials, especially critical raw materials, and components that have not been reused in the same product are reused elsewhere or, where reuse is not possible, are recycled or, where reuse and recycling are not viable, are disposed of in accordance with the applicable EU and national legislation. The waste management plan for remanufacturing is available to the public.

As regards "individually" eligible capital expenditure:

- installation, maintenance and repair of energy efficiency equipment (CCM 7.3)

  The Group has an active and ongoing policy of maintaining and renovating its real estate portfolio. The analysis, which focused mainly on LED lights, confirmed that Thales fully meets the substantial contribution criteria for this activity.
- installation, maintenance and repair of instruments and devices for measuring, regulating and controlling energy performance of buildings (CCM 7.5)

  This mainly corresponds to the replacement of TBM/CTM (Technical Building Management/Centralized Technical Management) systems. Thales checked with its suppliers to ensure that the products and components used met the substantial contribution criteria for this activity.
- installation, maintenance and repair of renewable energy technologies (CCM 7.6)

  This mainly involves the installation of solar panels at Thales sites, for which the regulation does not provide a substantial contribution criterion.
- acquisition and ownership of buildings (CCM 7.7)

  To conduct the alignment analysis, Thales considered the existence of a class A rating under the French Diagnostic de Performance Énergétique (or its equivalent in the European Union) or, failing this, ensured that the building analyzed was included in the 15% of the most efficient national or regional real estate portfolio in terms of operational primary energy consumption (data obtained by Thales via specialized third parties where no certification exists). To the extent possible, Thales is committed to only taking on new leases for buildings whose characteristics meet the substantial contribution criteria of the Taxonomy. However, given that the majority of real estate investment expenditure relates to lease renewals, only a small share (4%) of eligible capital expenditure for this acquisition and building ownership activity meets these substantial contribution criteria. In 2024, the construction of buildings complying with substantial contribution rules on two Group sites generated CapEx in line with the surface areas occupied by tertiary activities.
- transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5).

  Thales is implementing a new Group policy to encourage the selection of environmentally friendly vehicles. The Group's service provider carries out its own analysis of compliance with the substantial contribution criteria for the fleet it manages and forwards the information to Thales. However, there is still one international contract for which the Group does not have the information required for analysis. For the main contract, the proportion of vehicles compliant with the CO_2 emissions criteria rose from 51% in 2023 to 99% in 2024.

(1) *RoHS: Restriction of Hazardous Substances.*
(2) *REACH: Registration, Evaluation, Authorization and Restriction of Chemicals.*

Compliance with the principle of "do no significant harm" (DNSH)

"Climate change adaptation"

This DNSH principle is applied to all the above-mentioned activities. To do this, Thales assessed the physical climate risks and vulnerability of its sites as recommended by the Delegated Regulation (Appendix A), with the help of an external provider. This assessment of the vulnerability of the Group's assets (365 sites studied) to all physical risks associated with climate change was carried out to:

- assess current and future exposure;
- identify the sites most affected and the risks with the biggest impacts;
- propose generic categories of adaptation solutions.

The study was completed in line with Green Taxonomy definitions (cold wave, heat wave, extreme temperature, forest fire, flood, drought, landslide, storm, etc.). It takes into account two climate change scenarios defined by the IPCC (SSP2-4.5 and SSP5-8.5) for two time horizons (2030 and 2050). This study concludes that the Group's asset portfolio is robust in the face of physical risks related to climate change. Of the 365 locations covered, only 11 are assessed as having a very high prospective risk and 35 as having a high risk. Heat waves, floods and landslides are identified as the main risks at the Group level. A process involving three pilot sites is under way to define a methodology that will support the sites concerned in drawing up an adaptation plan. Any work carried out on the 46 sites concerned is considered non-aligned until their respective adaptation plans have been drawn up (also see 2.1 – Identification of climate-related impacts, risks and opportunities).

"Pollution prevention and control"

For most of Thales' eligible activities, except for the CCM 6.5 and CCM 8.1 activities, compliance with the DNSH principle requires compliance with Appendix C of the regulation. These are based on the following European regulations or directives: (EU) 2019/1021 – POPs, (EU) 2017/852 – Mercury, (EC) 1005/2009 – ODSs, (2011/65/EU) – RoHS, (EC) 1907/2006 – REACH and (EC) 1272/2008 – CLP. Thales' activities comply with all these regulations, except for special regulatory exclusions (e.g., aircraft manufacturing).

These requirements are supplemented by specific requirements for certain activities:

- analysis of aircraft manufacturing activity (CCM 3.21)

  Because aircraft manufacturing activities are excluded from the scope of the RoHS directive, most of the equipment related to this activity does not comply with the requirements of Appendix C. Therefore they are not aligned for this DNSH principle, and there was no further analysis;
- analysis of electrical and electronic equipment manufacturing activity (CE 1.2)

  As the substantial contribution criteria for this activity are far more stringent than the applicable regulation, the majority of equipment produced by Thales was deemed non-aligned.

  For equipment that satisfies the substantial contribution criteria, Thales analyzed the use or presence of substances in the equipment and treats as aligned the portion of activities from which DNSH-excluded substances are absent or, if present, for which there is no reliable alternative solution. On the basis of the draft FAQ prepared by the Commission, Thales has determined that there is no reliable alternative solution when at least one of the following four conditions is not met:
  - it is safer;
  - it is technically feasible (i.e., it offers the functionality and technical performance level required for the intended use);
  - it is financially feasible for an economic entity;
  - it is available.
- analysis of support activities (CE 5.1 to 5.5)

  Thales analyzes the use and/or presence of substances in its equipment. For repair, refurbishment and remanufacturing activities, Thales treats as aligned the portion of activities from which DNSH-excluded substances are absent or, if present, for which there is no reliable alternative solution. On the basis of the draft FAQ prepared by the Commission, Thales has determined that there is no reliable alternative solution when at least one of the four conditions mentioned above is not met;
- analysis of installing, maintaining and repairing energy efficiency equipment activity (CCM 7.3)

  Thales referred to its Sustainable Procurement Policy, which binds all its suppliers to essential environmental, social and governance objectives, including compliance with the regulations mentioned above;
- analysis of vehicle leasing activity (CCM 6.5)

  The assessment was completed by the service provider that manages the main vehicle fleet in the context of its own Taxonomy statement:

"Transition to a circular economy"

- analysis of data processing activity (CCM 8.1)

  The processes have evolved to systematically incorporate eco-design in all developments. A dedicated training plan is being rolled out to the Group's engineers. There is also a waste management plan for electrical and electronic equipment.

"Sustainable use and protection of water and marine resources"

- analysis of data processing activity (CCM 8.1) and support activities (CE 5.1 to CE 5.5)

  Where applicable, an analysis of the quality of bodies of water affected by Thales' infrastructures has been carried out.

Compliance with the Minimum Safeguards

Conducting business with integrity and in compliance with applicable regulations is imperative for Thales in order to preserve its reputation, its competitiveness and the sustainability of its activities.

The implementation of the Minimum Safeguards set out in Article 18 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment was verified via:

- the commitments made by the Group under the United Nations Global Compact;
- the Group's Integrity and Compliance program (see section 5.1.4.1), including:
  - the prevention of bribery and influence peddling and related areas of integrity, such as preventing fraud, money laundering, conflicts of interest and insider trading, To this end, the Group has set up a dedicated governance structure and a whistle-blowing system that encourages its employees and stakeholders to report any conduct or situation that contravenes internal rules or legal or regulatory provisions (section 5.1.4.1.2),
  - trade compliance: export controls and compliance with international embargoes and economic sanctions (section 5.1.3.4.3),
  - competition law (section 5.1.4.1.2),
  - personal data protection (see section 5.1.4.2).
- the vigilance plan aimed at preventing serious violations of Human Rights and fundamental freedoms, the health and safety of individuals and the environment, resulting from the activities of the Company and those of the companies it directly or indirectly controls, as well as from the activities of subcontractors or suppliers with whom it has an established business relationship, when these activities are related to that relationship (section 5.3.1);
- tax policy: the role of Thales tax governance is to ensure that tax rules in all countries in which the Group operates are rigorously applied (section 5.3.2);
- in 2024, the Group received no reports of convictions within its consolidated scope relating to bribery or influence peddling (see 5.1.4.1.4 – Alleged or recorded cases of corruption), Human Rights (see 5.1.3.1.13 – Cases, complaints and serious impacts on Human Rights), competition law or taxation.

c) Multi-objective analysis

Some Thales activities are eligible under both “Manufacture of aircraft” (CCM 3.21) and “Manufacture of electrical and electronic equipment” (CE 1.2). Of these, the activities carried out by the Avionics (AVS) Global Business Unit are reported under “Manufacture of aircraft” (CCM 3.21) and the activities carried out by the Secure Information and Communications Systems (SIX) Global Business Unit are reported under “Manufacture of electrical and electronic equipment” (CE 1.2) in the main regulatory tables presented below in section 5.1.2.6.4.

In both cases, they are reported in both categories (CE 1.2 and CCM 3.21) in the multi-objective tables, which are also presented below in section 5.1.2.6.4.

d) Conclusion of the alignment analysis of Thales' Taxonomy-eligible activities for financial year 2024

Objective*	Activity number	Activity name as per Annex I of EU Delegated Act	Corresponding eligible Thales activities	Reported indicators		Substantial contribution	DNSH*						Minimum requirement
				TO	CapEx		CCM	Adapt*	Water	CE	Poll*	Biodiv	
CCM	7.3	Installation, maintenance and repair of energy efficiency equipment	• Insulation work, replacement of windows, doors, light sources, water fittings, air conditioning or heating systems		X	●		●	N/A	N/A	○	N/A	●
CCM	7.5	Installation, maintenance and repair of instruments and devices related to building energy performance	• Installation, maintenance and repair of thermostats, smart meters, etc.		X	●		●	N/A	N/A	N/A	N/A	●
CCM	7.6	Installation, maintenance and repair of renewable energy technologies	• Installation, maintenance and repair of photovoltaic panels, heat pumps, etc.		X	●		●	N/A	N/A	N/A	N/A	●
CCM	7.7	Acquisition and ownership of buildings	• Purchased or leased buildings (IFRS 16)		X	●		●	N/A	N/A	N/A	N/A	●
CCM	6.5	Transport by motorbikes, passenger cars and light commercial vehicles	• Group employees' take-home company cars		X	●		●	N/A	●	○	N/A	●
CCM	8.1	Data processing, hosting and related activities	• Data centers • Cybersecurity	X	X	○		●	●	●	N/A	N/A	●
CCM	3.21	Manufacture of aircraft	• Flight avionics	X	X	○		●	●	○	○	●	●
CE	1.2	Manufacture of electrical and electronic equipment	• Stand-alone EEE (see eligible activities table for details)	X	X	○	●	●	●		○	●	●
CE	5.1	Repair, refurbishment and remanufacturing	• Repairs to equipment for activities corresponding to 1.2	X	X	○	●	●	●		○	N/A	●
CE	5.2	Sale of spare parts	• Sale of spare parts for 1.2 equipment	X		○	●	●	●		○	N/A	●
CE	5.3	Preparation for reuse of end-of-life products and components	• Preparation for some equipment from 1.2	X		○	●	●	●		○	N/A	●
CE	5.4	Sale of second-hand goods	• Sale of second-hand 1.2 goods	X		○	●	●	●		○	N/A	●
CE	5.5	Products as a service		X		○	●	●	●		○	N/A	●

** CCM: Climate Change Mitigation*
CE: Circular Economy

● *OK* ○ *Partial*

5.1.2.6.3 Methods used by Thales to calculate eligible and aligned KPIs

With respect to the calculation of the eligible and aligned KPIs required by the Taxonomy regulation as described in the delegated act:

- the scope of consolidation is identical to that used in the consolidated financial statements;
- the methodology for determining the base (denominator) is as follows:
  - the turnover used for the denominator is consolidated turnover for the 2024 financial year, under IFRS, i.e., excluding intra-group transactions (see Note 2 to the consolidated statements presented in section 7.1 of this Universal Registration Document),
  - the capital expenditure used in the denominator covers acquisitions of tangible and intangible fixed assets (information systems, technical expenditure [engineering], production and services, real estate and capitalized development costs, etc.) and increases in right-of-use assets under leasing contracts, as well as additions to tangible and intangible fixed assets resulting from business acquisitions in 2024 (see Notes 4.2 and 3.1 to the consolidated statements presented in section 7.1 of this Universal Registration Document),
  - the operating expenses used in the denominator are non-customer-financed research and development costs as reported in the consolidated income statement, maintenance of property, plant and equipment, and short-term rental expenses as reported in the costs by nature of the Group's legal entities. The resulting denominator is €1.4 billion, or 7.8% of the Group's total operating expenditure (see 7.1.1 – Consolidated income statement, presented in section 7.1 of this Universal Registration Document). Thales has therefore opted for the materiality exemption allowed for operating expenditure;
- the methodology for determining eligible and aligned amounts (numerator) is as follows:
  - turnover is the amount, excluding intra-Group sales, of eligible or aligned activities considered individually,
  - capital expenditure is:
    - operating investments related to eligible or aligned activities (in the sense of turnover); or
    - eligible or aligned real estate investments;

      For these capital expenditures, in accordance with current regulations, Thales did not include industrial and modular buildings in its analyses. For "mixed use" buildings (hosting both industrial and office activities), only those with an office space of more than 1,000 m² were taken into account. In this case, the amounts included in the calculation of capital expenditure were determined in proportion to the total surface area; or
    - increases in right-of-use assets under leasing contracts related to eligible or aligned activities (*recognized under IFRS 16*).

The turnover, operating expenditures and tangible and intangible asset values come from the information systems of Group companies.

Turnover, operating expenditure and capital expenditure have been calculated with care to avoid double counting. Each product/project has been allocated to a specific activity, and real estate expenditure has been handled separately by the Real Estate function for the Group as a whole.

Application of analysis thresholds by Thales

Thales has decided to apply the following analysis thresholds when publishing data:

- for turnover, an analysis threshold of 1% of the Group's turnover was applied to each Taxonomy-eligible activity identified, whether dedicated to a Business Line or cross-functional to several of them. As a result, identified eligible activities that generate turnover amounting to less than 1% of Group turnover are not presented in this report;
- for capital expenditure, a threshold of €100,000 was applied per investment.

This methodology is identical to that used for the statement published in 2024.

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5.1.2.6.4 2024 Taxonomy data disclosure tables

Turnover table

Financial year	2024			Substantial contribution criteria					
Economic activities (1)	**Code(s) (2)**	**Absolute turnover (3)**	**Proportion of turnover (4)**	**Climate change mitigation (5)**	**Climate change adaptation (6)**	**Water and marine resources (7)**	**Circular economy (8)**	**Pollution (9)**	**Biodiversity and ecosystems (10)**
		million €	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Data processing, hosting and related activities	CCM 8.1	11	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	47	–%	N/EL	N/EL	N/EL	Y	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	600	3%	N/EL	N/EL	N/EL	Y	N/EL	N/EL
Turnover of environmentally sustainable activities (A.1)		**658**	**3%**	**–%**	**–%**	**–%**	**3%**	**–%**	**–%**
of which enabling		*–*	*–%*	*–%*	*–%*	*–%*	*–%*	*–%*	*–%*
of which transitional		*11*	*–%*	*–%*	*–%*	*–%*	*–%*	*–%*	*–%*
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*
Manufacture of electrical and electronic equipment	CE 1.2	8,739	42%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Manufacture of aircraft	CCM 3.21	2,044	10%	EL	N/EL	N/EL	EL	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	1,114	5%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Sale of spare parts	CE 5.2	222	1%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	482	2%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**12,601**	**61%**	**12%**	**%**	**%**	**49%**	**%**	**%**
Turnover of Taxonomy-eligible activities (A)		13,259	64%	12%	–%	–%	52%	–%	–%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities		**7,317**	**36%**						
TOTAL (A+B)		**20,577**	**100%**						

	DNSH criteria (Does Not Significantly Harm)									
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of turnover, aligned (A.1.) or eligible (A.2.) under Taxonomy, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	Y; N	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*%*	*E*	*T*
	N	Y	Y	Y	N	N	Y	—%		T
	Y	Y	Y	N	Y	Y	Y	—%		
	Y	Y	Y	N	Y	N	Y	—%		
								—%		
								—%		
								—%		
	Y; N	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*%*	*E*	*T*
								50%		
								10%		T
								6%		
								2%		T
								69%		
								69%		

CapEx table

Financial year	2024			Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute CapEx (3)	Proportion of CapEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		million €	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Renovation of existing buildings	CCM 7.2	2	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	16	2%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices related to building energy performance	CCM 7.5	1	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	–	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	4	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	26	3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	1	–%	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	5	1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	5	1%	N/EL	N/EL	N/EL	Y	N/EL	N/EL
CapEx of environmentally sustainable activities (A.1)		**60**	**7%**	**6%**	**–%**	**–%**	**1%**	**–%**	**–%**
of which enabling		*17*	*2%*	*2%*	*–%*	*–%*	*–%*	*–%*	*–%*
of which transitional		*29*	*3%*	*3%*	*–%*	*–%*	*–%*	*–%*	*–%*
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
		million €	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
Acquisition and ownership of buildings	CCM 7.7	96	11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	5	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Data processing, hosting and related activities	CCM 8.1	12	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of aircraft	CCM 3.21	19	2%	EL	N/EL	N/EL	EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	102	12%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
Repair, refurbishment and remanufacturing	CE 5.1	–	–%	N/EL	N/EL	N/EL	EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**234**	**27%**	**15%**	**–%**	**–%**	**12%**	**–%**	**–%**
CapEx of Taxonomy-eligible activities (A)		**294**	**34%**	**21%**	**–%**	**–%**	**13%**	**–%**	**–%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities		**582**	**66%**						
Total (A+B)		**876**	**100%**						

The total (A+B) reflects the acquisitions made during the year + IFRS 16 lease liabilities excluding early lease terminations + fixed asset inventory of the Group's acquisitions during the year.

DNSH criteria (Does Not Significantly Harm)									
Climate change mitigation (11)	**Climate change adaptation (12)**	**Water and marine resources (13)**	**Circular economy (14)**	**Pollution (15)**	**Biodiversity and ecosystems (16)**	**Minimum safeguards (17)**	**Proportion of CapEx, aligned (A.1.) or eligible (A.2.) under Taxonomy, 2023 (18)**	**Category (enabling activity) (19)**	**Category (transitional activity) (20)**
Y; N	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*%*	*E*	*T*
N	Y	Y	Y	Y	N	Y	–%		T
N	Y	N	N	Y	N	Y	1%	E	
N	Y	N	N	N	N	Y	–%	E	
N	Y	N	N	N	N	Y	–%	E	
N	Y	N	N	N	N	Y	3%		
N	Y	N	Y	Y	N	Y	2%		T
N	Y	Y	Y	N	N	Y	1%		T
Y	Y	Y	N	Y	Y	Y	–%		
Y	Y	Y	N	Y	N	Y	–%		
							7%		
							1%		
							3%		
Y; N	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*%*	*E*	*T*
							14%		
							3%		T
							2%		T
							2%		T
							8%		
							–%		
							29%		
							35%		

OpEx table

Financial year	2024			Substantial contribution criteria					
Economic activities (1)	Code(s) (2)	Absolute OpEx (3)	Proportion of OpEx (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)
		Currency	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (A.1)		**—**	**—%**	**%**	**%**	**%**	**%**	**%**	**%**
of which enabling			*%*	*%*	*%*	*%*	*%*	*%*	*%*
of which transitional			*%*						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*
OpEx of Taxonomy-eligible but not environmentally sustainable activities (A.2)		**—%**	**—%**	**%**	**%**	**%**	**%**	**%**	**%**
OpEx of Taxonomy-eligible activities (A)		**—%**	**—%**	**%**	**%**	**%**	**%**	**%**	**%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities									
TOTAL (A+B)		**1,434**							

	DNSH criteria (Does Not Significantly Harm)									
	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Proportion of OpEx, aligned (A.1.) or eligible (A.2.) under Taxonomy, 2023 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
	Y; N	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*%*	*E*	*T*
								—%		
								%		
								%		
	Y; N	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*	*Y; N*			
								%		
								%		
								—%		

Nuclear and fossil gas activities table

	Nuclear energy-related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades	NO
	Fossil gas-related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment or operation of combined heat/cool and power generation facilities using fossil gaseous fuels	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	NO

Multi-eligibility tables

	Proportion of turnover/(Absolute turnover)	
	Aligned	**Eligible**
Climate change mitigation (5)	**— %**	**12 %**
Climate change adaptation (6)	N/A	N/A
Water and marine resources (7)	N/A	N/A
Circular economy (8)	**3 %**	**62 %**
Pollution (9)	N/A	N/A
Biodiversity and ecosystems (10)	N/A	N/A

	Proportion of CapEx/(Absolute CapEx)	
	Aligned	**Eligible**
Climate change mitigation (5)	**6 %**	**21 %**
Climate change adaptation (6)	N/A	N/A
Water and marine resources (7)	N/A	N/A
Circular economy (8)	**1 %**	**15 %**
Pollution (9)	N/A	N/A
Biodiversity and ecosystems (10)	N/A	N/A

	Proportion of OpEx/(Absolute OpEx)	
	Aligned	**Eligible**
Climate change mitigation (5)	N/A	N/A
Climate change adaptation (6)	N/A	N/A
Water and marine resources (7)	N/A	N/A
Circular economy (8)	N/A	N/A
Pollution (9)	N/A	N/A
Biodiversity and ecosystems (10)	N/A	N/A

5.1.3 Social

5.1.3.1 Own workforce

SOCIAL		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Diversity and inclusion	• **Negative impact**: inability of the Group to instill a culture of inclusion within which no employee is denigrated or treated unequally based on their distinct characteristics (age, gender, religion, sexual orientation, cultural origin, etc.). • **Negative impact**: employee disengagement due to a compensation policy perceived as being unfair. • **Negative impact**: exposure of employees to discrimination, harassment or unconscious biases, limiting their inclusion within the Group.	• **People**: building an inclusive and learning working environment.
Working conditions	• **Positive impact**: employee employability thanks to skills development in the Group's areas of expertise.	
Main policies	• Human Rights policies. • Policies on equal treatment, on the prevention of discrimination and harassment, and on diversity, equity and inclusion. • Training and skills development policies.	
Levers for action	• Applying a principle of zero tolerance for discrimination. • Raising awareness and providing training for staff on the principles of non-discrimination, stereotypes and unconscious biases. • Deploying training pathways that are closely correlated with the needs of the operational activities. • Implementing a diverse range of learning methods suited to the specific needs and characteristics of each individual. • Encouraging the use of new technologies to enhance learning processes.	
Main targets	• 22.5% of women on Levels of Responsibility 10 to 12 by end-2026 and 25% by 2030. • 75% of Management Committees with at least four female members by 2026. • 80% of new hires (excluding Levels of Responsibility below 7 of the industry job family) completing the OnboardingU module within 30 days of joining. • A global community of at least 1,600 internal trainers. • An overall skills maturity index of 70 or above for employees by 2030. • Training in climate change issues provided to 85% of managers (Levels of Responsibility 8-12), corresponding to 45,890 employees, in 2025 [(a)].	

(a) LR10 to LR12 correspond to the levels of responsibility of senior management.

5.1.3.1.1 Interests and views of stakeholders

Human resources are essential to the Group's performance, with its more than 83,000 employees worldwide.

The Group has thus adhered to the United Nations Global Compact for over 20 years, testament to the close attention it pays to Human Rights. The Group also complies with the OECD Guidelines for Multinational Enterprises and with the International Labour Organization's (ILO) fundamental conventions across all its operations.

Thales has developed a number of dialog mechanisms to enhance well-being in the workplace and remain attentive to employees' concerns. Accordingly, Thales conducts internal employee engagement and satisfaction surveys every two years. Likewise, when renewing its sustainable development strategy, the Group involved its employees in its preparation by holding collaborative workshops. This process helped Thales to identify its key social-related CSR topics. This approach enables the company to factor in its employees' expectations more effectively and find ways to improve their satisfaction and overall engagement.

5.1.3.1.2 Material impacts, risks and opportunities and their interaction with strategy and business model

The Group's most promising developments and innovations draw on the human intelligence of the men and women who work for Thales, especially the 40% of employees working in the field of Research and Technology (R&T) and to whom it pays particularly close attention.

The social impacts identified (IRO) are inherent to the Group's operations and concern all Thales employees. They do not arise from Thales' particular strategic priorities.

Thales maintains close relations with the world of academia. This approach is also essential to meet the growing challenges of recruitment.

Thales has identified a positive impact arising from the development of cutting-edge skills among employees in the Group's areas of expertise, enhancing their employability. This positive impact applies across all the Group's operations given the recognized expertise of Thales' various businesses, particularly in the fields of engineering and high tech.

Thales has also identified three potential/actual negative impacts: the Group's potential inability to instill a culture of inclusion, a decrease in employee engagement (sometimes from a lack of perceived pay equality), and possible employee exposure to discrimination, harassment or prejudice. These potential or actual impacts relate to individual incidents and are not to be considered systemic.

None of the impacts on the workforce were deemed to be material in relation to the climate transition plan.

Lastly, Thales has identified no specific risks relating to trafficking in human beings, forced labor or child labor.

5.1.3.1.3 Processes for engaging with own workforce and workers' representatives about impacts

Thales organizes staff representation in a structured manner. Each social dialog body is a partner in discussions on the Group's strategic, economic and industrial priorities.

At European level, social dialog is coordinated by the Group's Labor Relations Department with Thales' European Works Council, in place since 1993. It is made up of 35 members from eleven European countries [1] accounting for more than 70% of Thales' workforce and enables social partners to discuss transnational strategic and social prospects.

The European Works Council meets twice a year to discuss changes in the Group's activities. Extraordinary meetings may also be held.

In France, which is the main country where the Group operates, the Labor Relations France and HR France Department(s) coordinate(s) close social dialog with employees, with support from the network of labor relations managers. More specifically, Thales has set up:

- a Group Social and Economic Committee;
- 9 central Social and Economic Committees at legal entity level;
- 58 site-based Social and Economic Committees.

The Group Committee meets twice a year while the other two meet on a monthly basis. These Committees are also regularly informed about and/or consulted on Thales' transformation plans in France. Interaction with staff representatives on such plans, whether it be to inform them or consult with them, makes it possible to take employees' views and interests into consideration when implementing these plans.

Moreover, sites with more than 50 employees have Health, Safety and Working Conditions committees that handle such matters more specifically, as well as local representatives tasked with fostering dialog between employees, staff representatives and Management representatives.

In the other countries where the Group operates, employee representation by staff representative bodies is organized based on the procedures stipulated in the regulations and agreements applicable within the countries concerned.

Lastly, collective bargaining meetings are held with social partners to take employees' views into consideration. The measures adopted by the Group in the areas of health and working conditions, employee benefits, professional equality, disability, end-of-career and provident fund schemes are the result of a collective agreement negotiated with the representative trade unions.

For example, the social partners negotiated and signed a new three-year collective agreement in 2024 on the matter of hiring, integrating and retaining disabled workers in Thales in France.

5.1.3.1.4 Processes to remediate negative impacts and channels for own workforce to raise concerns

Each Group employee has access to various types of contact persons and/or mechanisms enabling them to raise any concerns they may have and find the most appropriate solutions to these concerns.

Local contact persons for own workforce:

- **Line manager**: the employee's first point of contact is their manager. All managers are responsible for being attentive to their employees' concerns and resolving any difficulties that may arise as far as possible.

This is an obligation that is emphasized during the training provided to any staff member in a managerial position.

Depending on the type of difficulty or concern raised by the employee, the manager may guide them to another contact person within the company who is more qualified to handle the issue. The employee may also take the initiative to get in touch with another contact person within their organization.

- **Human Resources managers**, who mainly handle concerns relating to career development, relations with management, or personal situations that might have a potential or actual impact on employment relationships.
- **Occupational physicians**, who can address the employee's state of health, working conditions, or any physical or mental health-related difficulties and/or concerns they might have, for example.
- **Staff representatives**, who will defend the workforce's interests as intermediaries between the employee and the company's management, as mediators to assist an employee through the process, or as representatives for a group of employees sharing the same concerns.
- **Local representatives**, of which there are 431 in France, who can provide additional intermediary support between staff representatives, management and employees.
- **Networks of dedicated points of contact**, which are set up for employees who might face more specific difficulties. In France, for instance, a network of disability points of contact gives disabled employees access to a main contact person with whom they can raise difficulties and who will help them resolve these difficulties Likewise, Thales has a network of sexual harassment and sexist behavior points of contact who are tasked with listening to employees' concerns and grievances. They will initiate dialog between employees and Management on these topics.

Whistle-blowing systems

The whistle-blowing system enables employees to make any concrete cases known if they have been a victim of or witness to an incident of discrimination or harassment Accordingly, they may use the whistle-blowing channels put in place locally or at Group level (details about this system and its associated governance are presented in section 5.1.4.1.2).

5.1.3.1.5 Policies related to own workforce

The conditions in which employees work are an essential aspect of Thales' human resources management strategy. Thales is committed to ensuring a safe, healthy and inclusive working environment for its employees and therefore:

- pays particularly close attention to Human Rights;
- applies policies dedicated to preventing violations of integrity in the workplace;
- takes care to ensure equal treatment of its employees by applying a policy aimed at preventing discrimination and harassment and by fostering a culture based on diversity, equity and inclusion;
- applies a training and skills development policy.

The Human Resources Department ensures that this policy is deployed across all the Group's entities which are responsible for applying it in accordance with applicable laws.

[1] *France, United Kingdom, Germany, Italy, Netherlands, Spain, Belgium, Austria, Portugal, Norway, Switzerland.*

a) Human Rights policies in place

Thales has been a signatory to the United Nations Global Compact since 2003; it is a reference text addressing Human Rights, labor law, the environment and corruption. Each year the Group reaffirms its support for the Compact's 10 fundamental principles and, accordingly, is involved in promoting the 17 Sustainable Development Goals (SDG) proposed by the Compact in the area of international labor standards.

More specifically, Thales has introduced internal policies contributing to the following goals:

- SDG n° 5: Gender Equality;
- SDG n° 8: Decent Work and Economic Growth;
- SDG n° 4: Quality Education.

Thales renewed its commitment to promoting the United Nations Sustainable Development Goals in 2023 and conveyed its commitment by incorporating the SDGs into the Group's sustainable development strategy.

Thales stepped up its commitment to these issues in 2024 by signing the Women's Empowerment Principles, a United Nations initiative aimed at empowering women around the world.

Lastly, Thales has a policy of preventing the risks of serious violations of Human Rights and fundamental freedoms that could result from the misuse of its products and services (see section 5.1.3.3.3).

The Group's commitments in the area of Human Rights are communicated to its stakeholders, both internal and external, on a regular basis through various channels (Group website, Universal Registration Document, etc.). Employees are also informed of these commitments on Thales' intranet.

None of Thales' Human Rights commitments were reported as having been violated in 2024. Should a Human Rights violation be reported, it would be examined under the procedure established for addressing whistle-blowing incidents.

b) Policies in place addressing equal treatment, the prevention of discrimination and harassment, and diversity, equity and inclusion

The Group has drawn up an overall policy addressing inclusion and the management of discrimination and harassment risks, particularly among minority groups.

Overall policy and resources

This policy is based on two main pillars:

- promoting diversity, in all its forms, as a source of innovation, creativity and performance;
- Fostering inclusion by creating the conditions for a working environment in which individuals can be themselves, respected as regards their differences and at the same time respectful of others' distinct characteristics, and thus able to rise collectively to the Group's challenges.

A central team implements and identifies the most effective actions to take when it comes to applying the Group's overall policy. It works in collaboration with an international network of Diversity and Inclusion correspondents within the various entities, functions and countries, and it coordinates the Together@Thales community made up of more than 700 employees committed to the topics of diversity, equity and inclusion.

Thales thus takes care to:

- **Ensure equal treatment for all**

  Thales is committed to ensuring equal treatment for its employees and preventing acts of discrimination and harassment.

  The Group's Code of Ethics emphasizes Thales' unequivocal commitment to ensuring equal treatment for all employees and preventing all acts of discrimination and harassment. This document is available on the intranet in five different languages and also on the Group's website. Each new hire is required to read it and pledge to comply with its provisions.

- **Support minority groups**

  Thales has developed a strategy of supporting minority groups, with the following 6 priorities:

  - gender balance;
  - gender identity and sexual orientation;
  - disability;
  - cognitive diversity;
  - generational diversity;
  - ethnic and cultural diversity.

Thales organizes communication and staff awareness initiatives for each of these priorities, and these are listed in section 5.1.3.1.6.

Thales also has a long-standing commitment to the inclusion of lesbian, gay, bisexual and transgender people, as well as all minorities of gender and sexual orientation. As part of its commitment, Thales signed the Autre Cercle's "LGBT+ Commitment Charter" in 2019 and participated in the Autre Cercle's "LGBT+ Inclusion Barometer" in 2023. The Group also has a proactive generational diversity policy whereby young people are integrated into the workplace through internships and apprenticeships and efforts are made to prevent all forms of age discrimination against more experienced "senior" employees.

- **Prevent and correct all forms of discrimination**

Thales conducts an employee engagement survey every two years. Various questions in the survey concern equal treatment, diversity and inclusion, and employee health and safety.

Managers, supported by the HR teams of the various Group entities, communicate the results of the survey, identify the strong points at each level of the company on which to build, and implement action plans and corrective measures for points in need of improvement.

Around 75% of the Group's workforce participated in the survey in 2023. Some 80% of respondents expressed a favorable opinion of the Group's commitment to diversity, equal opportunity and freedom of expression.

Lastly, a whistle-blowing platform, accessible 24/7, is available to Group employees, enabling them to report any instances of harassment or discrimination. These cases are handled at Group level or locally in accordance with the relevant procedure.

Furthermore, other local mechanisms are in place in accordance with the laws and practices specific to each country. The 53 disability points of contact and the "sexual harassment and sexist behavior" points of contact in France also play a role in preventing discrimination.

c) Training and skills development policies in place

The Group aspires to become a learning company in which skills are managed at a central level. Thales is working to develop the skills that are necessary for its growth by giving its employees opportunities for continuous learning. Thales has thus set up a skills management system enabling employees to take up positions as regards the skills required for their respective jobs.

This training policy enables Thales to identify the essential skills needed and draw up personalized development plans, with the aim of:

- offering personalized learning pathways in order to meet the needs that have been identified, beginning with the OnboardingU pathway for new hires;
- enhancing the company's performance by ensuring that the Group has the skills needed for its development and performance in the short and long-term;
- fostering innovation and adaptability by incorporating the latest technological developments in order to speed up the acquisition of skills.

Internal academies have been set up to develop employees' expertise and especially their critical skills. At end-December 2024, there were 31 academies in place in the different functions and areas of expertise.

Meanwhile, the Group incorporates the notion of skills management from the moment an employee is hired by determining the expertise expected of them depending on the qualifications required for each position.

The governance of talent development is shared between several departments, all of which report to the Group's Human Resources Department, including:

- the Human Resources Operations Department, whose mission is to support the transformation of job families by anticipating the skills required for each job;
- the Talent Department, whose aim is to identify the managers and experts who are essential to the Group's performance, ensure their development and prepare their succession;
- the Learning & Culture Department, which is responsible for staff training and career development.

5.1.3.1.6 Taking action on material impacts on own workforce

a) Actions related to Diversity, Equity and Inclusion matters

Thales offers an inclusive working environment in which everyone can feel comfortable about being different, where others are respectful of their differences, and where they can find their place in the collective whole. It takes particular care to:

- apply a principle of zero tolerance for discrimination;
- raise awareness and provide training for staff on the principles of non-discrimination, stereotypes and unconscious biases through a variety of formats: e-learning, conferences, videos, workshops, etc.;
- report widely on the actions taken by the Group and more locally by the different countries and regions to foster inclusion, for instance via the network of Diversity and Inclusion ambassadors worldwide;
- Support initiatives taken by employees to foster a more inclusive Group culture, thanks in particular to networks of employees who are committed to such matters.

For instance, Thales organizes communication and staff awareness initiatives, assists employees who might be in difficulty, monitors the impact of initiatives carried out by means of specific barometers, and participates in joint actions with other companies who are also committed to such matters and to promoting them within civil society.

In France, Thales Mission Insertion works with disabled employees to ensure they integrate into the company successfully. It also works with several peers to improve the way in which cognitive diversity is addressed within the company. Thales also has a long-standing commitment to the inclusion of lesbian, gay, bisexual and transgender people, as well as all minorities of gender and sexual orientation, and it therefore carries out awareness initiatives at Group level and in the different countries in which the Group operates.

Moreover, it also has mentoring programs in a number of entities and countries in which the Group operates in order to foster closer intergenerational ties.

Lastly, Thales' workforce is made up of 140 different nationalities. Given this multicultural and international environment, several of the countries in which it operates have set up initiatives to tackle discrimination on the grounds of ethnic origin, such as the Race at Work Charter signed in 2023 in the United Kingdom and the reconciliation action plan launched in 2019 in Australia with a new road map adopted spanning 2022-2024.

Specific measures are taken in some of the countries in which the Group operates in order to factor in the country's historical or cultural context. This is the case in Australia, for example, where the Diversity, Equity and Inclusion policy has led to specific actions geared towards Aboriginal communities, which tend to be more exposed to difficulties in accessing and retaining jobs.

Generally, the Group endeavors to prevent discrimination by setting up awareness actions on a regular basis. It also organizes non-discrimination training initiatives for teams responsible for hiring new staff.

Other initiatives are aimed at promoting equity within the Group. For example, Thales is taking the following measures:

- the Group supports *WiTh*, a network promoting gender equality in which female staff can meet, discuss with and benefit from external parties who can help them with their career development;
- since 2023, Thales has rolled out *#WomenInspiringWomen*, a communication campaign aimed at helping today's generations of women and those of tomorrow to identify with and find their place in STEM fields (Science, Technology, Engineering and Mathematics);
- Thales is also committed to the *Neurodiversity in Business* initiative, which aims to help large companies recruit neurodivergent employees [1] and support them in the working environment.

Thales measures the effectiveness of the measures taken by means of the engagement survey conducted every two years involving the Group's employees.

The survey covers a wide range of topics, including leadership, ethics, the environment, pay, quality of life at work, and diversity and inclusion. Open-ended questions allow employees to express what they like about the company and what they would like to see improved. This survey enables us to measure the long-term commitment of our employees, to assess changes in their perception of the issues addressed, and also to benchmark our performance against the average responses of companies in the same sector or country.

(1) *Neurodiversity, also known as cognitive diversity, refers to all people with neurological or psychological functions that deviate from the norm (people with autism, hypersensitivity, specific language or learning disorders, or intellectual giftedness).*

b) Training and skills development actions

Thales has set the following priorities:

- deploy learning pathways that are closely correlated with the needs of the operational activities;
- implement a diverse range of learning methods suited to the specific needs and characteristics of each individual;
- encourage the use of new technologies to enhance learning processes;
- take account of employees' individual aspirations in terms of career development, mobility and the acquisition of new skills;
- define and deploy common languages and behaviors within the Group, ensuring that employees understand and adhere to them. The subjects of diversity and inclusion, leadership, digital transformation and engagement are an integral part of this culture;
- make use of internal academies to produce and deliver relevant training content and add new training programs to the catalog on a regular basis.

5.1.3.1.7 Targets related to own workforce

For the purpose of managing its workforce, Thales has set objectives pertaining to the following themes:

- the accession of women to the most senior positions;
- staff training.

a) Accession of women to the most senior positions

Thales applies a proactive policy aimed at promoting female employees to the most senior positions. Since 2016, Thales has built up a governance process focusing on Diversity and Inclusion and particularly on matters relating to gender diversity, and it has accordingly set targets for the accession of women to the most senior positions.

As it meets its targets, Thales then raises its ambitions further while ensuring that the priorities it pursues remain coherent. The long-term targets that had been set previously were met in 2023, after which the Board of Directors adopted the proposal submitted by the Group Executive Committee by deciding to set fresh targets for 2026 and 2030:

- 22.5% of women on Levels of Responsibility [(1)]10 to 12 by end-2026 and 25% by 2030;
- 75% of Management Committees [(2)] with at least four female members by 2026 and 85% by 2030.

These new targets were set based on the Group's workforce growth projections and on current conditions on the job market, particularly in the field of science and technology in which women are underrepresented.

	2020	2021	2022	2023	2024	2026 targets	2030 targets
Proportion of women in the most senior positions (Levels of Responsibility 10 to 12)*	18.0%	18.9%	19.4%	20.4%	21.1%	22.5%	25.0%
Proportion of Management Committees with at least three female members (2023 target)	68,0%	71.0%	75.6%	86.8%			—%
Proportion of Management Committees with at least four female members (as from 2024)					64.1%	75.0%	85.0%

* *According to the Group's long-standing methodology, which has women including those on maternity leave as the numerator and the total number of men and women as the denominator.*

In France, these objectives are presented to the social partners during periodic meetings held to negotiate on gender equality in the workplace.

b) Staff training

The *Learning & Culture* Department set objectives for 2024 pertaining to three themes:

- 80% of new hires [(3)] to complete the OnboardingU module within 30 days of joining (77.6% in 2024);
- a global community of at least 1,600 internal trainers - Thales had 1,769 at end-2024;
- Thales set itself a target of having 40 academies available to employees by 2030, with an interim target of 27 at end-2024. At end-December 2024, Thales had 31 academies.

The Group's strategy also aims to:

- raise the overall skills maturity index of its employees to 70 or above by 2030;
- provide training in climate change issues to 85% of managers (Levels of Responsibility 8-12), corresponding to 46,423 employees, in 2025.

(1) *Pay grade (on a scale of 1 to 12).*
(2) *As well as the Group Executive Committee, this includes the Management Committees of the Global Business Units, the Business Lines, the major countries where the Group operates, and the International Development Department (covering the other countries where the Group operates), a total of 39 committees.*
(3) *Excluding Levels of Responsibility below 7 of the industry job family.*

5.1.3.1.8 Characteristics of the undertaking's employees

The company's active workforce includes neither employees absent for more than three months nor work-study employees. This procedure for calculating the workforce is consistent with the information in the Group's financial statements and with the financial data taking account of or incorporating workforce-related data (see Note 9 of chapter 7 "Financial Statements"). The Group's previous non-financial reporting documents (in particular the Universal Registration Document) were prepared based on this procedure for calculating the workforce. The procedure makes it possible, for instance, to exclude from the Group's compensation metrics those employees whose compensation is set by regulations (work-study employees) or those employees who no longer receive compensation (long-term leave).

All the figures presented are calculated based on the headcount at December 31, 2024 and not on full-time equivalents (FTE). France is the only country accounting for at least 10% of the Group's total headcount.

	Number of employees at 12/31/2024											
	GROUP	Major countries where the Group operates							Other countries where the Group operates			
		France	UK	Germany	Netherlands	United States	Canada	Australia	Europe	Latin America	Asia Pacific & Eurasia	Africa & Middle East
Women	22,724	10,809	1,524	474	486	1,340	365	996	2,908	1,158	2,299	365
Men	60,205	30,543	5,064	1,593	2,188	3,469	926	3,011	7,447	1,230	3,604	1,130
Other	58	8	18	3	4	4	5	8	6	2	–	–
Not declared	33	2	–	7	1	2	–	7	7	2	3	2
TOTAL	**83,020**	**41,362**	**6,606**	**2,077**	**2,679**	**4,815**	**1,296**	**4,022**	**10,368**	**2,392**	**5,906**	**1,497**

	Women	Men	Other	Not declared	TOTAL
Number of employees	22,724	60,205	58	33	**83,020**
Number of permanent employees (on permanent contracts)	21,663	59,257	56	29	**81,005**
Number of temporary employees (on fixed-term contracts)	1,054	905	2	4	**1,965**
Number of non-guaranteed hours employees [(a)]	–	–	–	–	**–**
Number of full-time employees	20,066	58,039	54	30	**78,189**
Number of part-time employees	2,658	2,166	4	3	**4,831**

(a) Non-guaranteed hours employees are not included when calculating the Group's headcount as the proportion of such employees is considered non-material.

	TOTAL
Number of employees having left the company in 2024	**6,765**
Employee turnover rate	**8.07%**

Note on the methodology:

The turnover rate is the number of employees having left the company in 2024 divided by the average headcount (sum of active and inactive employees at the end of each month divided by 12).

5.1.3.1.9 Characteristics of non-employee workers in the undertaking's own workforce

There are two types of non-employee workers:

- temporary workers who are on contract with a temping company and placed on a fixed-term assignment with Thales. They are monitored in the financial reporting tool.

  They account on average for 2% of the workforce, a percentage that the Group considers to be non-material.
- self-employed workers who perform an economic activity on a freelance basis. Thales makes use of their services occasionally and for short periods of time.

This topic is considered non-material based on the materiality of the disclosure.

5.1.3.1.10 Diversity metrics

Breakdown of the workforce by gender

Below is a breakdown of the number of senior management by gender at end-December 2024:

Breakdown of senior management by gender*	Group			
	Women	Men	Other	Not declared
In number	2,430	9,124	6	2
As a %	21.02%	78.91%	0.05%	0.02%

** % of women among senior management calculated excluding those on maternity leave as the numerator and all men, women and others as the denominator.*

Note on the methodology:

- the notion of "senior management" corresponds to Levels of Responsibility 10 to 12, i.e. the highest senior positions within the Group;
- the percentage of men and women is calculated using, as the denominator, the total number of men, women, employees identifying as non-binary and those not having declared their gender in the Group's HR information system.

Breakdown of the workforce by age

Below is a breakdown of the Group's total workforce by age bracket at end-December 2024:

Breakdown of headcount by age bracket	Less than 30 years old			30-50 years old			Over 50		
	Women	Men	Other	Women	Men	Other	Women	Men	Other
In number	3,345	8,108	14	12,296	30,447	30	7,052	21,405	14
As a %	4.04%	9.80%	0.02%	14.87%	36.81%	0.04%	8.53%	25.88%	0.02%

Note on the methodology:

- The "Other" category corresponds to employees who identify as non-binary or who have not declared their gender in the Group's HR information system.

Persons with disabilities

The percentage of disabled employees within the Group, according to the CSRD's definition, is 2.9%.

This figure is calculated using the number of disabled employees in countries where there is a legal obligation to employ disabled workers or a voluntary disability policy as the numerator, and the Group's total active headcount at December 31, 2024 as the denominator, as presented in section 5.1.3.1.8.

The notion of "disabled employee" corresponds to the definition applied in each country's national legislation.

The percentage rises to 4% using only the headcounts in countries that record the number of employees with disabilities, either in accordance with local legislation or as a result of a voluntary disability policy, as the denominator, i.e. 72.5% of the total workforce.

		Women	Men	Other	Total
CSRD	Percentage of employees with disabilities in the countries where the Group operates	1.1%	1.8%	–%	2.9%
Thales	Percentage of employees with disabilities in the countries where the Group operates that are subject to a legal obligation to employ disabled workers and/or that apply a proactive policy to hire and/or retain disabled workers	1.5%	2.5%	–%	4.0%

The countries where the Group operates that are subject to a legal obligation to employ disabled workers are the following: Brazil, China, Czech Republic, Egypt, France, Germany, Italy, Japan, Philippines, Poland, Portugal, Romania, South Africa, Spain, Taiwan, Thailand, Turkey.

Also included to calculate the second metric mentioned above is the number of disabled workers in the United Kingdom, which applies a voluntary disability policy.

The number of employees with disabilities is calculated by the Human Resources Departments in countries subject to local regulatory obligations or applying voluntary disability policies. It is then reported each year to the department responsible for Diversity and Inclusion matters within the Group's CSR Department, which then consolidates the data received and calculates the two metrics referred to above.

5.1.3.1.11 Training and skills development metrics

Percentage of employees having participated in regular performance and career development evaluations

To support employees in monitoring their performance and career development, the Group has introduced a policy of individualized follow-up through "*Check-In*" interviews held with managers.

During the course of the year, the employee is invited to hold their "Development Check-In" interview during which they can discuss their skills development and their medium- and long-term career plans and define a career development action plan.

At the end of the year, a "Performance Check-In" campaign is organized for Group employees. Each employee is then invited to carry out a self-assessment of their overall performance and particularly on the progress they have made towards the performance targets set. After their interview with their manager, the latter will officially record the performance review in the HR system. The campaign closes in the first quarter of the following year.

This annual cycle is supplemented with an interview held to set targets as well as ad-hoc interviews, whether on the employee's initiative or that of their manager.

The table below shows the percentage of employees, by gender, having benefited from:

- a career development follow-up interview for 2024;
- a performance evaluation interview for 2023 as part of the campaign that ended in early 2024.

	Women	Men	Other	Total % of the Group's workforce
% of employees having had at least one career development interview	78.3%	86.0%	62.6%	83.9%
% of employees having had a performance evaluation interview	62.6%	69.6%	36.3%	67.6%

Average number of training hours per employee and by gender

Thales anticipates the skills required for each job, enabling each employee to manage their professional development through access to training and also to have better visibility on their career path and mobility opportunities.

In 2024, the average number of hours of training per employee was 19 hours.

The breakdown by gender was as follows:

	Women	Men	Other	Total
Average number of training hours per employee and by gender	19.43	18.79	37.20	18.99

Note on the methodology:

- only employees active at December 31, 2024 are included when calculating these data.
- the "Other" category includes employees who identify as non-binary and those who have not declared their gender in the Group's HR information system.
- when recording the average number of training hours by gender, calculations are made based on employees of the gender in question.

If all employees present in 2024 were taken into consideration (and not only those present at December 31, 2024), the average number of hours would have been 20.8 hours.

5.1.3.1.12 Compensation metrics

Gender pay gap

In recent years, the Group has focused its efforts in the area of equal pay by distinguishing between two factors: pay gaps at comparable levels of responsibility, and equal access to positions of responsibility.

It monitors gender pay gaps first of all by making calculations locally, by pay grade; it then consolidates these calculations at Group level, weighting them according to country size (based on the headcount in each country). This calculation method also offsets the impact of any changes in exchange rates from one year to the next and any compensation differences between countries, mostly due to different market practices and costs of living.

This calculation only includes groups by pay grade in countries where the workforce is made up of at least 5 women and 5 men.

The pay gap at comparable levels of responsibility worked out at 2.05% in 2024, testament to the Group's commitment to equal pay for equal work.

The overall pay gap is small, but a number of gaps were identified that require improvement. The regions and organizations concerned are working to close the gaps identified.

The Group considers this approach to be the right one as the 2024 ratio covered 93.2% of active employees at Group level and has also made it possible to target action plans more precisely.

Meanwhile, the Group is committed to equal access to senior positions and has reported on the topic since 2018. In 2024, 21.09% of the Group's managerial positions were held by women (16.61% in 2018). A gap has always existed in the high tech, aerospace and defence sectors, where more men tend to pursue STEM [1] studies and make up the majority of the talent pool. The Group aspires to improve this figure further and has thus pledged to promote, both internally and externally, the role of women and equal access to all levels of responsibility within the company.

The pay gap calculated in accordance with the CSRD is 18.37%, covering both the issue of pay gaps at comparable levels of responsibility and the issue of equal access to positions of responsibility. The information provided above shows that the Group must continue focusing its efforts on equal access to all levels of responsibility while continuing to guarantee a coherent pay gap at comparable levels of responsibility.

(1) *STEM: Science, Technology, Engineering and Mathematics.*

It was calculated at December 31, 2024 based on the following formula:

$$\frac{\textbf{Average male pay – Average female pay}}{\textbf{Average male pay}}$$

Note on the methodology:

The employees included in this calculation are the active employees within the workforce at December 31, 2024.

The compensation aggregates used for the calculation base are annual gross base salaries plus, for managerial staff, annual variable compensation targets for 2024 translated into full-time equivalents (in the case of part-time work), as well as the Long-Term Incentive (LTI) amounts allocated in 2024 and valued in accordance with IFRS.

The geographical scope covered is global. The data analyzed are taken from the Group's overall human resources information system (HRIS).

Pay equity ratio

At December 31, 2024, the pay equity ratio was 50.6.

The employees included in this ratio are the active employees within the workforce at December 31, 2024.

The compensation aggregates used for the calculation base (denominator) are annual gross base salaries plus, for managerial staff, annual variable compensation targets for 2024 translated into full-time equivalents (in the case of part-time work), as well as Long-Term Incentive (LTI) amounts valued at their allotment date in accordance with IFRS.

The Group's highest compensation concerns its Chairman & Chief Executive Officer. For the purposes of this calculation, his compensation consists of his 2024 fixed compensation, his annual variable compensation target for 2024, and the Long-Term Incentive (LTI) amounts allocated to him in 2024 and valued in accordance with IFRS.

Whereas the pay equity ratio historically published in France in the Universal Registration Document measures the change in the pay gap between the executive corporate officer and employees in the scope consisting of the Group's French companies, the geographical scope covered by the pay equity ratio presented here is global.

It was calculated at December 31, 2024 based on the following formula:

$$\frac{\textbf{Total annual pay of the highest-paid employee in the company}}{\textbf{Total median pay (excluding the highest-paid employee)}}$$

The data are taken from the Group's overall human resources information system (HRIS).

5.1.3.1.13 Incidents, complaints and severe Human Rights impacts

Thales recorded 105 reports/complaints of issues regarding working conditions, equal treatment and Human Rights in 2024.

These reports were made through two distinct channels:

- reports submitted via the internal whistle-blowing system (82 reports);
- records of disciplinary sanctions (27, of which 4 concerning incidents also reported via the whistle-blowing system) and legal decisions handed down as final judgments, compiled by the Human Resources Departments in the countries where the Group operates.

Incidents not reported via the internal whistle-blowing system nor subject to a disciplinary sanction and/or legal ruling are not recorded for these purposes.

Of the 105 reports/complaints thus recorded:

- 51 concerned issues of harassment/discrimination,
- 54 concerned other issues regarding working conditions and equal treatment.

Investigations carried out into the reports/complaints of harassment/discrimination identified 19 confirmed incidents which led to disciplinary sanctions.

None of the incidents that were fully analyzed resulted in a financial penalty (a fine or compensation).

No severe Human Rights incidents were recorded within the Group in 2024.

5.1.3.2 Workers in the value chain

WORKERS IN THE VALUE CHAIN

ESG matters	Material Impacts, Risks and Opportunities	Sustainability-related strategy
Human Rights & fundamental freedoms	• **Negative impact**: contribution via established business relationships to violations of the Human Rights and fundamental freedoms of employees in the upstream or downstream value chain. • **Negative impact**: violation of the human rights and fundamental freedoms of local populations as a result of conflict minerals mining.	• **Society**: contributing to more responsible and sustainable societies thanks to technology. • **People**: building an inclusive and learning working environment.
Main policies	• Sustainable Procurement Policy; • Integrity & Corporate Responsibility (CIR) Charter.	
Levers for action	• Commitment of suppliers to the principles set out in the ICR Charter; • Specific clauses in contracts; • ESG assessments of suppliers requiring special attention; • Monitoring of allegations relating to the value chain; • Sustainability criteria integrated into the tendering process; • Team awareness training; • Supplier support provided by the Group Procurement Department.	
Main targets	• ICR Charter to be signed by 100% of new suppliers; • Assessment of 100% of suppliers considered as requiring special attention.	

5.1.3.2.1 Interests and views of stakeholders

Thales places corporate responsibility at the very heart of its operations and has thus adhered to the United Nations Global Compact for over 20 years, testament to the close attention it pays to Human Rights. The Group also complies with the OECD Guidelines for Multinational Enterprises and with the International Labour Organization's (ILO) fundamental conventions across all its operations.

The Group's purchases amounted to €9.2 billion in 2024 (i.e. 45% of sales), of which 92% from Europe, North America, Australia and Singapore.

Thales pays particularly close attention to the negative impacts arising from the operations of its suppliers and subcontractors (hereinafter referred to collectively as "suppliers") in the areas of Human Rights, social rights, fundamental freedoms, health and safety, and the environment. These negative impacts are not systemic in nature but could arise occasionally.

Thales has implemented a Sustainable Procurement Policy with the aim of identifying, preventing and mitigating any potential severe impacts on Human Rights, social rights, fundamental freedoms, health and safety, and the environment at its suppliers.

5.1.3.2.2 Material impacts, risks and opportunities and their interaction with strategy and business model

Thales has a network of approximately 17,000 suppliers, some of which have their own supply chains. Despite the Group's increased vigilance, it cannot be guaranteed with any reasonable certainty that all stakeholders in the supply chain will be fully compliant with international laws and standards relating to social, environmental and ethical responsibility.

Should any supplier fail to comply with international laws and standards relating to social, environmental and ethical responsibility, it might have consequences for the Group's business activity, reputation and competitiveness.

During the double materiality assessment of Thales' operations, the following negative impacts were deemed to be material:

- Violation of the Human Rights and fundamental freedoms of workers in the value chain;
- Violation of the Human Rights and fundamental freedoms of local populations as a result of conflict minerals mining.

The notion of workers in upstream and downstream value chain entities refers to those working at a supplier, regardless of the existence or type of direct contractual relationship it may have with Thales.

Potential negative impacts concern workers in the value chain, without distinguishing between type, category of activity, specific industry or particular geographic location.

Of the suppliers with which it has an established business relationship, Thales identifies those that are most likely to generate negative impacts relating to the environment, health and safety, Human Rights, social rights and fundamental freedoms. Thales considers them to be suppliers requiring special attention.

The notion of established business relationship at Thales refers to a predefined significant level of engagement. Suppliers requiring special attention operate in countries and/or procurement categories that are particularly exposed to systemic risks relating to Human Rights, social rights and fundamental freedoms, health and safety, and the environment. Specific policies, measures and actions apply to these suppliers, as described below.

Countries that are particularly exposed to modern slavery risks (such as child labor and forced or compulsory labor) are identified by means of the *Global Slavery Index* (GSI) established by *Walk Free*, an international Human Rights group, as described in section 5.1.3.2.5 below.

5.1.3.2.3 Policies related to upstream value chain workers

Thales makes use of its Sustainable Procurement Policy to monitor any negative impacts related to workers in its value chain. The policy seeks to assist suppliers and encourage them to adopt more responsible values and practices regarding the rights and working conditions of value chain workers, thereby ensuring they comply with Human Rights and fundamental freedoms; this is achieved mainly by maintaining regular dialog with them or with their legitimate representatives.

Thales' Sustainable Procurement Policy is available on the Group's website and is based on the following six commitments:

1. **Compliance of suppliers with applicable legislation and regulations;**
2. **Establishing high-quality relationships based on mutual loyalty;**
3. Sharing expertise to drive innovation;
4. Involving suppliers alongside Thales in the fight against climate change;
5. **Support for SMEs, offering them opportunities for international development;**
6. **Recourse to players in the social and solidarity economy**.

Of these six commitments, points 1, 2, 5 and 6 mentioned above in bold have a material impact on workers in Thales' value chain.

Thales' Sustainable Procurement Policy and associated documents are published on the Thales website.

a) Compliance of suppliers with applicable legislation and regulations and international standards on Human Rights, social rights, fundamental freedoms and environmental protection

Thales asks its suppliers to (i) comply with international standards and applicable laws and regulations in the countries where they are registered and conduct their operations, and (ii) impose these same requirements on their own suppliers.

Thales also expects all its suppliers to share its commitment to Human Rights by treating people with respect and dignity, fostering diversity, accepting diverging opinions, promoting equal opportunities, and instilling an ethical and inclusive culture, in accordance with the International Labour Organization's (ILO) conventions.

Moreover, Thales encourages its suppliers to fully comply with the United Nations Guiding Principles and ILO fundamental conventions covering freedom of association, collective bargaining, forced labor, child labor, minimum age, equal compensation, discrimination, and occupational health and safety.

This policy is applied through the processes and actions described, respectively, in sections 5.1.3.2.5 and 5.1.3.2.6 below.

b) Risks related to conflict minerals and related mining

Although Thales is not subject to section 1502 of the US Dodd Frank Act, the Group does exercise vigilance as regards minerals originating from conflict zones (*conflict minerals*) in accordance with its Sustainable Procurement Policy.

This policy is applied through the processes and actions described, respectively, in sections 5.1.3.2.5 and 5.1.3.2.6 below.

c) Thales' Integrity and Corporate Responsibility Charter for Partners and Suppliers

The Integrity & Corporate Responsibility Charter for Partners and Suppliers includes specific commitments which Thales expects of its suppliers, particularly in areas relating to Human Rights and fundamental freedoms, the environment, and health and safety.

It specifies its expectations in relation to:

- the fight against modern slavery, human trafficking, including forced or indentured labor, child labor, discrimination, inequality, and physical and psychological harassment;
- working conditions: health and safety, minimum wage, working hours and weekly rest periods, social dialog (freedom of association and collective bargaining), and respect for privacy;
- compliance with applicable laws and regulations concerning the sourcing of conflict minerals such as 3TG (tungsten, tin, tantalum and gold).

The terms of this Charter are reviewed regularly based on the Code of Conduct of the International Forum on Business Ethical Conduct (IFBEC), the principles of the United Nations Global Compact and the ILO Conventions, particularly in areas relating to value chain workers.

The ICR Charter is published on the Thales website and is available in several languages.

Actions taken under the ICR Charter and the associated targets are described in detail in section 5.1.3.2.6 (actions) and section 5.1.3.2.7 (targets).

Governance of policies related to value chain workers

Thales has set up a specific governance process to identify, prevent and mitigate the risks of negative impacts related to its value chain spanning the whole range of CSR aspects.

Thales' Group Procurement Director oversees the process of acquiring goods and services. He reports to the Group's Senior Executive Vice President for Operations & Performance. He is also a CSR correspondent and a member of the Corporate CSR Steering Committee.

The Sustainable Procurement Policy is drawn up and implemented by the Procurement Department with the support of the CSR Department, the Audit, Risks and Internal Control Department, the Human Resources Department, the Ethics and Integrity Department, and the Legal and Contracts Department.

The Procurement Department has set up a sustainable procurement division whose role is to ensure that the Group's suppliers adhere to its sustainable development policy.

5.1.3.2.4 Processes for engaging with value chain workers about impacts

Thales is a member of the Business for Human Rights association, a forum for discussion, work and proposals for better integration of Human Rights into corporate policies and practices.

The Group refers to various trusted intermediaries to identify and assess the risks surrounding value chain workers.

For instance, the Group makes use of the work carried out by the International Trade Union Confederation (ITUC) and Walk Free, particularly their GSI and GRI indices [(1)], to identify any suppliers requiring special attention (see section 5.1.3.2.5.a).

Direct engagement with value chain workers or their representatives takes place via communication channels that are either permanent (whistle-blowing system) or occasional (on-site CSR audits). The on-site CSR audits performed include interviews with the staff of the supplier concerned. These interviews make it easier to identify any potential violations by engaging in dialog with value chain workers.

Lastly, the Group's representatives have opportunities to engage directly with value chain workers whether during the selection of a supplier or during execution of the contract signed with said supplier.

5.1.3.2.5 Processes to remediate negative impacts and channels for value chain workers to raise concerns

The Procurement Department updated its procedure for identifying, assessing and supporting suppliers requiring special attention in 2024. This procedure also includes permanent monitoring, a whistle-blowing system and a detailed analysis of negative allegations concerning upstream value chain workers.

Depending on the outcomes of these analyses and assessments, any necessary measures (mitigation plans, on-site CSR audits, introduction of specific procedures, reports, certifications, etc.) are applied as defined in section 5.1.3.2.6.

These procedures, mechanisms and communication channels are described in detail below.

a) Identification, assessment and assistance for suppliers requiring special attention

Identification criteria selected

The Procurement Department has selected three criteria on which basis it identifies the suppliers concerned.

1. *Supplier's country*

Thales assesses supplier country risk based on three indices:

- the Global Rights Index (GRI) for social risks;
- the Environmental Performance Index (EPI) for the environment; and
- the Global Slavery Index (GSI) for Human Rights.

The GSI and GRI indices are taken from work carried out by international bodies that are actively committed to the human and social rights of workers, such as the International Trade Union Confederation and Walk Free international Human Rights group.

2. *Type of purchases made*

Thales manages a large portfolio of listed suppliers covering different procurement segments broken down into procurement categories, which are in turn subdivided into Purchase Order Codes (POC).

Each listed supplier covers one or more POCs depending on its business sector. The POC is the smallest unit into which purchases are segmented and therefore the most precise unit to designate the type of purchase concerned.

(1) *GSI index: Walk Free is an international Human Rights group focused on the eradication of modern slavery in all its forms.*
The GSI index was designed to highlight the magnitude of modern slavery and vulnerability to modern slavery in 160 countries, as well as the measures taken by 176 governments to tackle such crimes and violations of Human Rights.
GRI index: International Trade Union Confederation (ITUC). The ITUC documents violations in 163 countries of collective labor rights that are internationally recognized by governments and employers. The methodology is based on fundamental labor standards, in particular the right to freedom, the right to freedom of association, the right to collective bargaining and the right to strike.

Each POC has been reviewed by the following Thales Departments:

- the Procurement Department;
- the CSR Department;
- the Audit, Risks & Internal Control Department;
- the Ethics and Integrity Department;
- the Legal and Contracts Department.

The review makes it possible to identify and assess POCs in the activities that are most exposed to risks in the areas of the environment, Human Rights and fundamental freedoms, and health and safety.

3. *Existence of an established business relationship with Thales*

By combining these criteria, Thales is able to identify said suppliers and take action to assess their CSR performance and also to assist and monitor them.

The actions and targets in relation to these suppliers are described in detail in section 5.1.3.2.6 (actions) and section 5.1.3.2.7 (targets).

Tools for assessing and monitoring IROs in relation to value chain workers

Thales refers to various third parties specializing in ESG assessment to carry out initial assessments of suppliers requiring special attention prior to any further engagement with them.

Thales thus signed a partnership agreement with EcoVadis as part of an industry-wide initiative led by the International Aerospace Environmental Group (IAEG) to assess suppliers based on criteria relating to Human Rights, social rights and the environment.

If any supplier concerned has not been assessed by EcoVadis, Thales can refer to another third party to identify any allegations made against it

In order to reinforce its assessment procedures, Thales has also signed a partnership agreement with Bureau Veritas Certification to perform on-site CSR audits, the aim being to control and assist suppliers in an effort to respect Human Rights, social rights, fundamental freedoms and the environment. Note that the on-site CSR audits performed include interviews with the staff of the supplier concerned. These interviews make it easier to identify any potential violations by engaging in dialog with upstream value chain workers.

Where necessary, this partnership also covers checks carried out on the action plans set up by suppliers requiring special attention, on Thales' request.

Thales' Procurement Department was expanded to include a team of CSR experts responsible for (i) analyzing assessments carried out on suppliers requiring special attention, (ii) defining and overseeing the implementation of any action plans necessary to manage any identified risks or violations, (iii) following up on allegations and (iv) performing regular reassessments.

Direct and indirect impact remediation measures

As mentioned above, once the actions described in section 5.1.3.2.6 have been implemented, and depending on the outcomes obtained, Thales may ask the suppliers concerned to set up action plans. On-site audits may be performed by Bureau Veritas Certification to ensure that any action plans necessary to address any identified risks of violations are indeed implemented.

b) Whistle-blowing system available to upstream value chain workers

Thales has set up a Group whistle-blowing system for its internal and external stakeholders, including upstream value chain workers, enabling them to report any actual or potential violations in the areas of Human Rights, social rights, fundamental freedoms or the environment.

A digital platform ensures that whistle-blowing alerts are confidential, traceable and followed up. A description of this system and associated governance is given in section 5.1.4.1.2.

When signing the ICR Charter (section 5.1.3.2.3.c), suppliers pledge to inform Thales of any presumed violations of the principles and rules stipulated in said Charter as soon as possible and through any available means. Moreover, they pledge to provide their employees with the necessary resources so that they can report any concerns about social, environmental, health, legal, ethical or Human Rights issues without fear of retaliation, for instance by making use of Thales' whistle-blowing system.

c) System for monitoring allegations of negative impacts related to upstream value chain workers

Thales has set up a system for monitoring allegations that includes tools provided by EcoVadis.

These tools collect publicly available information about practices at suppliers requiring special attention that have been assessed by EcoVadis. The information is collected on a continuous basis via more than 100,000 data sources (including NGOs, the press and trade unions). As soon as an allegation against a Thales supplier is identified, an alert is sent to the Group Procurement Department's team of CSR experts.

5.1.3.2.6 Taking action on material impacts on value chain workers and effectiveness of those actions

Thales takes action aimed at preventing, mitigating and remediating material negative impacts on Human Rights and fundamental freedoms, health and safety, and the environment, while seeking to achieve positive impacts.

The following actions are drawn up and implemented by the Procurement Department with the support of the Audit, Risks and Internal Control Department, the Human Resources Department, the Ethics and Integrity Department, and the Legal and Contracts Department, in accordance with the governance process described in section 5.1.3.2.3.

Commitment of suppliers to the principles set out in the ICR Charter

Thales' Procurement Department seeks to guarantee the commitment of its suppliers by ensuring that each new supplier signs and therefore adheres to the principles set out in the ICR Charter (section 5.1.3.2.3.c). This process applies as from the qualification phase and before the Group enters into any agreement with each of the suppliers concerned.

This ICR Charter and the commitment of its suppliers to its principles help Thales to apply and spread best practices, for instance in the areas of Human Rights and social rights (commitments described in section 5.1.3.2.3.c), across all the employers and workers in its upstream value chain.

The percentage of suppliers committed to the ICR Charter's principles is measured by a metric described in section 5.1.3.2.7 (targets).

Specific clauses in contracts

The contract established between Thales and the supplier will include a clause stipulating the supplier's obligation to respect the ICR Charter principles and the consequences resulting from any breach of this obligation.

ESG assessments of suppliers requiring special attention

Suppliers identified as requiring special attention (section 5.1.3.2.5.a) are encouraged to Commission EcoVadis or an equivalent body to perform an ESG assessment. EcoVadis assigns a score to the supplier reflecting its maturity and issues recommended improvements, including specific training programs and action plans tailored to the supplier.

If the supplier concerned has not been assessed, Thales may refer to a body specializing in third-party ESG assessments.

Thales' CSR experts and Procurement Department examine the assessment provided by the body. Should they identify a violation or risk related to Human Rights, social rights or the environment, they will draw up an action plan to be implemented by Thales itself and/or by the supplier concerned.

The percentage of suppliers concerned having been assessed is measured by a metric described in section 5.1.3.2.7 (targets).

Monitoring of allegations related to value chain workers

As part of the procedure for monitoring allegations described in section 5.1.3.2.5.b, any allegation reported against a Thales supplier will be examined by the team of CSR experts and the Procurement Department. Should the violation or risk related to Human Rights, social rights or the environment be confirmed, this team will draw up an action plan to be implemented by Thales and/or by the supplier concerned.

In 2024, Thales received no reports of allegations of Human Rights violations related to its value chain via its whistle-blowing system (see section 5.1.3.2.5.b for more details).

Impact or risk mitigation actions

As mentioned above, Thales may ask the suppliers concerned to set up action plans and have on-site CSR audits carried out by a third party, if necessary, for the purposes of lifting doubts, controlling implementation of an action plan, or remediating an actual identified negative impact.

Thales seeks to limit any risks related to conflict minerals by incorporating into its approach the obligations stipulated in Regulation (EU) 2017/821. Thales submits these queries to its supply chain to ensure that the origin of the metals covered by these regulations is verified.

Lastly, the Group regularly surveys the suppliers potentially concerned in order to collect information relating to the origin of the 3TG present in their products. At the request of customers, the Group's entities fill in the *Conflict Minerals Reporting Template* form and send it on.

Sustainability criteria integrated into the tendering process

A supplier selection criterion entitled "Non-financial performance – CSR" has been defined and accounts for 15% of the overall assessment score. This criterion assesses the sustainability commitments made by suppliers, including for instance any ISO 45001 (occupational health and safety management system), ISO 14001 (environmental management system) and ISO 37001 (anti-bribery management system) certifications, as well as a specific criterion relating to inclusion and diversity.

The main initiatives taken in 2024 to incorporate sustainability matters into tendering processes more extensively were as follows:

- Oversee the application of sustainable selection criteria to tenders;
- Specify supplier selection criteria in pilot tenders for four procurement categories;
- Introduce an internal organization structure to help the Group's procurement agents assess their suppliers.
- These initiatives gave the Group's procurement agents agency over the implementation of non-financial performance criteria in critical tenders and enabled them to adapt the criteria specifically to each supplier's business sector.

The initiatives planned for 2025 are as follows:

- Extend specifications and additional criteria to new procurement categories;
- Enhance the criteria for assessing purchased solutions (products/projects);
- Integrate the sustainability criteria grid and input supplier scores into the Procurement tools.

Team awareness training

Thales has rolled out specific due diligence training programs in e-learning format for its procurement agents and procurement managers. These modules include a course on negative impacts related to value chain workers.

A number of webinars were organized in 2023 and 2024 to present the EcoVadis tool and teach teams how to use it.

Supplier support provided by the Group Procurement Department

The Group's procurement teams remain attentive to the needs expressed by their suppliers by offering to assist them.

Tools for monitoring actions taken by the team of Procurement CSR experts

When an action plan is drawn up in collaboration with a supplier, it is then incorporated into the supplier folder in the Group's procurement database. This process makes it possible to share information with the procurement agents concerned and monitor each case efficiently.

Besides making use of Thales' internal monitoring tools, the team of Procurement CSR experts also uses the EcoVadis platform to gauge any change in the sustainability maturity of a supplier requiring special attention over time and to compare a supplier's performances with the average scores of other companies that EcoVadis has assessed.

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5.1.3.2.7 Metrics and targets related to workers in the value chain

Thales seeks to guide and assess its progress in managing any potential negative impacts related to its upstream value chain and has therefore established a series of metrics and targets which are presented below. These targets are established via the governance process described in detail in section 5.1.3.2.3. These metrics are measured by the Sustainable Procurement division.

Metrics and targets for managing material negative impacts related to value chain workers.

Thales has set the following metrics and targets for managing the negative impacts related to the upstream value chain:

Metrics	2020	2021	2022	2023	2024	2025 targets
Percentage of new suppliers committed to the principles of Thales' Integrity and Corporate Responsibility Charter	91%	97%	99%	99%	100%	100%
Percentage of assessed suppliers among those considered to require special attention [a]	24%	59%	97%	NA [b]	100%	100%

(a) Suppliers requiring special attention are assessed using the tools defined in 5.1.3.2.5.a.
(b) The assessment process and the third party tasked with this assessment changed in 2023, so the data needed to calculate this metric were not available for the period under review.

The Percentage of new suppliers committed to the principles of Thales' Integrity & Corporate Responsibility Charter metric and associated target refer to the policies and actions described in sections 5.1.3.2.3 and 5.1.3.2.6. This metric has been calculated each year since 2020. Meeting the target means that those operating in the upstream value chain are preventing impacts and risks and creating opportunities for improvement in the areas of Human Rights, fundamental freedoms, health and safety, and the environment.

The Percentage of assessed suppliers among those considered to require special attention metric and associated target refer to the policies and actions described in sections 5.1.3.2.3 and 5.1.3.2.6. This metric has been calculated each year since 2020. The target was met in 2024 thanks to Thales' efforts to strengthen its vigilance plan in 2024.

The aim of these metrics is to assess how effectively the actions described in section 5.1.3.2.6 have been implemented.

5.1.3.3 Affected communities

SOCIAL AND SOCIETAL IMPACT ARISING FROM THE USE OF PRODUCTS AND SERVICES		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Social and societal impact arising from the use of products and services	• **Positive impact**: access to knowledge, communications and employment for individuals and communities enhanced by the solutions developed by Thales (e.g. telecommunications, internet access). • **Positive impact**: access to mobility (passports, navigation systems, driving licenses) and voting (identity cards, electronic voting solutions) for populations enhanced by the digital solutions developed by Thales. • **Negative impact**: misuse of Thales equipment or services. • **Business opportunities** arising from the development of innovative solutions.	• **Society**: contributing to more responsible and sustainable societies thanks to technology. • **Planet**: changing modes of operation to remain within planetary boundaries.
Main policies	• National or international regulations relating to export controls, transfers of war hardware and "dual-use" goods; • United Nations Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.	
Levers for action	• Actions aimed at preventing the risks of serious violations of Human Rights and fundamental freedoms that could result from the misuse of the Group's equipment and services; • Solutions promoting access to knowledge, communications and employment for individuals; • Digital solutions for identifying individuals; • Collaborative projects and partnerships within innovation ecosystems.	
Main targets	• To date, the Group has not set any specific targets in this area.	

5.1.3.3.1 Interests and views of stakeholders

Thales collaborates with its stakeholders in a spirit of transparency and constructive dialog, particularly with the communities in countries where the Group operates.

The social impacts identified (IRO) are inherent to the Group's operations and do not arise from Thales' particular strategic priorities. Conversely, the material business opportunity identified forms part of the Group's strategic priority to make use of innovative technologies.

5.1.3.3.2 Material impacts, risks and opportunities and their interaction with strategy and business model

Thales participates actively in the socioeconomic development of some or all of the civilian populations of a State or geographical area in which it operates.

Likewise, the development and use of cutting-edge telecommunication technologies and digital solutions have a positive impact on various communities around the world where access to such technologies can greatly improve their living conditions.

The telecommunication solutions developed by Thales, for instance, play a crucial role in improving access to knowledge, communications and employment. By providing robust telecommunication infrastructures, Thales enables local communities to benefit from better education, new job opportunities and more effective communications. These initiatives reinforce local capabilities and support socioeconomic development, particularly in remote or developing regions.

In the field of digital solutions, such as passports, navigation systems and driving licenses, Thales provides individuals with a means of identity and easier access to mobility. These initiatives help to create new forms of economic development and reinforce local capabilities by offering essential tools for mobility and civic engagement.

Thales has expertise in the increasingly sophisticated technologies needed to design critical systems for its customers. By the end of this decade, the boom in major technologies like artificial intelligence, biometrics, the cloud and, to a lesser extent, quantum sensors, will create new usages in society and open up new markets, all of which will generate opportunities for the Group. Thales aspires to become a world leader in such technologies of the future by deploying these technological innovations in the Group's engineering business. As these opportunities materialize, they will have a positive social impact especially in terms of creating jobs for local communities in the areas near Thales' facilities or those of its suppliers.

Conversely, certain individuals or some or all of a State's civilian populations may be negatively affected as a result of the misuse of Thales' products or services.

This is why the social and societal impact arising from the use of products and services is deemed material.

Thales does not design, produce or sell controversial weapons [1]. Thales has stopped selling and producing equipment using white phosphorus, in line with the commitments it made in 2019.

In the field of facial recognition, the Group pays special attention to the solutions it offers and to the risks of serious violations of Human Rights and fundamental freedoms. Accordingly, the Group decided in 2022 to stop offering real-time identification solutions for the purpose of mass surveillance.

Certain Thales operations could have a negative impact if their products and services were used for purposes other than those for which they were designed and marketed. This is why Thales has a policy of preventing the risks of serious violations of Human Rights and fundamental freedoms that could result from the misuse of its equipment and services.

These commitments attest to the attention the Group pays to complying with the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the main ILO conventions in all its activities.

5.1.3.3.3 Policies related to affected communities

Social and societal impact arising from the use of products and services

The Group pays special attention to compliance with the United Nations Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises.

Accordingly, Thales pledges to comply with Human Rights during its operations and supports the principles stipulated in the UN's Universal Declaration of Human Rights and in the International Labour Organization's Declaration on Fundamental Principles and Rights at Work applicable to its direct and indirect employees and to its relationships with its customers, its suppliers and the communities affected by its operations.

Moreover, every year since 2003, as part of its commitment to the United Nations Global Compact, Thales has reaffirmed its support for the Compact's 10 fundamental principles, which include Human Rights. It is committed to advancing these principles within its sphere of influence and value chain, and to integrating them into the Group's strategy, culture and day-to-day operations. This commitment is endorsed by Thales' Chairman & Chief Executive Officer and announced publicly on the Global Compact website.

In September 2020, Thales became a signatory to the Statement from Business Leaders for Renewed Global Cooperation initiated by the United Nations Global Compact at the opening of the 75th session of the UN General Assembly. In signing this, Thales committed to:

- demonstrating ethical leadership and good governance through strategies, policies, operations and relationships based on values and on the most demanding standards when engaging with all stakeholders;
- investing in addressing systemic inequities and injustices through inclusive, participatory and representative decision making at all levels of the company;
- working with the United Nations, governments and civil society to strengthen access to justice, ensure accountability and transparency, provide legal security, promote equality and respect Human Rights.

Access to knowledge and development of innovative solutions

Thales places innovation at the very heart of its strategy as it endeavors to build a future we can all trust with an innovation policy based on several key priorities:

- research and development (R&D): Thales invests approximately €1 billion a year in R&D on top of the €3 billion of R&D financed by its customers, with an emphasis on cutting-edge technologies. Completion of targeted R&D investments is overseen as described in the section on "Investments in R&D" of point 2.4 "Investments" of the 2024 Universal Registration Document;
- open innovation: Thales collaborates with startups, SMEs, industrial partners and academic institutions in order to jointly develop innovative solutions;
- disruptive technologies: the Group focuses on essential technologies such as trusted artificial intelligence, cybersecurity, the trusted cloud and quantum applications, which will transform the defence, aerospace, space and digital security sectors;
- sustainable development: Thales integrates sustainable development objectives into its innovations in an effort to protect the planet and achieve positive impacts on populations.

The purpose of such policies is to enable Thales to remain at the cutting edge of innovation and rise to the technological challenges of the future.

[1] *Anti-personnel mines, cluster munitions, chemical weapons, biological weapons and nuclear weapons not covered by the 1968 treaty on non-proliferation.*

Potential misuse of Thales equipment or services

The Group applies rules aimed at preventing the risks of serious violations of Human Rights and fundamental freedoms that could arise from the misuse of its equipment and services. This policy applies to all the Group's controlled entities.

In 2024, Thales was not made aware of any reports of potential serious violations of Human Rights or fundamental freedoms resulting from the misuse of its equipment or services.

Thales' commitments are expressed in its Code of Ethics, Integrity & Corporate Responsibility Charter for Partners and Suppliers, and in the specific codes and charters available on the Thales website.

5.1.3.3.4 Processes for engaging with affected communities about impacts

The Group refers to various trusted partners in order to identify the impacts of its activities on affected communities.

As part of its commitments to the United Nations Global Compact and its participation in the Business for Human Rights association, Thales' CSR Department and Ethics and Integrity Department hold regular discussions with experts, NGOs and associations on topics related to Human Rights along the value chain.

These interactions are held regularly through various working groups set up by the United Nations Global Compact - France network and by the Business for Human Rights association.

These interactions enable the Group to adapt its policies, where necessary, to the issues and expectations of its stakeholders', particularly on matters of social and environmental responsibility.

5.1.3.3.5 Processes to remediate negative impacts and channels for affected communities to raise concerns

Thales has set up a digital platform dedicated to the collection and processing of whistle-blowing alerts (Thales Alert Lines) [1] which ensures the confidentiality, traceability and follow-up of whistle-blowing alerts in a secure space. The system is open to employees, external and occasional workers, and third-party individuals. It is available online to all the Group's stakeholders, including the communities concerned and/or their representatives.

The admissibility of each report transmitted via the whistle-blowing platform is examined collectively by an Alert Monitoring Committee (at Group or local level) within 15 calendar days of its receipt.

Similarly, the Group ensures that the identity of the whistle-blower, that of the person(s) involved, and the information collected by any person responsible for collecting or processing the reports are kept confidential.

Thales undertakes not to retaliate against any person having submitted a report in good faith.

5.1.3.3.6 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Solutions developed by Thales promoting access to knowledge, communications, employment and digital technology

The social and societal impact arising from the use of Thales' products and services is beneficial for the communities concerned, in particular:

- Certain solutions developed by Thales improve access to knowledge, communications and employment for individuals and communities:

  For example, Thales supplies products to operators in the connectivity and mobility sectors helping to reduce the digital divide. Thales' satellite communication solutions also help to narrow the digital divide in areas lacking telecommunication infrastructure. In addition, Thales' satellites offer a better understanding and protection of the planet (altimetry, oceanography, climatology, environmental management, carbon cycle analysis, mapping, crisis management, etc.) and provide navigation services (ground segment and Galileo satellites).
- Digital solutions

  The Group develops digital solutions that provide individuals with access to mobility (passports, navigation systems, driving licenses) or voting (identity cards, electronic voting solutions).

  Thales thus helps to make the world a safer and more inclusive place.
- Business opportunities arising from the development of innovative solutions

  Thales participates in many collaborative projects within innovation ecosystems that make it possible to share knowledge and resources in order to achieve major technological advances. The Group bases its vision of innovation on openness and partnership in various forms: first of all, a technological dimension thanks to collaboration with academic laboratories such as the CEA, CNRS, École Polytechnique and Sorbonne University in France, the NTU in Singapore, IVADO in Canada, and the Alan Turing Institute in the United Kingdom. The Group also supports teaching chairs in various institutions (the Responsibility for Digital Identity Chair in association with Telecom ParisTech, the Major Contemporary Strategic Issues Chair under the aegis of the Saint Cyr Foundation, the Chair of Defence Economics in association with the IHEDN, and the Defence and Aerospace Chair with the Bordeaux University Foundation).

  Likewise, Thales works with major industrial groups and innovative firms to create synergies and speed up the development of new technological solutions. Thales is working on an entrepreneurial dimension through partnerships with SMEs and startups. Over the past eight years, Thales has listed more than 2,000 startups and close to 200 proofs of concept have been completed. Lastly, Thales builds partnerships within innovation ecosystems with academic partners, innovative companies and manufacturers to innovate together on usages, business models and technologies.

  These partnerships are involved in developing advanced technological solutions for the Group's customers in various sectors such as defence, aerospace, cybersecurity and digital identity.

[1] *The scope covered by the whistle-blowing system is described in section 5.1.4.1.2.*

Misuse of Thales equipment and services by a customer country

Thales' policy is to prevent the risks of serious violations of Human Rights and fundamental freedoms that might arise from the misuse of its equipment and services and applies to offers for sale and contracts in progress; it enables each of the entities concerned to perform risk assessments on which basis they can define and implement calibrated remedial measures depending on the risks identified.

5.1.3.3.7 Targets related to affected communities

The Group has not set any specific targets concerning the social and societal impact arising from the use of its products and services. In an effort to achieve continuous improvement, in 2025 the Group plans to assess the application of its policy for preventing the risks of misuse of Thales' equipment and services.

5.1.3.4 Consumers and end-users

PRODUCT QUALITY AND SAFETY, AND CUSTOMER RELATIONSHIPS		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability-related strategy**
Product quality and safety	• **Positive impact**: guarantees of the safety of users and reliability of certified products. • **Risk**: risk arising from the sale of defective products. • **Risk**: risk of a defective product being recalled and/or withdrawn from the market. • **Risk**: reputational risk potentially resulting in contract losses in the event of proven product quality problems.	• **Society**: contributing to more responsible and sustainable societies thanks to technology.
Customer relationships	• **Negative impact**: potential harm to the security and sovereignty of government customers and their populations in the event of a breach of export control regulations (management of controlled information).	
Main policies	• Group product quality and safety policy. • Safety and security regulations and standards in avionics, air traffic control and defence. • Regulations governing export controls and economic sanctions.	
Levers for action	• Compliance of avionic, air traffic control and defence products with security regulations and standards. • Ex ante and ex post checks on activities subject to national and international export control regulations.	
Main targets	• The Group has not set any specific targets in this area.	

5.1.3.4.1 Interests and views of stakeholders

Thales collaborates with its stakeholders in a spirit of transparency and constructive dialog.

For example, the safety culture in aerospace extends to the entire industrial chain throughout the product life cycle. A safety charter signed with Airbus promotes the development of a proactive and transparent culture of dialog in the field of safety and a *fair and just culture*. This safety culture is underpinned by regular training and communication.

5.1.3.4.2 Material impacts, risks and opportunities and their interaction with strategy and business model

Thales is a world-leading high-tech firm specializing in three activities: Defence, Aerospace and Cyber & Digital. The Group develops products and solutions for customers and end users in these three business sectors, which are subject to very demanding product quality and safety regulations and standards. Thales' customers are governments and institutions, city authorities and businesses, all operating within a regulated framework: the end users of Thales' products are their employees, their customers and their citizens. Together they constitute the Group's downstream value chain.

For example, France's *Délégation Générale de l'Armement* defines and purchases products, solutions and services on behalf of the armed forces, whose personnel are the end users. In the aerospace industry, aircraft manufacturers purchase and integrate Thales' products, solutions and services which are then sold on to airlines whose personnel are the end users.

As part of its materiality assessment, Thales identified a positive impact arising from guarantees of the safety of users and reliability of certified products. The Group designs and develops products and services that offer a high level of safety and reliability and are certified according to strict standards, benefiting its entire downstream value chain. For example, Thales develops air traffic management systems that improve the safety and efficiency of air transportation by reducing the risks of accidents and making services more reliable.

Thales has also identified three potential risks arising from the sale of defective products:

- fines, contractual penalties, redesign costs and remediation costs;
- costs incurred due to a defective product being recalled and/or withdrawn from the market;
- costs incurred due to a reputational risk (contract losses in the event of proven product quality problems).

Lastly, Thales has identified a negative impact relating to threats to the security and sovereignty of government customers and their populations in the event of a breach of export control regulations. This negative impact is not systemic in nature but could arise occasionally.

5.1.3.4.3 Policies related to consumers and end-users

Product quality and safety

The Group places a great deal of importance on the quality and safety of its products and solutions and has drawn up policies documented in the Chorus 2 management system used to describe all the Group's strategic and operating processes applicable by all its entities worldwide. These processes are used to oversee its operations, governance, roles, performance and maturity metrics, and associated tools. The system meets requirements in the areas of quality, health, safety and the environment, among others.

The Quality Policy signed by the Chairman & Chief Executive Officer provides a framework for the quality targets applied to the products and solutions delivered to customers and end users.

Thales develops critical solutions that meet the most demanding safety regulations and standards for industries such as aerospace and defence. The policy and governance of safety and security applied to the Group's products, solutions and services are defined and overseen by the entities responsible for each business depending on their specific characteristics, and targets are set accordingly.

Thales ensures that its products and solutions comply with safety and security regulations and standards. Compliance is certified by means of authorizations, which are renewed on a regular basis following audits, and certifications, which allow products and solutions with the requisite safety levels to be sold on the market. The action plan for managing safety risks and their consequences (such as the costs of insurance and damages or reputational risk) are an integral part of the management system, organizational structure and governance processes in place in each of these activities. These certifications are issued by recognized and independent national and international bodies or, where applicable, by specific authorities. All these regulations and standards are described in the Chorus 2 management system for each of the business sectors concerned; they therefore form a structure for the Group's processes when it comes to delivering safe products and solutions to its customers and end users.

The Group ensures that the products and solutions it delivers to its customers are safe thanks to its dedicated product safety teams; these teams report to the operational entities and are responsible for designing, developing, manufacturing and delivering products, solutions and services and for subsequent customer support. Moreover, independent operations teams with a high level of safety expertise oversee controls of operations and the deployment of safety standards within the company; they are also responsible for providing the customer with terms and conditions so as to ensure the safety of end users.

In the aerospace industry, the EASA *(European Aviation Safety Agency)* is Europe's aerospace certification authority for avionic products and solutions. It is independent of the industries it oversees. It grants authorizations, renews them and certifies Thales' products and solutions for the safety of its customers and end users based on its regulatory framework. It offers resources and product safety standards to demonstrate their compliance.

Where the air traffic control industry is concerned, European and national regulations apply to all products and solutions. There are specific differences between the civil and defence segments of this industry. With some exceptions, Europe's air traffic control operators must have their systems certified by their national certification authorities, in accordance with European regulations.

Customer relationships: security and sovereignty of government customers

The very nature of Thales' business implies a high level of trust in the relations that the Group maintains with its customers, especially those in the defence industry.

Accordingly, Thales strictly complies with all applicable regulations on export controls and economic sanctions. To this end, the Group has drawn up and implemented a Trade Compliance program, which forms an integral part of its Integrity and Compliance program.

The program covers the following two areas:

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

It is based on the following pillars:

- a set of instructions and guidelines published and regularly updated by the Group;
- a structured and globally deployed Trade Compliance organization, comprising some 150 experts;
- training and awareness-raising sessions developed and available to employees: "Trade Compliance-General Awareness", a course followed by more than 15,000 employees in 2024, "Trade Compliance Awareness" and "Trade Compliance Essentials";
- the deployment of IT solutions and tools to automate control tasks and secure the Group's operations;
- relationships of trust with the authorities concerned in all the countries where Thales operates;
- Trade Compliance audits performed regularly by the Audit, Risks and Internal Control Department.

This program applies to all subsidiaries and companies controlled by the Group, in France and abroad, and manages classified information the disclosure of which could be detrimental to the security and safety of government customers. In addition, the rules and procedures for disclosing information to customers and end users are defined in the processes described in the Chorus reference system depending on their requirements, while adhering to the confidentiality and security rules defined by these customers to protect their sovereignty, particularly in the field of defence.

5.1.3.4.4 Actions related to consumers and end-users

Product quality and safety

Where product safety is concerned, processes are reviewed annually with the teams responsible for ensuring that the target values set for key indicators are met, that they are aligned with the company's strategy, and that the parties concerned are effectively taken into consideration in the Group's units. This annual review includes an analysis of the road map and of any changes proposed. A management review is carried out with the Group's Management each year to approve changes, the road map and the new targets set for indicators, while guaranteeing that risks and opportunities are effectively taken into consideration for all the processes involved in the quality management system. Processes are monitored systematically to ensure that they are being applied properly and effectively and to define any scope for improvement and take action accordingly. These strategic and operating processes may be enhanced by the Group's entities so that they meet the expectations of customers and users in the markets they address.

The organization structured to assure the quality of all products and solutions delivered is based on dedicated quality teams in place in each entity and covering all countries. These teams are independent of the operational teams responsible for delivering products, solutions and services.

Thales enhances the reliability of this procedure by obtaining external certifications issued by recognized independent bodies, such as ISO 9001 and EN9100.

As far as the defence industry is concerned, products and solutions delivered to customer countries meet the usual safety standards. They are verified by safety bodies under the authority of the defence ministries of customer country governments, such as the Ministry of Armed Forces in France. They also meet national standards and standards set by international authorities such as NATO. These bodies verify, validate and accept Thales' solutions on the basis of their security issues and in accordance with the standards recommended in the EDSTAR (European Defence Standardization Reference System) or by the NIAG (NATO Industrial Advisory Group).

Customer relationships: security and sovereignty of government customers

The Trade Compliance organization (5.1.3.4.3) ensures compliance with export control regulations. *Ex ante* and *ex post* checks on Thales' activities that are subject to national and international export control regulations are carried out systematically by the competent authorities in all the countries in which the Group operates. Thus, in France, checks are carried out on parts every six months for each company exporting military or similar goods. On-site checks on parts are also carried out by the competent authorities in all countries from which Thales exports controlled products or technologies (such as France, the United States, the United Kingdom and the Netherlands). In particular, these checks are designed to ensure strict compliance with export authorizations issued, and to verify that end-user certificates have been signed in advance by authorized end-users.

5.1.3.4.5 Processes for engaging with consumers and end-users about impacts

The process for engaging with end-users is the same as that described in section 5.1.3.3.4.

5.1.3.4.6 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The process to remediate negative impacts on consumers and end-users is the same as that described in section 5.1.3.3.5.

In 2024, Thales was not made aware of any reports of potential serious violations of Human Rights or fundamental freedoms relating to the management of controlled information.

5.1.3.4.7 Targets related to consumers and end-users

Thales has not set any specific targets in this area but relies on the "quality", "trade compliance" and "safety and security" teams in place in each of the entities and countries concerned to ensure the safety of the products and solutions delivered to its aerospace, space and defence customers.

5.1.4 Governance

5.1.4.1 Business ethics

ETHICS AND COMPLIANCE

ESG matters	Material Impacts, Risks and Opportunities	Sustainability strategy
Ethics and compliance	• **Risk** arising from non-compliance with applicable corruption and influence peddling legislation. • **Risk** arising from non-compliance with applicable export control legislation or international economic sanctions. • **Risk** arising from non-compliance with competition law.	• **Society**: The Group's ethical commitments to responsible business conduct and the construction of a frugal and ethical digital world are at the heart of its contribution to more responsible and sustainable societies through technology.
Corporate Governance	• **Positive impact**: Contribution to stakeholder protection through the promotion of values and a culture of compliance.	
Main policies	• Code of Ethics. • Code of Conduct – Prevention of corruption and influence peddling. • Corruption and influence peddling prevention and detection policy. • Policy on compliance with applicable export control legislation or international economic sanctions (including instruction on the screening of contractual parties subject to sanctions). • Policy on combating anti-competitive practices. • Internal whistle-blowing system. • Instruction: Internal investigations into integrity and compliance. • Sustainable Procurement Policy. • Responsible Lobbying Charter.	
Levers for action	• Ongoing managerial commitment regularly reaffirmed by the Group's Chairman and Chief Executive Officer. • Network of Chief Compliance Officers and Compliance Officers to roll out the policy defined by the Integrity and Compliance Committee in the Group's Global Business Units (GBUs) and major countries and regions.	
Main targets	• Mandatory training in the prevention of corruption and influence peddling, with a training target of 100% of potentially exposed employees.	

5.1.4.1.1 Role of administrative bodies and description of the processes to identify and assess material impacts, risks and opportunities

Conducting business ethically and in compliance with applicable regulations is imperative for Thales in terms of the reputation, competitiveness and sustainability of its activities.

The Thales Board of Directors is involved in preventing the risk of corruption and influence peddling, mainly through its Audit and Accounts Committee, to which the results of the audits carried out by the Audit, Risks and Internal Control Department (DARCI) are presented and which is informed of any investigations carried out by the judicial authorities. The Board of Directors' Strategy and CSR Committee also monitors this theme by reviewing the Sustainability Report. These Committees report to the Board.

In addition, the Board is periodically given a presentation on the Anti-Corruption Compliance Program. The most recent presentation, in November 2023, covered all the pillars of the Sapin II law, namely governance and managerial commitment, mapping corruption and influence peddling risks, and managing these risks.

Process to identify and assess material impacts, risks and opportunities

Thales applies a zero tolerance policy towards any act of corruption or influence peddling and is developing a culture of ethics, integrity, responsible business conduct and compliance within the Group and *vis-à-vis* third parties.

The Group's activities span both the civil and military fields, at national, European and international level. It must therefore comply with an ever-increasing number of standards and regulations, some of which have extraterritorial reach.

As part of its double materiality analysis, Thales has identified three business conduct risks, as well as a positive impact in terms of its contribution to stakeholder protection by promoting values and a culture of compliance.

5.1.4.1.2 Corporate culture and business conduct policies

Corporate culture and business conduct

The Group conducts its business in an ethical manner. The Group's management is committed to preventing and detecting corruption and influence peddling and issues regular statements on this subject, both internally to Group employees and externally to third parties with whom the Group has a business relationship.

Ethics and corporate responsibility are fundamental principles at the heart of the Group's governance model. They guide Thales' managerial conduct and day-to-day practices.

The Group's Chairman and Chief Executive Officer regularly reaffirms his personal commitment and that of the Group's management bodies to a zero tolerance policy in terms of integrity and compliance.

Policies

To promote an ethical corporate culture, the Group has an Integrity and Compliance Committee. This Committee is chaired by the Company Secretary, a member of the Executive Committee in its role of ensuring the compliance of the Group's activities, and covers the following areas:

- the prevention of corruption and influence peddling and related areas of integrity, such as the prevention of fraud, money laundering, conflicts of interest and insider trading;
- trade compliance: export controls and compliance with international embargoes and economic sanctions;
- competition law;
- personal data protection (see section 5.1.4.2).

In general, the ethics and compliance policies and procedures apply to the companies controlled directly or indirectly by Thales, regardless of their activity or geographical location.

Code of Ethics

The Thales Code of Ethics incorporates the principles and rules of integrity, responsibility and transparency that all Group employees must be aware of and apply.

This Code of Ethics sets out the rules of behavior applicable within the Group with regard to customers, suppliers, subcontractors and partners, employees, shareholders and financial markets, as well as civil society as a whole.

The Code of Ethics is also directed at Thales' suppliers, subcontractors and partners, to remind them of the Group's ethical expectations of them. This document is made available, as and when required, to external stakeholders: customers, suppliers, partners, subcontractors, shareholders, tax authorities, governments, local authorities, etc.

The Code of Ethics reflects Thales' commitment to cultivating relationships of trust with its stakeholders. The rules set out in the Code do not replace applicable national and international regulations, with which the Group strictly complies.

Managers are responsible for the dissemination, understanding and effective application of the Code of Ethics within their entities.

Policy on corruption and bribery

Corruption, influence peddling and other integrity offenses (such as fraud, money laundering, conflicts of interest, insider trading, etc.) expose companies, their employees, and their managers to civil and criminal sanctions that could seriously harm their reputation and interests.

Consequently, the fight against corruption and bribery is one of the four pillars of the Thales Integrity and Compliance Program.

The Group's Anti-Corruption Compliance Program is continuously strengthened to mitigate and detect the risks identified by the Group based on a specific mapping dedicated to the risks of corruption and bribery.

This program complies with the requirements of the applicable laws and regulations against corruption and bribery, such as the French law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (known as the "Sapin II law'"), the U.S. Foreign Corrupt Practices Act of 1977, the UK Bribery Act of 2010, the United Nations Convention against Corruption of December 9, 2003 (known as the Merida Convention), and other relevant anti-corruption laws that implement these rules and regulations.

This anti-corruption compliance program has been developed by the Ethics & Integrity Department (DEI) and validated by the Integrity and Compliance Committee (CIC) and is implemented by the network of *Chief Compliance Officers* and *Compliance Officers*, under the CIC's supervision. The policy for the prevention and detection of the risk of corruption and influence peddling is available to Group employees. It is also on the Group's website.

The Group has set up a training system for the prevention of corruption and bribery. (See section 5.1.4.1.3 of the Sustainability Report).

Policy on compliance with applicable export control legislation or international economic sanctions

Some of the Group's activities are subject to national or international regulations on export controls, transfers of war hardware and "dual-use" goods. These regulations prohibit any export or transfer of the goods, technologies or services concerned without the prior consent of the competent national or regional authorities. They also prohibit the re-export, re-transfer or resale to anyone of the goods, technologies or services thus exported, thanks to the compulsory signing of End-Use Certificates (EUC) by authorized end users.

Thales strictly complies with all applicable regulations on export control and economic sanctions (see section 5.1.3.3.3 of the Sustainability Report).

Policy on anti-competitive practices

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

The fight against anti-competitive practices is addressed by a specific compliance program (antitrust compliance program), an integral part of the Thales Integrity and Compliance program. The antitrust compliance program is validated by the Integrity and Compliance Committee (CIC). It applies to all companies controlled by the Group and is implemented by a team of experts in competition law, who coordinate and lead a network of around thirty points of contact from the Legal and Contracts Department, whose mission is to ensure compliance with these rules within their respective scopes.

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

This program is based on the following principles:

- a commitment to zero tolerance on all compliance pillars including compliance with competition rules;
- a risk map of anti-competitive practices targeting the main risk situations that each business line may face, and proposing appropriate action plans;
- a general policy detailing the content of the program for compliance with competition law as well as internal detection and prevention processes and mechanisms. This policy is complemented by guides, instructions and brochures by theme;
- a training and awareness-raising program on competition rules aimed at exposed employees;

  Competition law training is defined primarily on the basis of the risks identified in the antitrust risk mapping specific to each Business Line. The Group relies on the network of antitrust correspondents who are responsible for defining and deploying a suitable training plan by identifying priority topics and target employees. These training initiatives, which are based on tools/kits developed by the Group, include online or face-to-face training on antitrust in general or specific topics, case studies, or even a combination of these options.
- a Group-level whistle-blowing system.

Whistle-blowing system and processing of whistle-blowing alerts by Thales:

Thales has set up a digital platform dedicated to the collection and processing of whistle-blowing alerts ("Thales Alert Lines"), which ensures the confidentiality, traceability and follow-up of whistle-blowing alerts in a secure space.

The Thales Group whistle-blowing system (Thales Alert Lines) complies with the requirements of the law of December 9, 2016 on transparency, the fight against corruption and the modernization of economic life (known as the Sapin II law), the law of March 27, 2017 on the Duty of Vigilance (Human Rights, fundamental freedoms, personal health and safety, the environment) of parent and client companies (known as the Duty of Vigilance Act), as well as the European Directive on the protection of whistle-blowers (EU Directive 2019/1937) transposed into French law by the Waserman Act of March 21, 2022.

This system is open to employees, external and occasional workers and third parties that are natural persons (such as staff members of a customer, supplier or co-contractor of the Group).

This digital platform dedicated to the collection and processing of whistle-blowing alerts includes a dedicated Group-level alert line and several alert lines for foreign countries, specifically the United States, Canada, the UK, the Netherlands, Germany and Australia, as well as French, Spanish, Italian and Portuguese entities with more than 250 employees.

In October 2023, specific training was provided to employees appointed as new members of the local alert monitoring committees set up within the Group.

The Group also regularly raises awareness among employees about the whistle-blowing system. In addition, a new dedicated e-learning training module has been integrated into the anti-corruption training program, which will be available from March 2025.

This system makes it possible to transmit any whistle-blowing alert falling within the scope of the Sapin II law and the law of March 27, 2017 on the Duty of Vigilance.

It is also possible to blow the whistle on conduct or situations that run counter to the Code of Ethics, the Code of Conduct – Prevention of corruption and influence peddling, and more generally to events or facts contrary to the Group's integrity and compliance policy.

The admissibility of each report transmitted via the whistle-blowing platform is examined collectively by an Alert Monitoring Committee (at Group or local level).

Protection of whistle-blowers

Thales will not sanction, dismiss, or discriminate against any Group employee due to a report made in good faith relating to facts falling within the scope of the internal whistle-blowing system.

Similarly, the Group ensures that the identity of the whistle-blower and the person(s) involved, and the information collected by the person responsible for collecting or processing the reports are kept confidential.

The people in charge of internal investigations also check in a timely manner and by any means they deem necessary that the author of a report, if a Group employee, is not sanctioned or discriminated against for having made a report in compliance with the internal whistle-blowing system.

Anyone taking retaliatory action against a person who has made a report in good faith would be liable to disciplinary action, which could even include dismissal.

5.1.4.1.3 Prevention and detection of corruption or bribery

Anti-corruption compliance program

The Integrity and Compliance Committee (CIC) plays a central role in the implementation of anti-corruption measures within the Group. Chaired by the Group Secretary and General Counsel, it is made up of the directors in charge of the Ethics and Integrity Department, the Legal and Contracts Department and the Audit, Risks and Internal Control Department. The CIC oversees the preparation, deployment, implementation, evaluation and updating of the Integrity and Compliance Program.

This anti-corruption compliance program has been developed by the Ethics and Integrity Department (DEI). It is validated by the CIC and implemented by the network of Chief Compliance Officers and Compliance Officers, under the CIC's supervision.

The Group's anti-corruption compliance program comprises the following elements:

- Managerial commitment and specific governance;
- Mapping of corruption and influence peddling risks;
- Risk management measures aimed at risk prevention, detection and remediation:
  - Risk mitigation is based on a Code of Conduct and a policy on the prevention of corruption and bribery and a Responsible Lobbying Charter, detailed instructions and procedures (including a mechanism for assessing the integrity of third parties) and training courses,
  - Risk detection is supported by a whistle-blowing system and an internal control system;
- In 2022, a campaign featuring the Code of Conduct – Prevention of corruption and influence peddling was conducted to persuade Thales executives to commit personally to the Code: nearly 2,427 executives signed it, i.e. 100% of the target population. In addition, since January 2022, all new Group employees, as well as those who change positions through internal mobility, are required to sign it – as well as the Code of Ethics – and to declare any situation, potential or proven, of conflict of interest.

Procedure for internal investigations

The CIC may initiate an internal investigation on the basis of an admissible whistle-blowing alert in the areas covered by the Integrity and Compliance Program presenting a priori a risk of administrative or penal sanction (e.g. allegations of corruption or influence peddling, fraud, infringement of competition rules, etc.) and/or reputational risk, and requiring in-depth investigations.

The instruction relating to internal investigations into integrity and compliance comprises several specific provisions as well as rules of confidentiality and ethics (independence, impartiality, discretion, rigor, diligence, etc.) which are binding on the persons responsible for conducting internal investigations in order to guarantee the independence and impartiality of the procedures carried out in connection with an internal investigation.

Before starting an internal investigation, all members of the team responsible for conducting it must fill in and sign an ad hoc declaration and confirm their commitment to confidentiality and integrity.

The person or team in charge of the internal investigation reports to the Group's Integrity and Compliance Committee.

Following the internal investigation, recommendations may be issued to the Group entities concerned, involving the drawing up and monitoring of action plans to remedy breaches.

Recommendations may also relate to disciplinary measures.

Group anti-corruption training program

The Group has set itself the objective of training all potentially exposed employees within six months of their joining or of their internal transfer, and of repeating the training of potentially exposed employees at least every two years.

The training system for the prevention of corruption and influence peddling is based on three types of training:

- an online anti-corruption module (general e-learning) for all employees potentially exposed to corruption and influence peddling risk (low, moderate or high exposure);
- a face-to-face training module for employees in the potentially most exposed functions (high exposure);
- online training modules (thematic) for employees trained more than two years previously.

The anti-corruption training modules (general e-learning and thematic e-learning) are also available to all employees.

Specific training modules for the Group's most exposed functions have also been set up (Procurement, Finance, and Bids and Projects).

Each year, the Group's Ethics and Integrity Department and Human Resources Department review the mapping of potentially exposed employees, combining three exposure criteria: affiliation to one of the 17 professional families considered potentially exposed, level of responsibility and presence in the most exposed countries according to Transparency International's Corruption Perceptions Index. Employees who meet these three criteria make up the target population of the annual campaign to prevent corruption and influence peddling.

This mapping enables us to determine, for each category of employee concerned, the level of exposure to the risk of corruption and influence peddling (low, moderate or high) and the appropriate training program.

The list of names of employees who must complete a training course during the year is then drawn up in accordance with the training objectives defined by the Group: training all potentially exposed employees within six months of their joining or of their internal transfer, and repeating the training of potentially exposed employees at least every two years.

Metrics and targets

In total, since 2018, Thales has trained more than 54,700 employees, both potentially exposed and unexposed, in preventing the risk of corruption and influence peddling.

All Group Executive Committee members take part in mandatory training campaigns.

Thales has set up a metric linked to the mandatory annual training program on preventing corruption and influence peddling, with the aim of training 100% of the target population for the year. In 2024, 6,214 potentially exposed employees were trained, representing 100% of the target population for the year.

The target population consists of i) employees who have taken up a potentially exposed position (through external recruitment or internal transfer to a potentially exposed professional family) and who took up their position between 1 July of year N-1 and 30 June of year N, and ii) potentially exposed employees who have already undertaken and completed a training course on the prevention of corruption and influence peddling more than two years previously.

Trained employees who leave the Group during the course of the compulsory training campaign are not included in the annual results.

Under the Anti-Bribery Management System and for the purposes of ISO 37001 certification, Thales has defined and deployed metrics for the deployment of its policies and procedures, as well as performance indicators.

In 2024, the ISO 37001 "Anti-bribery management systems" certification was renewed by AFNOR for a further three-year period (2024-2026) for a scope comprising Thales SA, the companies it controls in France, several subsidiaries of Thales International SAS, the companies controlled by Thales UK Ltd in the United Kingdom and by Thales Nederland BV in the Netherlands, and the companies controlled by Thales Canada Inc. in Canada and by Thales USA Inc. in the USA. In addition, in 2024 it was extended to two major companies in its international organization: Germany and Australia/New Zealand.

ISO 37001 certification is awarded only to companies able to demonstrate that they have a structured and robust anti-bribery management system (comprising a rigorous system for identifying, preventing, controlling and dealing with corruption risks) that is effective and compliant with the most demanding international standards, and supported by a strong commitment from management.

In 2025, the Group plans to extend the scope of certification to include Thales Italia SPA.

5.1.4.1.4 Alleged or recorded cases of corruption

Thales was not convicted of any offenses in 2024 that related to corruption or influence peddling. The ongoing procedures and investigations are described in Note 11 to the consolidated financial statements presented in chapter 7 of this Universal Registration Document.

In 2024, ten alerts were received via the whistle-blowing system ("Thales Alert Lines") concerning allegations of corruption and influence peddling:

- 3 alerts were declared inadmissible;
- 3 alerts were closed without action;
- 1 alert was closed with an action plan following an investigation that identified non-compliance with an internal procedure but did not support the aforementioned allegations;
- 3 alerts were still being processed at the date of publication of this document.

As regards the recommendations implemented in 2024, disciplinary measures were taken against one employee.

5.1.4.1.5 Management of relationships with suppliers

Group purchases in 2024 amounted to €9.2 billion, or 45% of turnover. The data taken into account are those for the orders placed throughout the year.

The geographical breakdown of Thales' purchases is as follows:

- France 43%;
- Europe excluding France 30%;
- Rest of the world 27%.

Supplier relationship management and impact on the upstream value chain

Thales intends to contribute to the protection of its suppliers by pursuing two main objectives:

- actively contributing to the development of the local economic fabric and promoting sustainable and fair practices; and
- encouraging suppliers to take environmental, social and governance criteria into account.

Contributing to the development of the local economic fabric and promoting sustainable and fair practices

Policy

Thales has set up a consistent international organization based on specific procurement processes. Procurement procedures and instructions are available to Thales buyers and employees in the Group's internal reference system.

The Group's procurement policy provides for a supplier selection process that promotes transparency and fair competition.

To this end, Thales establishes cooperative relationships with its suppliers, based on mutual loyalty. This involves:

- transparency concerning the rules of selection used;
- fair treatment of companies during the tendering process;
- balanced relationships based on trust and respect;
- a commitment to apply the terms negotiated;
- Thales' neutrality and independence in its relationships with suppliers.

To promote sustainable and fair practices, Thales has set up a system for selecting its suppliers applicable to the entire Group, based on the following principles:

- Validating an internal procurement strategy aimed at optimizing the total cost of ownership;
- Implementing a rigorous supplier assessment and qualification process;
- Applying transparent competitive bidding rules for suppliers;
- Communicating transparently on operational performance assessments in order to develop mutual improvement plans;
- Managing risks to ensure business continuity and compliance with ethical and environmental requirements.

In order to establish a relationship of trust and respect with its suppliers, Thales acts on five levers:

(1) Sustainable procurement

The Thales Procurement Department has put in place policies and procedures to ensure strong, lasting relationships with its suppliers, particularly SMEs.

In France, compliance with these principles has been endorsed by Thales being awarded the "Responsible Supplier Relations and Procurement" label by the French Ministry of the Economy and the Médiateur des Entreprises (French corporate ombudsman).

This label is based on ISO EN 20400 and grounded in four key principles: commitment to responsible procurement, high-quality supplier relations, respect for suppliers' interests and integration of social responsibility into the procurement process. These principles aim to promote sustainable, balanced and transparent relations between companies and their suppliers.

Thales has also implemented a Low-Carbon Future strategy. The Group's responsible procurement policy integrates this strategy (see sections 5.1.2.4.1 and 5.1.2.4.2 on climate change).

(2) Inclusive procurement policy

Thales strives to implement its social solidarity and inclusion commitments in a way that takes account of local specificities and the particularities of the economic fabric.

For example, specialized work centers for people with disabilities (EAs) and sheltered employment centers (ESATs) are, in France, key players at the core of the social and solidarity economy. Thales has been working with these companies for many years, for industrial subcontracting, general procurement and, since 2022, machinery procurement.

This commitment has been underpinned for over 20 years by the Group's agreement in favor of people with disabilities, and gives rise to regular exchanges with the Human Resources Department and Thales' disability representatives in the employment areas in the Thales sites.

(3) Inclusion of local suppliers

In rolling out its procurement strategies, Thales is aware of its local responsibility, since in certain regions it is often a major employer or customer. Thales pays particular attention to the public and private players in the ecosystems in which it participates.

In this context, Thales is rolling out support measures for SMEs at the regional, national and international levels, so that they can benefit from the Group's sales force and its knowledge of the markets and local environments.

In 2024, the Group acquired nearly €2.8 billion worth of products and services from more than 3,800 SMEs and mid-caps in France, or nearly 70% of the total of its national purchases.

Thales maintains close links with competitiveness clusters in France, playing an active role in its innovation systems. These clusters bring together companies, laboratories and training establishments to support innovation in a specific region. They develop collaborative projects based on existing structures and solid local roots.

Thales is an active member of the following competitiveness clusters:

- Aerospace valley: which brings together players in the aeronautics, space and embedded systems sectors,
- Systematic Paris region: which focuses on complex systems, software and digital technologies.

At international level, Thales has been an active participant in the Australian government's Global Supply Chain (GSC) program since 2010, working with local industry. Thales also supports local SMEs in the UK, alongside the British Ministry of Defence, through working groups bringing together the Ministry and SMEs.

(4) Managing vulnerable suppliers

Thales implements initiatives to manage vulnerable suppliers.

Following the COVID crisis, the Group has been attentive to the critical situation of certain suppliers and has taken concerted support action such as shortening payment periods, anticipating orders, and providing increased visibility on future business.

As part of the aeronautical industry, Thales has also supported SMEs through initiatives coordinated by the French Aerospace Industries Association *(Groupement des Industries Françaises Aéronautiques et Spatiales* – GIFAS).

Thales is also one of the limited partners of ACE Aéro partenaires investment funds, AAP 1 and AAP 2, which were set up under France's aviation recovery plan to encourage the emergence of aviation champions, notably by consolidating the industry.

(5) Policy on payment terms and late payments

Thales complies with the terms of payment established by the legislation in force.

Since 2015, Thales has been awarded the "Responsible Supplier Relations and Procurement" label, which testifies to a solid commitment to respecting payment terms, a key criterion for certification. This label involves a rigorous audit guaranteeing that Thales' business practices meet the highest standards.

In France, the payment terms applied comply with the law on the Modernization of the Economy (LME).

To limit the risk of late payment of its suppliers' invoices, Thales has introduced:

- "supplier accounting expertise centers" by major geographical area in order to standardize the payment process and ensure business continuity in the payment flow,
- monthly settlement campaigns.

Encouraging suppliers to take environmental, social and governance criteria into account

Thales promotes rigorous ethical values when selecting suppliers and subcontractors. By emphasizing these values, Thales ensures that its partners avoid non-compliant behavior, thereby reducing the risk of sanctions. This proactive approach ensures compliance and enhances the reputation and reliability of the value chain. In particular, Thales ensures compliance with the following:

Prevention of corruption and bribery

A supplier's risk level is assessed according to the following criteria: country of registration, purchase category and purchase amount. Different preventive measures need to be applied for each risk level:

- integration of the standard anti-corruption clause into the purchase contract with the supplier;
- commitment to the principles of the Thales "Partners and Suppliers" Integrity and Corporate Responsibility Charter (ICR Charter);
- receipt of an analysis report from an external auditor.

Compliance with social and environmental legislation

Failure by a Thales supplier to comply with international laws and standards relating to Human Rights, fundamental freedoms, health and safety and the environment could have harmful consequences, particularly for workers in the upstream value chain. Aware of this risk, the Group's Procurement Department has implemented a Responsible Procurement Policy through specific processes and actions (see section 5.1.3.2 above).

Compliance with conflict minerals rules

As part of its Sustainable Procurement Policy, the Group applies due diligence measures to minerals from conflict zones (see section 5.1.3.2 above).

5.1.4.1.6 Payment practices

In line with the Group's commitment to transparency and continuous improvement in its sustainability practices, Thales has carried out an in-depth analysis of the *reporting* scope for metrics relating to payment terms.

For 2024, Thales considered the *reporting* scope of the main French legal entities, which account for a significant proportion of the Group's purchases, bearing in mind that the Procurement policy applies to all companies regardless of their size. Data from these entities is considered representative for calculating supplier payment terms.

As from 2025, Thales plans to extend the scope of its supplier payment term metrics.

For 2024, the metrics were as follows:

- the average payment term in France was 52 days from the invoice date (a);
- Thales pays more than 80% of its invoices within the standard payment periods (b).

To calculate the above metrics, Thales has adopted the following methodology:

(a) average payment period in number of days

The average payment period in number of days is calculated as the sum of the differences between the actual payment date and the start date of the payment period for each paid invoice, divided by the total number of paid invoices included in the calculation.

NB: the start date of the payment period is the supplier invoice date. The payment date is the date on which Thales pays the invoice to the supplier.

(b) the percentage of invoices paid on time is calculated by dividing the number of invoices paid on time by the total number of invoices paid.

Thales payment terms and SMEs

Thales recognizes the strategic role played by SMEs and mid-caps in the Group's upstream value chain: they account for around two-thirds of its French suppliers [1].

As a founding member of the Pacte PME association since 2010, Thales is actively committed to promoting the development of small and medium-sized businesses. This commitment manifests itself in the promotion of best practices, particularly as regards payment terms, to ensure that suppliers remain financially sound and viable.

In addition, Thales' certification under the "Responsible Supplier Relations and Procurement" label attests to its commitment to establishing transparent and respectful relations with its suppliers. This recognition underlines Thales' commitment to guaranteeing fair payment terms, thus contributing to the economic stability of the SMEs with which it works.

Legal proceedings for late payment

In 2024, to the best of Thales' knowledge, only one legal proceeding relating to late payment was initiated by a supplier in France, and this is considered to be non-material.

[1] *Percentage expressed in relation to the volume of purchases made.*

5.1.4.2 Data protection and cybersecurity

DATA PROTECTION AND CYBERSECURITY		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability strategy**
Data protection and cybersecurity	• **Positive impact** related to the protection of customers' IT infrastructure. • **Risk** of cyber-attack on an element of the Group's IT system. • **Risk** of a data breach or cyber-attack at a supplier.	• **Society**: contributing to more responsible and sustainable societies through technology.
Main policies	• Personal data protection policy. • *Binding Corporate Rules* (BCR) on personal data. • Information Systems Security Policy (ISSP). • Cyber crisis management policy.	
Levers for action	• Training program including e-learning modules and face-to-face training sessions covering cybersecurity and the GDPR.	
Main targets	• To date, the Group has not set any specific targets in this area: it is currently working on the implementation of the new European cybersecurity legislation and regulations.	

Cybersecurity: a strategic focus for the protection of the infrastructure of Thales' customers and of its own IT infrastructure

The security of Thales' information systems, products and services relies on multidisciplinary teams involved in areas such as security auditing, risk and vulnerability management, awareness-raising and training, incident response and crisis management. Security is organized around centralized governance and is supported by a network of cybersecurity experts. This dynamic community of several hundred experts effectively coordinates and secures solutions throughout their life cycle. The organization is structured around Information Systems Security Managers (ISSMs) and product and service security managers, who work in synergy. They use standardized methods tailored to the specific characteristics of each activity, as well as high-performance monitoring and control tools to guarantee an optimal level of safety.

Policy

The Group designs, develops (alone or with partners), and delivers a large number of products and systems that are mission-critical and may be exposed to cyber threats. The Group also designs, develops, and supplies systems, products or services with in-built cyber protection capabilities such as monitoring to detect cyber-attacks on customers' systems.

The failure of these products and systems might impact the Group's operational activity, reputation and financial results. This is why the Group has set up the "Cyber-secured in Thales" project, which monitors the cybersecurity level of systems and products, both existing and under development, on a regular basis.

The mission of the Thales Cybersecurity organization is to ensure the security of the Group's information systems, products and services and to share information with the Group's customers, suppliers and partners. This approach takes into account the organization's digital landscape and its exchanges with its partners in order to manage the risks. It expresses itself through several strategic activities, such as:

- updating and supervision of ISS policy and governance in compliance with ISO 27001;
- periodic in-depth security audits to assess the resilience of infrastructures in the face of threats;
- assessing the cybersecurity maturity of the supply chain and key industrial partners;
- assessing the security maturity of *Business Managed Networks* (development and production platforms) in line with security requirements, including national ones;
- proactive identification of vulnerabilities and risks, followed by implementation of preventive and corrective measures;

In addition, the vast majority of cyber-protection products produced by the Group are subject to qualifications under the auspices of third-party organizations, such as ANSSI, the French agency for information systems security, in France. The assessments leading to such qualification are performed based on a security target approved by the regulator.

Thales has implemented a cybersecurity policy aimed at strengthening the resilience of its global supply chain, paying particular attention to strategic suppliers, including SMEs and those identified as presenting increased risks as a result of regularly updated risk mapping.

Finally, Thales is committed to adapting, on an ongoing basis, the cybersecurity of its products and services to enable it to face new threats. In France, this approach is implemented jointly with the French Ministry of the Armed Forces. It is applied through the signing of "Cybersecurity Agreements" with major industrial contractors and by the creation of a Conseil pour la Cybersécurité des Industries de l'Armement (Council for the Cybersecurity of Defence Industries).

Protection against the risk of suppliers suffering cyberattack

Policy

The protection of sensitive and personal data exchanged with suppliers is a major challenge for Thales.

Against a backdrop of geopolitical instability and an upsurge in cyberattacks targeting its supply chain in particular, and thanks to collaborative work by the Cybersecurity, Legal and Procurement functions and its own expertise, Thales has over the last three years been developing a program to strengthen the resilience of its global supply chain.

This program is based on risk mapping, taking into account the types of products/solutions purchased, the sensitivity of the data exchanged and the delivery method. This has enabled us to identify the most exposed suppliers and deploy the most appropriate assessment methods based on ISO 27001 (self-assessment questionnaires and on-site audits). This assessment system provides a methodical framework for identifying, mitigating and reducing risks.

To strengthen the resilience of its supply chain, Thales has also implemented a policy relating to the General Data Protection Regulation (GDPR), aimed at ensuring the secure processing of personal data through a general program of evaluation of compliance with the GDPR, set up before contracts are entered into with suppliers. This governance is overseen by the Data Protection Officer (DPO), who manages a network of 60 correspondents including a Procurement correspondent who coordinates a network of points of contact present in all entities and regions. This global network enables the Group's personal data protection policy to be applied throughout the supply chain.

Thus, in 2024, the Group strengthened its commitments by adopting a new standard: the Thales business rules for the protection of personal data or Binding Corporate Rules (BCR). The Thales BCR were approved by the French Data Protection Authority (CNIL) in December 2023.

The Thales BCR define the principles and procedures that each company in the Group implements and that all employees undertake to comply with in the performance of their duties in order to protect and secure the personal data processed, in accordance with the applicable legislation. The commitments made by the Group under the BCR cover in particular:

- governance based on a DPO who relies on a network of correspondents;
- the deployment of the Group personal data protection policy applicable to all controlled entities worldwide; Acceptance by Group companies is evidenced by the signing of an intra-Group agreement referencing the BCR. The BCRs now constitute the tool for transferring personal data between Group companies;
- the personal data processing register, deployed throughout the Group via a global compliance tool. It is used to list all personal data processing operations and their characteristics, and to analyze and manage requests to exercise the rights of data subjects and any personal data breaches.
- impact analyses of the processing of personal data carried out on behalf of the Group and of its customers as controller or processor;
- a large-scale *e-learning* training program conducted in 2023, with the aim of enabling all Group employees worldwide to acquire the right reflexes in terms of personal data protection under the GDPR. This program has been continued, targeting 14,000 Group employees for the 2024 campaign according to their exposure by level of responsibility and professional family;
- the performance of internal controls and audits to ensure the effective deployment of the compliance program.

Actions

Implementation of this policy is based on measurable targets, in particular the level of maturity of the supply chain and the reduction in the time taken to process incidents that could compromise business continuity or the security of data exchanged with suppliers. These targets are based on security audits, self-assessments and recommendations from certifying bodies such as ISO 27001.

Contractual cybersecurity requirements are determined on the basis of the risk identified before the establishment of the business relationship. The general procurement conditions have also been updated to include specific requirements concerning cybersecurity. These measures are accompanied by a tutorial for the procurement function to help its employees understand the contractual clauses and risks covered.

Suppliers undertake, via the Thales Integrity & Corporate Responsibility Charter ("ICR" Charter), to protect confidential information against unauthorized access, destruction, misuse, modification and disclosure, by means of appropriate technical, physical, organizational and electronic security measures, which will be periodically reviewed to reflect, at all times, as a minimum, industry standards. To date, 90% of active suppliers and 100% of new suppliers have signed this charter or provided an equivalent code of conduct.

A cyber crisis management process has also been defined, with an alert service and a single global point of contact, Thales CERT (Company Emergency Response Team), to enable suppliers to report any cybersecurity incidents. An impact analysis is carried out in respect of each alert received by Thales.

Metrics such as the number of cybersecurity incidents managed by CERT, the monitoring of action plans and the percentage of employees who have completed cybersecurity training courses make it possible to assess the effectiveness of measures taken. In addition, Thales incorporates predictive risk scenarios to anticipate future threats and tailor its actions according to the type of companies targeted.

The annual monitoring of progress and cyber maturity levels promotes continuous improvement, supported by the implementation of action and monitoring plans, reinforced by a process of audits and oversight tailored to the identified risks.

In addition, Thales has introduced a training program for the Procurement teams including e-learning modules and face-to-face training sessions covering cybersecurity and the GDPR.

Similarly, as part of the development of the Cyber resilience policy, Thales also deployed a sector-based approach together with Dassault, Safran and Airbus to develop the Aircyber program within the BoostAerospace initiative. The purpose is to align assessment methods and share best practices within the Aeronautics and Defence sector supply chain.

Finally, to raise awareness and support suppliers in improving their maturity in this area, a brochure has been posted on the Thales website: Supplier | Thales Group, as has a dedicated motion design that provides a clearer grasp of current cybersecurity challenges.

5.1.4.3 Security of digital and physical institutions and infrastructures

SECURITY OF DIGITAL AND PHYSICAL INSTITUTIONS AND INFRASTRUCTURES		
ESG matters	**Material Impacts, Risks and Opportunities**	**Sustainability strategy**
Security of digital and physical institutions and infrastructures	• **Positive impact** of helping maintain the peace and stability necessary to achieve prosperity and protect sovereignty. • **Positive impact** of helping protect the critical infrastructures and systems that are essential for human organizations to function.	• **Society**: contributing to more responsible and sustainable societies through technology.
Main commitments	• Securing the most critical digital assets. • Protecting and strengthening sovereignty.	
Levers for action	• Various actions organized around the Group's three areas of activity: Defence, Aerospace, Cybersecurity and Digital Identity.	
Main targets	• Providing cyberattack protection for twice as many large firms and governments by 2030.	

Security of digital and physical institutions and infrastructures (specific to the entity)

As a world leader in advanced technologies, Thales' ambition is to create a world of trust by protecting critical digital assets while strengthening the sovereignty of its customers, which are essential elements for sustainable societal and economic development.

One of the aims of its CSR strategy is "*contributing to more responsible and sustainable societies through technology*". Thales emphasizes the importance of integrating sovereignty into sustainable development policies, as it makes a vital contribution to the strategic autonomy of companies and nations.

Thales has identified two positive impacts, one from helping maintain the peace and stability necessary to achieve prosperity and the other from protecting the physical and digital infrastructures of its customers.

Strategic policies and commitments

The Group's ambition is to enable its customers to make informed decisions in order to act effectively in the face of threats and preserve their autonomy. This approach is fully in line with Thales' commitments in terms of social and environmental responsibility.

To fulfill this ambition, Thales contributes to the security and stability of physical and digital institutions and infrastructures and relies on various policies aimed at:

- **Protecting and strengthening sovereignty**

  Every sovereign state seeks to guarantee the stability of its institutions and to ensure that its people and economic players can operate and conduct their activities in safety. Thales contributes in various ways to these markers of state sovereignty.

  Thales supports its customers by helping them, through its products, to make the right decisions to protect their sovereignty (detection and understanding of the threat and protection). The Group's commitment to research and development enables it to anticipate how threats are changing and propose innovative solutions. Through its products, Thales provides its customers with the most advanced technologies to meet current and future challenges and ensure the protection of land, sea and air space, whether civilian or military.

  Similarly, Thales helps governments to issue trusted digital identities, in particular through highly secure identity documents that contribute to the protection of identities and citizenship by protecting borders (PARAF system), sharing information on threats and improving collective defences (PARADE system used during major events in Paris in 2024).

- **Securing the most critical digital assets**

  Thales is the leader in securing the identities of people and objects, sensitive data and applications. The protection of data and all access channels is at the heart of its mission, constituting the cornerstone of the digital trust that the Group inspires in its customers. Thales is one of the global players capable of offering digital sovereignty solutions: network protection, data protection, access control, biometrics, cybersecurity intelligence and consulting, among others.

Actions

This policy is implemented through various actions organized around the Group's three areas of activity:

- **Defence**
  - Development of on-board and tactical radio communication solutions and identification systems for all three environments – land, air and sea – as well as radio navigation systems for aeronautics,
  - Development of collaborative combat systems and information, command and intelligence systems for the armed forces, which also make it possible to meet the growing security needs of airports, critical infrastructures and other particularly sensitive sites,
  - Technological support for air traffic control and management, offering conventional navigation assistance equipment, radars and air traffic control centers, as well as satellite surveillance and navigation systems,
  - Design of components and systems for surveillance, reconnaissance, protection, threat detection, and target acquisition on all types of land, sea and air platforms.

- **Cybersecurity and Digital Identity**
  - Data security for many companies and government organizations around the world, thus strengthening digital trust and state sovereignty,
  - Development of post-quantum encryption to prepare Thales' customers for future threats related to the emergence of quantum computing,
  - Strengthening the security of artificial intelligence, and guaranteeing the protection of intelligent systems against manipulation and sophisticated attacks,
  - Health data protection program: Implementation of patient data protection systems, guaranteeing the confidentiality of medical information and compliance with current regulations,
  - Implementation of advanced cybersecurity solutions to protect air traffic control systems, thus ensuring the safety of travelers and the continuity of operations.
- **Aerospace**
  - Support for aircraft manufacturers, armed forces, airlines, operators, crews and passengers to make flights more eco-friendly, more connected and safer,
  - Implementation of cyber-secured and connected systems that enable aircraft to fly in all circumstances and allow all elements of the aeronautical ecosystem to interface together, on the ground or in flight,
  - Supply of space technologies for telecommunications, space exploration, navigation, Earth observation and environmental management, including in particular the protection of maritime resources, such as fish, mineral and energy resources.
- **Targets**

Thales is committed to continuing its efforts to create a safe and reliable digital environment, which is essential for societal and economic development.

By strengthening digital security and offering the tools to ensure sovereignty, Thales not only helps protect its customers' assets, but also promotes a safer, more inclusive and sustainable society. At the end of 2024, Thales has set itself the goal of providing protection for twice as many large businesses and governments from cyberattacks by 2030. It will be implemented from 2025.

5.1.5 Notes to the Sustainability Report

5.1.5.1 List of disclosure requirements with which Thales has complied in its Sustainability Report

DR	Section No.	Section title
ESRS 2 BP-1	5.1.1.1	General basis for preparation of sustainability statements
ESRS 2 BP-2	5.1.1.1	Disclosures in relation to specific circumstances (the undertaking may report this information alongside the disclosures to which they refer)
ESRS 2 GOV-1	5.1.1.2.1	The role of the administrative, management and supervisory bodies
ESRS 2 GOV-2	5.1.1.2.1	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
ESRS 2 GOV-3	5.1.1.2.2	Integration of sustainability-related performance in incentive schemes
ESRS 2 GOV-4	5.1.1.2.3	Statement on due diligence
ESRS 2 GOV-5	5.1.1.2.4	Risk management and internal controls over sustainability reporting
ESRS 2 SBM-1	5.1.1.3.1	Strategy, business model and value chain
ESRS 2 SBM-2	5.1.1.3.2	Interests and views of stakeholders
ESRS 2 SBM-3	5.1.1.4.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1	5.1.1.4.1	Description of the processes to identify and assess material impacts, risks and opportunities
ESRS 2 IRO-2	5.1.1.4.3	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement
ESRS 2 GOV-3 for ESRS E1	5.1.1.2.2	Integration of sustainability-related performance in incentive schemes
ESRS E1-1	5.1.2.4	Transition plan for climate change mitigation
ESRS 2 SBM-3 for ESRS E1	5.1.2.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2 IRO-1 for ESRS E1	5.1.2.1	Identification of climate-related impacts, risks and opportunities
ESRS E1-2	5.1.2.3	Policies related to climate change mitigation
ESRS E1-3	5.1.2.4.4	Actions and resources in relation to climate change policies
ESRS E1-4	5.1.2.4.2	Policies related to climate change mitigation and adaptation
ESRS E1-5	5.1.2.5.1	Energy consumption and mix
ESRS E1-6	5.1.2.5.2	Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-7	5.1.2.5.3	GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1-8	5.1.2.5.4	Internal carbon pricing
ESRS E1-9	5.1.1.1.3	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
ESRS 2 SBM-2 for ESRS S1	5.1.3.1.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ESRS S1	5.1.3.1.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S1-1	5.1.3.1.5	Policies related to own workforce
ESRS S1-2	5.1.3.1.3	Processes for engaging with own workforce and workers' representatives about impacts
ESRS S1-3	5.1.3.1.4	Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-4	5.1.3.1.6	Taking action on material impacts on own workforce
ESRS S1-5	5.1.3.1.7	Targets related to own workforce
ESRS S1-6	5.1.3.1.8	Characteristics of the undertaking's employees
ESRS S1-7	5.1.3.1.9	Characteristics of non-employee workers in the undertaking's own workforce
ESRS S1-9	5.1.3.1.10	Diversity metrics
ESRS S1-12	5.1.3.1.10	Persons with disabilities
ESRS S1-13	5.1.3.1.11	Training and skills development metrics
ESRS S1-16	5.1.3.1.12	Compensation metrics (pay gap and total compensation)
ESRS S1-17	5.1.3.1.13	Incidents, complaints and severe Human Rights impacts
ESRS 2 SBM-2 for ESRS S2	5.1.3.2.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ERS S2	5.1.3.2.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1	5.1.3.2.3	Policies related to value chain workers
ESRS S2-2	5.1.3.2.4	Processes for engaging with value chain workers about impacts
ESRS S2-3	5.1.3.2.5	Processes to remediate negative impacts and channels for value chain workers to raise concerns
ESRS S2-4	5.1.3.2.6	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
ESRS S2-5	5.1.3.2.7	Targets related to value chain workers
ESRS 2 SBM-2 for ESRS S3	5.1.3.3.1	Interests and views of stakeholders

DR	Section No.	Section title
ESRS 2 SBM-3 for ESRS S3	5.1.3.3.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S3-1	5.1.3.3.3	Policies related to affected communities
ESRS S3-2	5.1.3.3.4	Processes for engaging with affected communities about impacts
ESRS S3-3	5.1.3.3.5	Processes to remediate negative impacts and channels for affected communities to raise concerns
ESRS S3-4	5.1.3.3.6	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
ESRS S3-5	5.1.3.3.7	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
ESRS 2 SBM-2 for ESRS S4	5.1.3.4.1	Interests and views of stakeholders
ESRS 2 SBM-3 for ESRS S4	5.1.3.4.2	Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S4-1	5.1.3.4.3	Policies related to consumers and end-users
ESRS S4-2	5.1.3.4.5	Processes for engaging with consumers and end-users about impacts
ESRS S4-3	5.1.3.4.6	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
ESRS S4-4	5.1.3.4.4	Taking action on material impacts on consumers and end-users
ESRS S4-5	5.1.3.4.7	Targets and metrics related to consumers and end-users
ESRS 2 GOV-1	5.1.4.1.1	The role of the administrative, management and supervisory bodies
ESRS 2 IRO-1 for G1	5.1.4.1	Description of the processes to identify and assess material impacts, risks and opportunities
ESRS G1-1	5.1.4.1.2	Corporate culture and business conduct policies
ESRS G1-2	5.1.4.1.5	Management of relationships with suppliers
ESRS G1-3	5.1.4.1.3	Prevention and detection of corruption and bribery
ESRS G1-4	5.1.4.1.4	Confirmed incidents of corruption or bribery
ESRS G1-6	5.1.4.1.6	Payment practices

5.1.5.2 Indicators applicable to investments in investee companies

The Group also includes a table of requirements that derive from other European Union legislation, as listed in Appendix B of ESRS 2.

Applicable indicators

			European legislation		
Topic	**Adverse sustainability indicator**	**Section of the Sustainability Statement**	**Applicable European SFDR legislation**	**Pillar 3 reference**	**European Climate law reference**
	Transition plan (ESRS E1-1)	§ 5.1.2.4			Applicable
	Paris Agreement benchmarks (ESRS E1-1)	§ 5.1.2.4		Applicable	
GHG emissions	GHG emissions (ESRS E1-6)	§ 5.1.2.5.2	Material	Material	
	GHG intensity of investee companies (ESRS E1-6)	§ 5.1.2.5.2	Material	Material	
	GHG removals and carbon credits paragraph 56 (ESRS E1-7)	§ 5.1.2.5.3			Not material
	Exposure to companies active in the fossil fuel sector (ESRS 2 SBM-1)		Not applicable		
	Share of non-renewable energy consumption and production (ESRS E1-5)	§ 5.1.2.5.1	Material		
	Energy consumption intensity per high climate impact sector (ESRS E1-5)	§ 5.1.2.5.1	Material		
Biodiversity	Activities negatively affecting biodiversity-sensitive areas (ESRS 2 IRO-1 - E4)		Not material		
Water	Emissions to water (ESRS E2-4)		Not material		
Waste	Hazardous waste and radioactive waste ratio (ESRS E5-5)		Not material		
Social and employee matters	Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises (ESRS S1-17), (ESRS S2-1) (ESRS S3-1), (ESRS S4-1)	§ 5.1.3.1.13 § 5.1.3.2.3 § 5.1.3.3.3 § 5.1.3.4.3	Material		
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises (ESRS S1-1) (ESRS S2-1) (ESRS S3-1) (ESRS S4-1)	§ 5.1.3.1.5 § 5.1.3.2.3 § 5.1.3.3.3 § 5.1.3.4.3	Material		
	Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c) (ESRS E1-9)	Phase-in		Phase-in	
	Breakdown of the carrying value of the undertaking's real estate assets by energy-efficiency classes paragraph 67 (c) (ESRS E1-9)	Phase-in		Phase-in	
	Unadjusted gender pay gap (ESRS S1-16)	§ 5.1.3.1.12	Material		
	Board gender diversity (ESRS 2 GOV-1)	§ 5.1.1.1.2	Material		
	Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons) (ESRS 2 SBM-1)	§ 5.1.3.3.2	Not applicable		

				European legislation	
Topic	**Adverse sustainability indicator**	**Section of the Sustainability Statement**	**Applicable European SFDR legislation**	**Pillar 3 reference**	**European Climate law reference**
Emissions	Emissions of inorganic pollutants (ESRS E2-4)		Not material		
	Emissions of air pollutants (ESRS E2-4)		Not material		
	Emissions of ozone-depleting substances (ESRS E2-4)		Not material		
	Investments in companies without carbon emission reduction initiatives (ESRS E1-4)	§ 5.1.2.4.2	Material		
Energy performance	Breakdown of energy consumption by type of non-renewable sources of energy (ESRS E1-5)	§ 5.1.2.5.1	Material		
Water, waste and material emissions	Water usage and recycling (ESRS E3-4)		Not material		
	Total water consumption in m3 per net revenue on own operations (E3-4)		Not material		
	Policies related to water and marine resources (ESRS E3-1)		Not material		
	Exposure to areas of high water stress (ESRS E3-1)		Not material		
	Investments in companies producing chemicals (ESRS 2 SBM-1)		Not applicable		
	Land degradation, desertification, soil sealing (ESRS 2 IRO-1 - E4)		Not material		
	Investments in companies without sustainable land/agriculture practices (ESRS E4-2)		Not material		
Topic	Investments in companies without sustainable oceans/seas practices or policies (ESRS E3-1) (ESRS E4-2)		Not material		
	Non-recycled waste ratio (ESRS E5-5)		Not material		
	Natural species and protected areas (ESRS 2- IRO 1 - E4)		Not material		
	Deforestation (ESRS E4-2)		Not material		
Social and employee matters	Workplace accident prevention policy (ESRS S1-1)		Not material		
	Rate of accidents (ESRS S1-14)		Not material		
	Number of days lost to injuries, accidents, fatalities or illness (ESRS S1-14)		Not material		
	Lack of a supplier code of conduct (ESRS S2-1)	§ 5.1.3.2.3	Material		
	Lack of grievance/complaints handling mechanism related to employee matters (ESRS S1-3)	§ 5.1.3.1.4	Material		
	Insufficient whistleblower protection (ESRS G1-1)	§ 5.1.4.1.2	Material		
	Incidents of discrimination (ESRS S1-17)	§ 5.1.3.1.13	Material		
	Excessive CEO pay ratio (ESRS S1-16)	§ 5.1.3.1.12	Material		

			European legislation		
Topic	**Adverse sustainability indicator**	**Section of the Sustainability Statement**	**Applicable European SFDR legislation**	**Pillar 3 reference**	**European Climate law reference**
Human Rights	Lack of a Human Rights policy (ESRS S1-1) (ESRS S2-1) (ESRS S3-1) (ESRS S4-1)	§ 5.1.3.1.5 § 5.1.3.2.3 § 5.1.3.3.3 § 5.1.3.4.3	Material		
	Lack of due diligence (ESRS 2 GOV-4)	§ 5.1.1.2.3	Material		
	Lack of processes and measures for preventing trafficking in human beings (ESRS S1-1) (ESRS S2-1)	§ 5.1.3.1.5 § 5.1.3.2.3	Material		
	Operations and suppliers at significant risk of incidents of child labour (ESRS 2 SBM3-S1) (ESRS 2 SBM3-S2)		Not material		
	Operations and suppliers at significant risk of incidents of forced or compulsory labour (ESRS 2 SBM3-S1) (ESRS 2 SBM3-S2)		Not material		
Number of identified cases of severe Human Rights issues and incidents	Number of cases of severe Human Rights issues and incidents connected to investee companies on a weighted average basis (ESRS S1-17) (ESRS S2-4) (ESRS S3-4) (ESRS S4-4)	§ 5.1.3.1.13 § 5.1.3.2.6 § 5.1.3.3.6 § 5.1.3.4.4	Material		
Anti-corruption and anti-bribery	Lack of anti-corruption and anti-bribery policies (ESRS G1-1)	§ 5.1.4.1.2	Material		
	Cases of insufficient action taken to address breaches of standards of anti-corruption and anti-bribery (ESRS G1-4)	§ 5.1.4.1.3	Material		
	Number of convictions and amount of fines for violation of anti-corruption and anti- bribery laws (ESRS G1-4)	§ 5.1.4.1.4	Material		

5.2 Sustainability auditors' report

(Year ended December 31, 2024)

This is a translation into English of the statutory auditor report on the certification of sustainability information and verification of the disclosure requirements under Article 8 of Regulation (EU) 2020/852 of the Company issued in French and it is provided solely for the convenience of English speaking users. This report should be read in conjunction with, and construed in accordance with, French law and the H2A guidelines on "Limited assurance engagement - Certification of sustainability reporting and verification of disclosure requirements set out in Article 8 of Regulation (EU) 2020/852".

To the General Meeting

This report is issued in our capacity as statutory auditor of Thales. It covers the sustainability information and the information required by Article 8 of Regulation (EU) 2020/852, relating to the year ended December 31, 2024 and included in the Group's management report and presented in section "5.1. Sustainability report" of the chapter 5 "Social and environmental responsibility" of the Universal Registration Document (hereafter the "Sustainability report").

Pursuant to Article L. 233-28-4 of the French Commercial Code, Thales is required to include the above mentioned information in a separate section of the Group's management report. This information has been prepared in the context of the first time application of the aforementioned articles, characterized by uncertainties over the interpretation of the texts, the use of significant estimates, the absence of established practices and frameworks, notably for the double materiality assessment, and by an evolving internal control system. It enables to understand the impact of the activity of the Group on sustainability matters, as well as the way in which these matters influence the development of its business, performance and position. Sustainability matters include environmental, social and governance matters.

Pursuant to Article L. 821-54 paragraph II of the aforementioned Code our responsibility is to carry out the procedures necessary to issue a conclusion, expressing limited assurance, on:

- compliance with the sustainability reporting standards adopted pursuant to Article 29 ter of Directive (EU) 2013/34 of the European Parliament and of the Council of 14 December 2022 (hereinafter ESRS for European Sustainability Reporting Standards) of the process implemented by Thales to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labour Code (*Code du travail*);
- compliance of the sustainability information included in the Sustainability report with the requirements of Article L. 233-28-4 of the French Commercial Code, including ESRS; and
- compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

This engagement is carried out in compliance with the ethical rules, including independence, and quality control rules prescribed by the French Commercial Code.

It is also governed by the H2A guidelines on "Limited assurance engagement on the certification of sustainability information and verification of disclosures requirements set out in Article 8 of Regulation (EU) 2020/852".

In the three separate parts of the report that follow, we present, for each of the parts of our engagement, the nature of the procedures that we carried out, the conclusions that we drew from these procedures and, in support of these conclusions, the elements that to which we paid particular attention and the procedures that we carried out with regard to these elements. We draw your attention to the fact that we do not express a conclusion on any of these elements taken in isolation and that the procedures described should be considered in the overall context of the formation of the conclusions issued in respect of each of the three parts of our engagement.

Finally, where deemed necessary to draw your attention to one or more disclosures of sustainability information provided by Thales in the Sustainability report, we have included an emphasis of matter paragraph hereafter.

The limits of our engagement

As the purpose of our engagement is to provide limited assurance, the nature (choice of techniques), extent (scope) and timing of the procedures are less than those required to obtain reasonable assurance.

Furthermore, this engagement does not provide guarantee regarding the viability or the quality of the management of Thales, in particular it does not provide an assessment, of the relevance of the choices made by Thales in terms of action plans, targets, policies, scenario analyses and transition plans, which would go beyond compliance with the ESRS reporting requirements.

It does, however, allow us to express conclusions regarding the process for determining the sustainability information to be reported, the sustainability information itself, and the information reported pursuant to Article 8 of Regulation (EU) 2020/852, as to the absence of identification or, on the contrary, the identification of errors, omissions or inconsistencies of such importance that they would be likely to influence the decisions that readers of the information subject to this engagement might make.

Our engagement does not cover any comparative data.

Compliance with the ESRS of the process implemented by Thales to determine the information reported, and compliance with the requirement to consult the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labour Code

Nature of procedures carried out

Our procedures consisted in verifying that:

- the process defined and implemented by Thales has enabled, in accordance with the ESRS, to identify and assess its impacts, risks and opportunities related to sustainability matters, and to identify the material impacts, risks and opportunities, that are disclosed in the Sustainability report, and
- the information provided on this process also complies with the ESRS.

We also checked the compliance with the requirement to consult the social and economic committee.

Conclusion of the procedures carried out

On the basis of the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies regarding the compliance of the process implemented by Thales with the ESRS.

Concerning the consultation of the social and economic committee provided for in the sixth paragraph of Article L. 2312-17 of the French Labour Code we inform you that, as of the date of this report, this consultation has not yet been held.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention on our part as regards the compliance with the ESRS of the process implemented by Thales to determine the information reported.

Concerning the identification of stakeholders

Information on the identification of stakeholders is set out in section "5.1.1.3.2. Interests and views of stakeholders" of the Sustainability report.

We interviewed management and the persons we deemed appropriate and examined the available documentation.

Our work consisted primarily in assessing the consistency of the main stakeholders identified by Thales in view of the nature of its activities and its geographical location, taking into account its business relationships and value chain.

Concerning the identification of impacts, risks and opportunities (IROs)

Information on the identification of impacts, risks and opportunities is provided in section "5.1.1.4.1 Description of the processes to identify and assess material IROs" of the Sustainability report.

We obtained an understanding of the process implemented by Thales to assess actual or potential impacts – both negative and positive – risks and opportunities, in relation to the sustainability matters mentioned in paragraph AR 16 of ESRS 1 "Application requirements", and where applicable, those specific to Thales, as presented in section "5.1.1.4.2 Specific description of the elements used to identify and assess material impacts, risks and opportunities (IROs) and their interaction with strategy and business model" of the Sustainability report.

In particular, we assessed the approach taken by Thales to determine its impacts and dependencies, which may be a source of risks or opportunities.

We obtained an understanding of the Thales' mapping of identified IROs, including a description of their distribution within Thales' own operations and value chain, as well as their time horizon (short, medium or long-term), and assessed the consistency of this mapping with our knowledge of Thales and with the risk analysis conducted by the Group.

Concerning the assessment of impact materiality and financial materiality

Information on the assessment of impact materiality and financial materiality is provided in section "5.1.1.4.1 Description of the processes to identify and assess material IROs" of the Sustainability report.

Through interviews with management and the examination of available documentation, we obtained an understanding of the process implemented by Thales to assess impact materiality and financial materiality, and assessed its compliance with the criteria defined in ESRS 1.

In particular, we assessed the way in which Thales established and applied the materiality criteria defined in ESRS 1, including those relating to the setting of thresholds, in order to determine the metrics relating to material IROs identified in accordance with the relevant topical ESRS standards.

Compliance of the sustainability information included in the Sustainability report with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS

Nature of procedures carried out

Our procedures consisted in verifying that, in accordance with legal and regulatory requirements, including the ESRS:

- the disclosures provided enable to understand the general basis for the preparation and governance of the sustainability information included in the Sustainability report, including the basis for determining the information relating to the value chain and the exemptions from disclosures used;
- the presentation of this information ensures its readability and understandability;
- the scope chosen by Thales for providing this information is appropriate; and
- on the basis of a selection, based on our analysis of the risks of non-compliance of the information provided and the expectations of users, this information does not contain any material errors, omissions or inconsistencies, i.e. that are likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified material errors, omissions or inconsistencies regarding the compliance of the sustainability information included in the Sustainability report, with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS.

Emphasis of matter

Without qualifying the conclusion expressed above, we draw your attention to the information provided in section "5.1.1.1 General basis for preparation of the Sustainability Report" of the Sustainability report which specifies the limits induced by the uncertainties inherent in the first year of application of Article L. 233-28-4 of the French Commercial Code, the scope of some indicators and the methodological details and uncertainties relating to the estimates made by Thales for the determination of quantitative indicators.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention on our part as regards the compliance of the sustainability information included in the Sustainability report, with the requirements of Article L. 233-28-4 of the French Commercial Code, including the ESRS.

Information provided in application of environmental standards (ESRS E1 to E5)

Information reported in relation to climate change (ESRS E1), in particular greenhouse gas emissions as well as the transition plan for climate change mitigation, are mentioned in section "5.1.2. Environment: Climate change" of the Sustainability report.

With regard to the information published on the greenhouse gas emissions assessment:

- we obtained an understanding of the internal control and risk management procedures implemented by Thales to ensure the compliance of the reported information;
- we assessed the consistency of the scope considered for the greenhouse gas emissions assessment with the scope of the consolidated financial statements, and upstream and downstream value chain;
- we obtained an understanding of the greenhouse gas emissions inventory protocol used by Thales to draw up its greenhouse gas emissions assessment, and checked its application, for a selection of emissions categories and sites, for Scope 1 and Scope 2.
- with regard to Scope 3 emissions, we assessed:
  - the justification for the inclusion and exclusion of the various categories and the transparency of the disclosures provided in this respect,
  - the process of gathering information,
- we assessed the appropriateness of the emission factors used and the calculation of the related conversions, as well as the calculation and extrapolation assumptions, taking into account the uncertainty inherent in the state of scientific or economic knowledge and the quality of the external data;
- we interviewed management to understand the main changes in Thales' activities during the financial year that could have an impact on the greenhouse gas emissions assessment;
- for physical data (such as energy consumption), we reconciled, using sampling techniques, the underlying data used to draw up the greenhouse gas emissions assessment with supporting documents;
- With regard to the estimates that we considered to be critical, used by Thales to prepare its greenhouse gas emissions assessment:
  - through interviews with management, we obtained an understanding of the method used to calculate the estimated data and the information sources on which the estimates were based;
  - we assessed whether the methods were applied consistently or whether there were any changes since the previous period, and whether these changes were appropriate.

With regard to our procedures regarding the Transition plan for climate change mitigation, our work mainly consisted in assessing whether the information disclosed with respect to the transition plan meets ESRS E1 requirements and provide an appropriate description of the plan's underlying key assumptions, it being specified that we are not required to express an opinion on the appropriateness or the level of ambition of the transition plan's objectives.

Compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852

Nature of procedures carried out

Our procedures consisted in verifying the process implemented by Thales to determine the eligible and aligned nature of the activities of the entities included in the consolidation.

They also involved verifying the information reported pursuant to Article 8 of Regulation (EU) 2020/852, which involves checking:

- the compliance with the rules applicable to the presentation of this information to ensure that it is readable and understandable;
- on the basis of a selection, the absence of material errors, omissions or inconsistencies in the information provided, i.e. information likely to influence the judgement or decisions of users of this information.

Conclusion of the procedures carried out

Based on the procedures we have carried out, we have not identified any material errors, omissions or inconsistencies relating to compliance with the requirements of Article 8 of Regulation (EU) 2020/852.

Elements that received particular attention

We set out below the elements that have been the subject of particular attention on our part as regards the compliance with the reporting requirements set out in Article 8 of Regulation (EU) 2020/852.

Concerning the eligibility of activities

Information on eligible activities is provided in section "5.1.2.6 European Environmental Taxonomy" of the Sustainability report.

We assessed, through interviews and an examination of the related documentation, the compliance of Thales' analysis of the eligibility of its activities based on the criteria set out in the annexes to the delegated acts supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council.

Concerning the key performance indicators and accompanying information

The key performance indicators and accompanying information are set out in section "5.1.2.6 European Environmental Taxonomy" of the Sustainability report.

With regard to total turnover, CapEx and OpEx (the denominators) presented in the regulatory tables, we verified Thales' reconciliations with the accounting data used to prepare the financial statements.

With regard to the other amounts composing the various indicators of eligible activities (the numerators), we:

- performed analytical procedures;
- assessed these amounts based on a selection of activities, that we determined based on their contribution to the indicators.

Lastly, we assessed the consistency of the information set out in section "5.1.2.6 European Environmental Taxonomy" of the Sustainability report with the other sustainability information in this report.

Neuilly-sur-Seine, April 2, 2025,

The statutory auditor

PricewaterhouseCoopers Audit

Cédric HAASER Marion HORY

5.3 Non-financial disclosures required under legal provisions other than those applicable to the Sustainability Report

Parts 1 to 3 of this section III meet the consolidated reporting requirements of the management report as stipulated in L. 22-10-35 and L. 225-102-4 of the French Commercial Code.

Section 5.1.5.2 of the Sustainability Report contains information that may be incorporated by reference in disclosures in the financial services sector, in accordance with European Union legislation listed in Appendix B of ESRS 2.

The disclosures in this section III are not covered by the due diligence and opinion of the independent third party responsible for auditing the sustainability-related disclosures.

5.3.1 Duty of vigilance

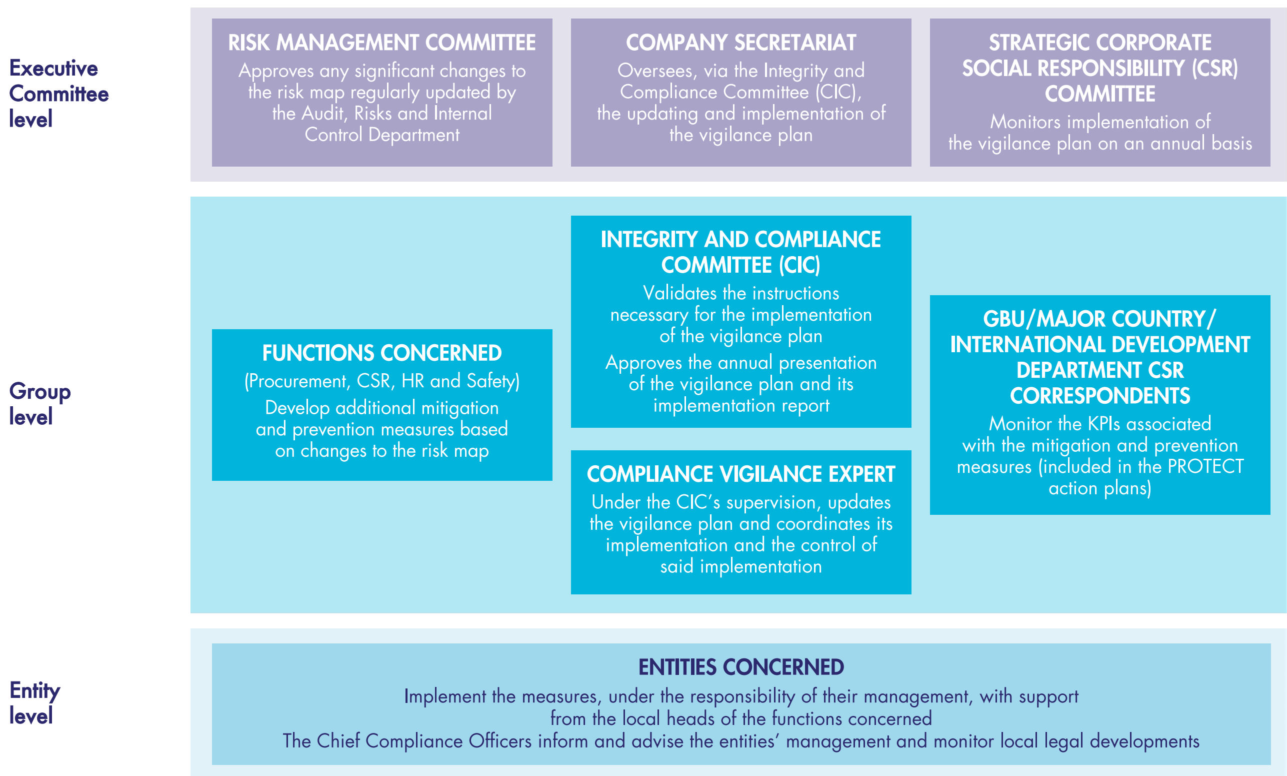
Thales has established a vigilance plan in compliance with the requirements set out in the French law No. 2017-399) of March 27, 2017 on the duty of care of parent companies and contracting companies.

The plan consists of the vigilance measures described below aimed at identifying risks and at preventing severe adverse impacts on Human Rights and fundamental freedoms, health and safety, and the environment.

The plan covers the activities of companies controlled by Thales S.A. either directly or indirectly (regardless of their location) and those of the subcontractors and suppliers (referred to hereinafter collectively as suppliers) with which these companies have an established business relationship (where these activities are associated with this relationship).

5.3.1.1 Governance

The diagram below summarizes the governance structure in place within the Group to ensure that vigilance is exercised effectively.



The Integrity and Compliance Committee oversees the implementation and updating of the vigilance plan. It is chaired by the Group Secretary and General Counsel and is made up of the directors of the Ethics and Integrity Department, the Legal and Contracts Department, and the Audit, Risks and Internal Control Department. The director of the CSR Department participates in meetings whenever vigilance matters are on the agenda. If necessary, the representatives of the other functions concerned are invited to participate.

Under the Integrity and Compliance Committee's supervision, the Compliance Vigilance Expert updates the vigilance plan and also coordinates and oversees its application. He or she is appointed jointly by the directors of the Legal and Contracts Department and CSR Department.

5.3.1.2 Risk map

The risk map was revised and extended in 2024 by the Audit, Risks and Internal Control Department.

5.3.1.2.1 Scope and methodology

The map is drawn up based on two distinct analyses: one covers the Group's own operations, the other the activities of the suppliers with which it has an established business relationship.

Both analyses were performed based on the same methodology. Each risk was assessed depending on its likelihood of occurrence (its frequency) and its severity. Gross frequency was assessed mainly by using "country" databases published by renowned independent bodies. Gross severity, meanwhile, was assessed according to the scale of the potential impact and the extent to which this impact is remediable. Net risk was then determined based on gross risk and the maturity of the measures in place to prevent or mitigate this risk (i.e. governance, processes, concrete actions, targets, metrics).

a) Analysis of Group's own operations

The three major themes covered by vigilance (Human Rights and fundamental freedoms, health and safety, environment) were split into 16 sub-themes (child labor, forced labor, adequate wages, discrimination, freedom of association, psychosocial risks, rights of local communities, disclosure of personal data, health and safety in the workplace, personal safety in high-risk countries, contribution to climate change, environmental pollution, inadequate waste management, water consumption and water stress, biodiversity degradation, and industrial accidents).

Gross risks and net risks were analyzed for each sub-theme and prioritized during workshops involving representatives from the functions concerned (in particular, the Human Resources, Legal and Contracts, CSR and Safety Departments). These workshops were supplemented with in-depth interviews held with operational, functional and regional managers and with representatives of the Group's social partners and occupational health service.

Gross risks associated with the Group's own operations were assessed according to the geographical location of the Group's entities and the type of activities operated there.

b) Analysis of supplier activities

The assessment of risks relating to supplier activities is less granular than the assessment of risks relating to the Group's own operations due to the extent of the scope analyzed and the fact that Thales has less visibility on its suppliers' activities (Thales purchases a wide range of goods and services from around 17,000 suppliers worldwide). The analysis was broken down into three sub-themes (violations of Human Rights or fundamental freedoms; violations of social rights or personal health and safety; environmental violations).

Gross risks and net risks were analyzed and prioritized during workshops involving representatives from the functions concerned (in particular, the Procurement, CSR and HR Departments). These workshops were supplemented with in-depth interviews held with operational, functional and regional managers.

Gross risks associated with suppliers' activities were assessed according to the geographical location of suppliers and the types of services they provide for the Group.

5.3.1.2.2 Results

a) Risks of violations of Human Rights and fundamental freedoms arising from own operations

Sub-themes:

• Child labor	• Discrimination	• Rights of local communities
• Forced labor	• Freedom of association	• Disclosure of personal data
• Adequate wages	• Psychosocial risks	

None of the gross risks analyzed were identified as being material.

The gross risks identified as being the highest (moderate frequency, high severity) are psychosocial risk, the risk of discrimination, and the risk of disclosing personal data. The assessment of net risks showed that the preventive measures currently in place within the Group are mitigating these risks. Nonetheless, the Group continues to pay particularly close attention to them.

b) Risks of health and safety violations arising from own operations

Sub-themes:

• Health and safety in the workplace	• Personal safety in high-risk countries

None of the gross risks analyzed were identified as being material.

The gross risk identified as being the highest (moderate frequency, high severity) is the risk of personal safety violations in high-risk countries. The analysis of the gross risks of health and safety violations in the workplace shows that there are specific risks relating to certain Group activities, such as those involving the handling of pyrotechnical products or certain chemical substances. The assessment of net risks shows that the preventive measures currently in place within the Group are mitigating these risks. Nonetheless, the Group continues to pay particularly close attention to them.

c) Risks of environmental violations arising from own operations

Sub-themes:

• Contribution to climate change	• Inadequate waste management	• Biodiversity degradation
• Environmental pollution	• Water consumption and water stress	• Industrial accidents

None of the gross risks analyzed were identified as being material.

The analysis of gross risks shows that there are specific risks associated with certain Group activities, such as those requiring the use of pyrotechnical products. The assessment of net risks shows that the preventive measures currently in place within the Group are mitigating these risks. Nonetheless, the Group continues to pay particularly close attention to them.

d) Risks of violations arising from supplier activities

Themes:

• Violations of Human Rights or fundamental freedoms	• Violations of social rights or personal health and safety	• Environmental violations

None of the gross risks analyzed were identified as being material.

For each of these three risks, the analyses performed show that more than 92% of the Group's procurement volumes come from countries classified as low or moderate risk. The assessment of net risks shows that the preventive measures currently in place within the Group are mitigating these risks. Nonetheless, the Group continues to strive to make these measures more effective. The priority actions identified for 2025 therefore include developing a more in-depth method for targeting suppliers requiring special attention and establishing additional monitoring indicators to measure the effectiveness of the measures introduced.

5.3.1.3 Measures to prevent and mitigate the risks arising from own operations

The measures taken to prevent and mitigate the gross risks arising from own operations and identified as being the highest are summarized below.

5.3.1.3.1 Measures to prevent and mitigate the main risks of violations of Human Rights and fundamental freedoms arising from own operations

a) Psychosocial risks

The Human Resources Department is responsible for assessing and preventing psychosocial risks, with the help of the prevention and occupational health services.

Psychosocial risks are prevented primarily by promoting quality of life and well-being in the workplace, providing training for managers, upholding the freedom of expression of employees, and tackling sexist behavior, harassment and all forms of discrimination.

Measures to promote a work-life balance

Thales took further action in 2024 to promote the work-life balance of its employees and to improve their well-being and quality of life in the workplace.

Measures to tackle sexist behavior, harassment and discrimination

Thales is resolutely committed to tackling all forms of sexism and applies a zero-tolerance principle towards such behavior.

Thales is a partner in the #StOpE inter-company initiative, which brings together 199 organizations committed to combating routine sexism in the workplace. Thales provides its managers and human resources personnel with a guide setting out the procedure for dealing with reports of situations that may indicate harassment or violence in the workplace. In France, Thales has more than 120 "sexual harassment and sexist behavior" points of contact.

Last of all, this risk falls within the scope covered by the Group's whistle-blowing system and is incorporated into the risk scenarios assessed by the Group's entities each year via the internal control questionnaire.

Employee views about their working environment

Quality of life in the workplace is one of the main themes covered by the engagement survey conducted by Thales every two years. The survey gives the Group's employees an opportunity to express their views about their working environment. It enables the Group to measure employee engagement over time, to assess changes in their perception of the issues addressed, and also to benchmark its performance against the average responses of companies in the same sector or country. The latest Group employee engagement survey was conducted in June 2023 (covering those on permanent contracts and fixed-term contracts having worked in the Group for at least 3 months), with employees responding voluntarily and anonymously. It is based on the survey's results that managers, along with personnel from the Human Resources Department, discuss issues with their teams, identify areas for improvement at each level of the company, and put in place the action plans and remedial measures necessary.

b) Risks of discrimination

The measures in place to prevent and mitigate the risks of discrimination are described in section 5.1.3.1 of the Sustainability Report.

c) Risks of disclosure of personal data

Thales has set up a governance process overseen at Group level by the Group Data Protection Officer (DPO). It is based on a global network of correspondents from different functions, countries and entities within Thales. The DPO reports to the head of the Group's Legal and Contracts Department and establishes the personal data compliance program under the Integrity and Compliance Committee's supervision. The DPO and their team work closely with the Group's other functions, such as the head of information systems security and engineering, to ensure that the protection of personal data is addressed both from a legal perspective as well as from technical and organizational perspectives.

The commitments made by the Group in the area of personal data protection cover in particular:

- the deployment of a personal data protection policy applicable to all the Group's controlled entities worldwide. Thales stepped up its commitments to personal data protection in 2024 by adopting a new standard: the Thales *Binding Corporate Rules* (BCR) for personal data. The Thales BCR were approved in 2023 by the French Data Protection Authority (CNIL);
- the personal data processing register, deployed throughout the Group via a global compliance tool. It is used to list all personal data processing operations and their characteristics, and to analyze and manage requests to exercise the rights of data subjects and any personal data breaches;
- impact analyses of the processing of personal data carried out on behalf of the Group and of its customers as controller or processor;
- training: the training campaign conducted in 2023 in e-learning format to teach Group employees how to approach personal data protection under the GDPR continued in 2024. The 2024 campaign covered 14,000 Group employees according to their exposure to this issue, by level of responsibility and by job family;
- internal controls and audits to ensure the compliance program is effectively deployed.

Last of all, this risk falls within the scope covered by the Group's whistle-blowing system and is incorporated into the risk scenarios assessed by the Group's entities each year via the internal control questionnaire.

5.3.1.3.2 Measures to prevent and mitigate the main risks of health and safety violations arising from own operations

a) Risks of personal safety violations in high-risk countries

The Group's Safety Department reports to the Company Secretary. The director of the Safety Department oversees a Management Committee made up of the heads of safety in the main countries and regions where the Group operates and which meets every six months (every three months starting from 2025). The director of the Safety Department relies both on a central team (responsible, for instance, for monitoring travel in high-risk countries) and an international network of correspondents (with local authority over the entire spectrum of issues regarding the protection of Group employees, property and data). This network provides close coverage of employees working on-site and when traveling abroad.

The Group Safety Department has established a set of instructions that make up the overall framework governing the protection of Group employees, property and data across all its operations worldwide. These instructions apply according to the type of activity and the local security environment and are supplemented with instructions adapted to local circumstances. They cover (i) the management of access controls and the movement of people around the Group's sites, (ii) the identification, processing and reporting of safety-related incidents, (iii) the safety of travel off-site, such as business travel to and within sensitive countries, and (iv) the safety of events held off-site.

Where training is concerned, the Group Safety Department has set up an initial training course in material and data security and personal safety. It is mandatory for all new arrivals joining the Group, regardless of the country of residence. This mandatory initial training course may be supplemented with specific local training provided to some or all employees. These supplementary training courses are provided at the discretion of the local safety correspondents based on a principle of subsidiarity. Expatriate safety, meanwhile, is addressed with awareness and training sessions provided by the Group Safety Department or its local units. Those on assignment in countries at war receive specific safety training from the Group Safety Department and/or the Country Director concerned.

Last of all, this risk falls within the scope covered by the Group's whistle-blowing system and is incorporated into the risk scenarios assessed by the Group's entities each year via the internal control questionnaire.

b) Risks of health and safety violations in the workplace

Issues regarding health and safety in the workplace are overseen at the operational level by the HSE (Health, Safety, Environment) division of the CSR Department.

The HSE division is tasked with drawing up an official Thales policy and associated action plans in the area of health and safety. It is also responsible for ensuring that they are effectively applied within the Group's entities.

This division is supported by a network of HSE Sites and Operations heads and coordinators with points of contact in the countries and entities where Thales has operational activities (including outdoor work sites).

HSE policy is deployed by HSE steering committees. These committees define the strategic direction and annual action plans to be implemented and make it easier to capitalize on experience acquired in order to improve Thales' HSE culture. The Group's operational and cross-company functions are involved in overall coordination if necessary, to ensure that the HSE risk prevention policies are coherent.

The system for managing health and safety risks in the workplace is incorporated into the Group's management frame of reference (Chorus), which is accessible by its employees. The Group's sites are required to apply this management system.

HSE managers provide their support to the operational teams to ensure that this management system is applied in a coherent manner and to oversee its application on the ground, with reference to the ISO 45001 management standard. Thales has set up an HSE maturity assessment system called the Thales Integrated Maturity System in all the Group's entities.

Thales provides regulatory training in health and safety in the workplace to the employees concerned, as well as targeted training to meet the specific needs of the Group's different industrial sites. Awareness and communication initiatives are held regularly. They are defined and disseminated locally, making it possible to keep employees aware of health and safety risks.

Last of all, this risk falls within the scope covered by the whistle-blowing system and is incorporated into the risk scenarios assessed by the Group's entities each year via the internal control questionnaire.

5.3.1.3.3 Measures to prevent and mitigate the main risks of environmental violations arising from own operations

Issues regarding the environment are overseen at the operational level by the HSE (Health, Safety, Environment) division of the CSR Department.

The HSE division is tasked with drawing up an official Thales policy and associated action plans in the area of the environment. It is also responsible for ensuring that they are effectively applied within the Group's entities.

The division is supported by two operational networks within the Group:

- the network of HSE Sites and Operations heads and coordinators described in the previous paragraph;
- a network of HSE Products and Projects heads and coordinators with points of contact in the Global Business Units[1] and by product line, including correspondents in transversal functions (in the areas of product policy, engineering, industry, procurement, services, and bids and projects).

The committees that assist it in performing its duties are described in the previous paragraph.

The HSE steering system for managing environmental risks is incorporated into the Group's management frame of reference (Chorus), which is accessible by its employees. The Group's sites and organizations are required to apply this management system.

The eHSE risk management software suite deployed throughout the Group has been adapted to changes in the ISO 14001 standard so as to provide effective support to the Group's sites. It facilitates reporting, the incorporation of environmental risks and opportunities, and the monitoring of the effectiveness of any action taken and associated resources utilized.

Online training modules are available to teach employees about the fundamentals of environmental risk management, covering either general themes or specific themes such as chemical product management, the labeling of hazardous products and issues surrounding climate change.

This risk falls within the scope covered by the whistle-blowing system and is incorporated into the risk scenarios assessed by the Group's entities each year via the internal control questionnaire.

Moreover, each year, audits are performed by external auditors (ISO 14001 certification) and prevention visits are made by insurance companies (in the areas of environmental engineering and fire protection). Lastly, the Audit, Risks and Internal Control Department has performed internal audits of HSE risks since 2023 and carries out ad hoc HSE audit assignments.

a) Risks of environmental pollution

Thales has set up preventive measures to limit the risks of environmental pollution (industrial wastewater emissions, air emissions, electromagnetic radiation, noise and odor pollution) and continues to work on improving them. For example, Thales is working to recycle water that will then be reused in industrial processes wherever possible. Likewise, various Thales sites whose operations emit industrial air pollution are continuously on the lookout for technical solutions to process these emissions and for lower-impact products to replace the solvents it uses.

The Group also addresses historical pollution and the associated risks by monitoring and managing them in a responsible manner. Few Thales sites are concerned by such historical pollution, which in most cases is due to long-standing industrial operations often external to the Group (a legacy of certain acquisitions it has made).

Pollution management is overseen by the entities concerned, with the support of the HSE division. The operational teams are involved as well, in close coordination with the relevant supervisory authorities (such as environmental agencies, DREALs [2], ARSs [3] or prefectures in France).

b) Risks of inadequate waste management

Various associated measures are taken to reduce the generation of waste and to treat it more effectively: implementation of circularity channels, reduced packaging, implementation of equipment exchange platforms, selective waste collection, the search for recycling channels or optimal waste treatment channels, and awareness campaigns to promote new habits (elimination of plastic, adoption of a sustainable printing policy, reuse of cardboard and other packaging).

Particular attention is paid to the management of hazardous waste to ensure it remains traceable until end of life.

Thales oversees the management of hazardous and non-hazardous waste by measuring the amount of waste generated and treating it appropriately (recycling, recovery, elimination, disposal). Recovery and recycling rates are heavily dependent on the performance of local service providers and the techniques that are available locally.

c) Risks of industrial accidents

Globally, only six of the Group's sites face significant industrial risks: three have Seveso classification in Europe (one in the "upper tier" and the other two in the "lower tier") and three are classified as "high industrial risk" in Australia and the United Kingdom.

Safety management systems are in place (including a major accident prevention policy, an internal operations plan, a study of the risks and management scenarios associated with these risks) and are inspected regularly by the national HSE coordinators and by the supervisory authorities, in accordance with applicable regulations.

These risks are addressed by means of specific procedures for preventing and managing accidents and for handling complaints. Incident and accident reports are examined in order to identify their exact nature, analyze them, take management and preventive measures, and share feedback.

Lastly, all the Group's sites are audited on a regular basis by an external damage risk prevention service provider based on a long-term planning schedule (66 audits performed in 2024). Action plans to improve prevention and protection alike are set up following these audits.

d) Risks of contributing to climate change

The measures in place to prevent risks of contributing to climate change are described in section 5.1.2 of the Sustainability Report.

(1) Thales has a two-dimensional matrix structure, consisting of Global Business Units and countries. Global Business Units are organized into Business Lines (BL), each covering a coherent range of products, solutions and services.
(2) Regional Directorate for the Environment, Development and Housing.
(3) Regional Health Agency.

1 2 3 4 5 6 7 8

e) Risks of excessive water consumption in relation to local resources (water stress)

Thales has set up preventive measures to limit the risks of excessive water consumption (particularly in areas of water stress) and continues to work on improving them. For example, the Group has taken steps to renovate and control the state of the pipes at its sites, set up a centralized network management system, and replace high-consumption equipment.

The study carried out by *AXA XL Risk Consulting* in 2021 identified Group sites located in water-stressed areas: water withdrawals at sites located in areas of high water stress (with WRI scores [1] of over 3) accounted for just 1.6% of the total volume of water consumed by the Group in 2023. Thales nonetheless continues to monitor its risks in relation to water stress. The study was updated in 2024 and revealed no notable changes.

A water cycle map was drawn up at Group level with the aim of controlling its water management more effectively. Thales has since 2023 responded to the CDP's Water Security questionnaire which assesses the extent to which current and future water management risks are addressed. The Group obtained a score of B- in 2023 and B in 2024. This score is above the industry average.

5.3.1.4 Measures to prevent and mitigate risks arising from supplier activities

Thales has defined a series of measures aimed at identifying risks and preventing serious violations resulting from the activities of its suppliers and has incorporated them into its internal processes.

These general measures are described in section 5.1.3.2 of the Sustainability Report and vary depending on the supplier's risk profile (signature of the Integrity and Corporate Responsibility Charter, incorporation of specific contractual clauses, identification and assessment by an independent specialist third party of suppliers requiring special attention, on-site audits, etc.).

Section 5.1.2 of the Report, meanwhile, describes the specific measures introduced to encourage the Group's suppliers to become more involved in efforts to tackle climate change.

Last of all, section 5.1.4.2 of the Report describes the specific measures introduced to improve the way in which personal data are managed and protected by the Group's suppliers.

5.3.1.5 Mechanism for controlling the effectiveness and efficiency of measures

Thales controls the effectiveness and efficiency of its preventive and mitigation measures by making use of key performance indicators (KPI), internal control questionnaires (Yearly Attestation Letters, or YAL) and internal audits The information obtained from these control mechanisms is used by the Audit, Risks and Internal Control Department to make regular updates to the risk map.

5.3.1.5.1 Key performance indicators

The functions concerned (CSR, HR, Procurement, Safety) establish key performance indicators to control the effectiveness and efficiency of the preventive and mitigation measures they have drawn up The main indicators are shown in section 5.3.1.9 below. They are monitored by the CSR correspondents within each GBU, each Major Country and the International Development Department.

5.3.1.5.2 Internal control questionnaires

The YAL (Yearly Attestation Letter) is an annual auto-assessment questionnaire filled in by each operating entity with over 100 employees. The YAL comprises around a hundred control points covering about fifteen risk scenarios, each under the responsibility of local managers. These scenarios address the risks covered by the exercise of vigilance and are re-examined regularly by the Audit, Risks and Internal Control Department together with the Compliance Vigilance Expert.

The YAL is signed by the head of the operating entity after it has been validated by the local managers in charge of operations, finance, compliance, human resources and HSE.

The Audit, Risks and Internal Control Department analyzes the content of the YALs each year and presents a summary of its analysis to the Integrity and Compliance Committee.

5.3.1.5.3 Internal audits

The Audit, Risks and Internal Control Department performs internal audits each year to (i) verify that the YALs and the data used for the indicators communicated by the entities are true, (ii) identify and analyze any cases of negligence by the entities when implementing preventive and mitigation measures, (iii) draw up recommendations to make these measures more effective and efficient, and (iv) detect any risks or serious violations that have not yet been identified.

During these audits, the Audit, Risks and Internal Control Department will consult with the parties involved, both internal and external to Thales, as and when necessary.

Every year, the Audit, Risks and Internal Control Department prepares a summary of the conclusions reached by the audits performed and presents it to the Audit and Accounts Committee of the Board of Directors.

5.3.1.6 Whistle-blowing system

The Group's whistle-blowing system (*Thales Alert Lines)* and the rules for handling whistle-blowing alerts are described in section 5.1.4.1.2 of the Sustainability Report.

A digital platform dedicated to the collection and processing of whistle-blowing alerts ensures the confidentiality, traceability and follow-up of whistle-blowing alerts in a secure space. It can be accessed by anyone on the Group's internet site and intranet site.

The whistle-blowing system is open to Group employees as well as third-party individuals.

5.3.1.7 Progress report on the vigilance plan in 2024

In 2024, Thales endeavored to consolidate the Group's governance in the area of vigilance and to integrate the processes for applying it into the Group's risk management system in a more optimal manner. The risk map was revised. The whistle-blowing system, which is open to employees and third-party individuals, was improved to clarify its utilization for the purpose of exercising vigilance. The internal control questionnaires were supplemented in order to cover the risks falling within the scope of vigilance more effectively.

Last of all, the vigilance requirements imposed on the Group's suppliers were reinforced: the Integrity and Corporate Responsibility Charter, to which the Group's new suppliers are required to subscribe, was revised. It will be published and take effect in 2025.

The Group functions involved in exercising vigilance (CSR, HR, Procurement, Safety) also helped to sustain the momentum created in recent years to constantly reinforce the preventive measures in place.

[1] *World Resources Institute.*

5.3.1.8 2025 targets

Thales has set the following priority targets for 2025:

- develop a more in-depth method for targeting suppliers requiring special attention and establish additional monitoring indicators to measure the effectiveness of the preventive measures in place to address risks arising from supplier activities;
- launch a training campaign for managers and employees who are most involved in the exercise of vigilance;
- integrate vigilance more fully into the Code of Ethics.

The Group functions involved in exercising vigilance (CSR, HR, Procurement, Safety) will persist in their efforts to further reinforce the measures in place as part of a continuous improvement approach.

5.3.1.9 Summary of the key monitoring indicators in the vigilance plan

5.3.1.9.1 Own operations

a) Human Rights & Fundamental Freedoms

Proportion of women in senior management positions (Levels of Responsibility 10 to 12)	Sustainability Report, section 5.1.3.1.7
Proportion of Management Committees with at least three female members (2023 target)	Sustainability Report, section 5.1.3.1.7
Proportion of Management Committees with at least four female members (as from 2024)	Sustainability Report, section 5.1.3.1.7

Percentage of employees with disabilities	Sustainability Report, section 5.1.3.1.10

b) Health & Safety

	2018	2023	2024	2024 vs. 2023	2024 vs. 2018
Lost time injury frequency rate	2.19	1.38	1.47	+7%	-32%
Workplace accident severity rate	0.0545	0.0450	0.0406	-10%	-26%

c) Environment

	Unit	2018	2023	2024	2024 vs. 2023	2024 vs. 2018
Scope 1 and 2 GHG emissions [a]	Sustainability Report, section 5.1.2.4.2					
Percentage of employees working at an ISO 14001 certified site	%	–	78.2	76.8	-1.4 pts	–
Total waste production [b]	kt	24.4	19.4	20.7	+7%	-15%
Production of hazardous waste [b]	kt	6.9	3.7	4.8	+28%	-30%
Non-hazardous waste recycling rate [b]	%	54	69	68	-1 pt	+15 pts
Water withdrawals [c]	thousands of m^3	1,781	1,562	1,639	+5%	-8%
Industrial wastewater emissions	thousands of m^3	653	589	605	+3%	-7%
Air emissions (solvents)	metric tonnes	367	405	688	+70%	+87%
NOx emissions	metric tonnes	57.5	50.1	55.5	+11%	-3%
SO_2 emissions	metric tonnes	1.42	1.62	1.61	-0.4%	+14%

(a) Market-based.
(b) Excluding exceptional waste.
(c) Excluding geothermal use.

5.3.1.9.2 Supplier activities

Percentage of new suppliers committed to the principles laid down in Thales' Integrity and Corporate Responsibility Charter	Sustainability Report, section 5.1.3.2.7
Percentage of suppliers requiring special attention assessed by an independent expert body	Sustainability Report, section 5.1.3.2.7

GHG emissions relating to purchased goods and services (Scope 3.1)	Sustainability Report, section 5.1.2.4.2

5.3.2 Policy related to the fight against tax evasion

Thales pays substantial taxes and duties in many countries.

Governance

The Group's Tax Department reports to the Senior Executive Vice President for Finance and Information Systems.

It is tasked with:

- ensuring that current tax rules are strictly applied in all the countries in which Thales operates, in accordance with local regulations, international treaties and the directives of international organizations;
- monitoring any changes to tax regulations and overseeing their application, particularly where international taxation is concerned.

Where necessary, the Group draws on the expertise of specialist consultancies.

Policies, action plan and indicators

Thales' tax policy is global and applicable to all countries where the Group operates; it complies with the Group's ethical rules, including the fight against tax evasion.

The Group's taxation is directly linked to its business strategy and activities:

- the only purposes of the Group's establishments abroad are to develop its business or meet operational requirements;
- the Group complies with the transfer pricing principles laid down by the OECD.

Thales signed a partnership agreement with the French tax authorities in 2022 under which the tax implications of economic and financial events concerning the Group are shared continuously and transparently.

Lastly, tax risk is addressed in the YAL and ICQ international control questionnaires carried out and regularly audited by Thales' Audit, Risks and Internal Control Department.

5.3.3 Civilian and military reserves

As a National Defence partner, the Group actively supports the engagement of its reservist employees. In France, an agreement with the Ministry of the Armed Forces to support the military reserve policy was renewed in 2024: the Group grants the 200 employees concerned 20 days a year to devote to their reservist activities without deduction of salary and with special social protection. In addition, special arrangements are made for operations to reinforce internal security or military operations.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Company and share capital

6.1 General information about the company

Company name

Thales

Legal structure

Thales is a public limited company with a Board of Directors. It is governed by French law, particularly the French Commercial Code and certain provisions of the amended law on privatization of August 6, 1986, as the French State owns more than 20% of the share capital.

Registered office

4, rue de la Verrerie - 92190 Meudon - France.
Phone number: +33 (0)1 87 72 36 37.

Internet Website

The information available on Thales' website (www.thalesgroup.com) is not part of the prospectus, unless such information is incorporated by reference in the prospectus.

Registration

No. 552 059 024 in the Nanterre Trade and Companies Register; APE Code: 7010 Z.

Legal Entity Identifier (LEI): 529900FNDVTQJOVVPZ19.

Term

Initially incorporated on February 11, 1918 for 99 years, the Company's term was extended by the Annual General Meeting of May 24, 2013. The expiration date is now May 23, 2112.

Thales' objects and purposes

The corporate purpose is, directly or indirectly, in all countries:

1. The design, construction, installation, maintenance, operation, manufacture, purchase, sale, exchange, supply, or hire of all equipment, tools, stations, appliances, finished or semi-finished products, materials, substances, components, systems, devices, processes, and in general, all products relating to electronic applications in any domain;

   For this purpose, the registration, purchase, sale, exchange, supply, concession, or use of all business and manufacturing patents, licenses, and trademarks;
2. The research, obtaining, acquisition, disposal, exchange, supply, hire, or use of all concessions or undertakings, whether private or public, training of staff, and the provision of all services related to the above objects;
3. The formation of any company or association or investment in any form whatsoever in any company or undertaking having a similar or related purpose to that of the Company;
4. And, in general, all commercial, industrial, financial, and movable or immovable property transactions that relate directly or indirectly to the aforementioned activities.

Financial year

The Company's financial year covers a period of 12 calendar months from January 1 to December 31.

Corporate documents and information about the Company can be consulted at the Group Secretary and General Counsel's office at the Company's registered office.

Distribution of profits as per the Articles of Association

Profits are distributed in compliance with current legislation. Under the Articles of Association, the Annual General Meeting called to approve the financial statements for the previous financial year is empowered to grant each shareholder the option to receive payment of all or part of the dividend distributed, either in cash or in shares.

Notifications concerning the crossing of statutory thresholds

Any individual or legal entity that comes to own a number of shares equal to or greater than 1% of the number of shares making up the share capital (but not of voting rights) and any multiple of this percentage must inform the Company of the number of shares they hold within the timeframe laid down for crossing legal thresholds.
This obligation to inform the Company applies under the same conditions when the number of shares held falls below one of the thresholds mentioned in the previous paragraph.

Article L. 233-9 of the French Commercial Code is applied to determine these thresholds.

In the event of failure to comply with this obligation, the shareholder shall be deprived of the voting rights attached to any shares exceeding the threshold in question, subject to the conditions and limitations defined by law.

As part of its regulated information, every month, the Company publishes on its website the number of shares comprising the capital and the total number of voting rights attached – based on all threshold excesses (statutory and legal).

Annual General Meeting: notice of meetings and conditions for attendance, double voting rights and exercise of voting rights

Information on these sections can be found in chapter 4 – Governance and compensation, section 4.2.6.4.

6.2 Share capital and shareholders

6.2.1 Information on the distribution of capital issued

On December 31, 2024, following a capital reduction operation carried out with effect from October 8, 2024, the share capital was equal to €617,825,739 divided into 205,941,913 shares with a nominal value of €3.

Under the applicable regulations, the Company publishes on its website (www.thalesgroup.com) each month the information about the total number of voting rights (theoretical and exercisable) and the number of shares making up the share capital. It forwards this information to a press agency.

The applicable laws govern changes in share capital and shareholders' rights.

Shares in the Company may be held in either registered or bearer form at the shareholder's discretion. The share register is maintained by Société Générale (Securities and Exchange Department – 32 rue du Champ de Tir – BP 81 236 – 44312 Nantes Cedex – France).

The share capital is fully paid up. It includes a golden share resulting from the conversion of an ordinary share belonging to the French State, decided by Decree No. 97-190 of March 4, 1997, under the privatization law of August 6, 1986 (see page 244).

6.2.1.1 Changes in the share capital over the last five financial years

Date	Type of transaction	Acquisition, issue and merger premiums *(euros)*	Number of shares created/ canceled	Nominal amount of changes in capital *(euros)*	Amount of share capital *(euros)*	Aggregate number of shares making up the capital
12/31/19		**4,074,338,461**			**639,952,518**	**213,317,506**
Financial year 2020	Exercise of stock subscription options	1,130,870	48,452	145,356		
12/31/20		**4,075,469,331**			**640,097,874**	**213,365,958**
Financial year 2021	Exercise of stock subscription options	1,058,492	45,351	136,053		
12/31/21		**4,076,527,823**			**640,233,927**	**213,411,309**
Financial year 2022	Exercise of stock subscription options	–	–	–		
12/31/22		**4,076,527,823**			**640,233,927**	**213,411,309**
Financial year 2023	Capital reduction by cancellation of shares	-370,950,601	-3,201,169	-9,603,507		
12/31/23		**3,705,577,222**			**630,630,420**	**210,210,140**
Financial year 2024	Capital reduction by cancellation of shares	-573,008,474	-4,268,227	-12,804,681		
12/31/24		**3,132,568,748**			**617,825,739**	**205,941,913**

6.2.1.2 Changes in the distribution of capital and voting rights over the last three financial years

As of December 31, 2024, the total number of exercisable voting rights amounted to 301,312,128. This includes double voting rights attached to shares that have been registered for at least 2 years under the conditions set out in the Articles of Association (see section 4.2.6.5).

As previously mentioned, the number of shares and voting rights (theoretical and exercisable) is published monthly on the Company's website (www.thalesgroup.com, "Investors/Publications/Regulated information").

	Situation as of 12/31/24			Situation as of 12/31/23			Situation as of 12/31/22		
	Shares	% of capital	% of voting rights	Shares	% of capital	% of voting rights	Shares	% of capital	% of voting rights
TSA	54,786,654	26.60%	36.37%	54,786,654	26.06%	36.09%	54,786,654	25.67%	35.15%
French state (including one golden share)	2,060	—%	—%	2,060	—%	—%	2,060	—%	—%
Public Sector [(a)]	54,788,714	26.60%	36.37%	54,788,714	26.06%	36.09%	54,788,714	25.67%	35.15%
Dassault Aviation [(b)]	54,750,000	26.59%	29.89%	54,750,000	26.05%	29.92%	52,531,431	24.62%	29.92%
Thales	628,731	0.31%	—%	3,541,786	1.68%	—%	3,277,303	1.53%	—%
Employees [(c)]	6,558,307	3.18%	3.98%	6,109,028	2.91%	3.84%	6,330,466	2.97%	3.81%
Other shareholders	89,216,161	43.32%	29.76%	91,020,612	43.30%	30.15%	96,483,395	45.21%	31.12%
TOTAL	**205,941,913**	**100%**	**100%**	**210,210,140**	**100%**	**100%**	**213,411,309**	**100%**	**100%**

(a) Under the terms of the Shareholders' Agreement with Dassault Aviation (the "Industrial Partner"), the "Public Sector" is represented by TSA, excluding the French State directly. All Thales shares held directly and indirectly by the French State have been in directly registered form for more than 2 years and thus have a double voting right as at December 31, 2024.

(b) Dassault Aviation holds 44,372,918 directly registered shares, of which 35,319,349 have been held for more than 2 years and therefore have double voting rights as of December 31, 2024, and also holds 10,377,082 bearer shares.

(c) This line shows total employee share ownership. For information purposes, since law No. 2019-486 of May 22, 2019, employee share ownership within the meaning of the French Commercial Code (Article L. 225-102) excludes shares granted free of charge under the LTI Plans prior to 2016 (in the absence of an amendment to the bylaws to include such shares) and amounted, as at December 31, 2024, to 5,226,564 shares and 9,499,845 voting rights, i.e., 2.54% of the capital stock and 3.15% of the exercisable voting rights, respectively.

6.2.1.3 Main transactions that changed the distribution of capital over the last five financial years

During the year 2020, the number of treasury shares increased as a result of the following transactions:

- 180,000 shares were purchased on the market;
- 1,310,502 shares were purchased under a liquidity contract;
- 1,285,002 shares were sold under a liquidity contract;
- 226,125 shares were assigned as free shares;
- 42,645 shares were sold to employees under the 2019 employee shareholding plan.

As of December 31, 2020, the company held 497,596 treasury shares, representing 0.23% of the capital.

During the year 2021, the number of treasury shares was reduced by the following transactions:

- 790,000 shares were purchased on the market;
- 1,413,610 shares were purchased under a liquidity contract;
- 1,494,365 shares were sold under a liquidity contract;
- 150,130 shares were assigned as free shares;
- 563,536 shares were sold to employees under the 2021 employee shareholding plan.

As of December 31, 2021, the company held 493,175 treasury shares, representing 0.23% of the capital.

During the year 2022, the number of treasury shares was reduced by the following transactions:

- 2,995,104 shares were purchased on the market;
- 735,314 shares were purchased under a liquidity contract;
- 781,117 shares were sold under a liquidity contract;
- 129,067 shares were assigned as free shares;
- 36,106 shares were sold to employees under the 2021 employee shareholding plan.

As of December 31, 2022, the company held 3,277,303 treasury shares, representing 1.53% of the capital.

During the year 2023, the number of treasury shares increased as a result of the following transactions:

- 3,713,535 shares were purchased on the market;
- 591,432 shares were purchased under a liquidity contract;
- 621,129 shares were sold under a liquidity contract;
- 218,186 shares were assigned as free shares;
- 3,201,169 shares were cancelled as part of the capital reduction.

As of December 31, 2023, the company held 3,541,786 treasury shares, representing 1.68% of the capital.

During the year 2024, the number of treasury shares decreased given the following transactions:

- 2,120,757 shares were purchased on the market;
- 603,565 shares were purchased under a liquidity contract;
- 564,071 shares were sold under a liquidity contract;
- 352,731 shares were assigned as free shares;
- 452,348 shares were sold to employees under the 2024 employee shareholding plan;
- 4,268,227 shares were cancelled as part of the capital reduction.

As of December 31, 2024, the company held 628,731 treasury shares, representing 0.31% of the capital.

6.2.2 Potential capital

6.2.2.1 Maximum potential capital as of December 31, 2024

As of December 31, 2024 there were no outstanding securities giving immediate or future access to the share capital. The maximum potential capital on December 31, 2024 is therefore equal to the outstanding share capital of 205,941,913 shares.

6.2.2.2 Outstanding securities giving access to share capital (bonds, warrants, and options)

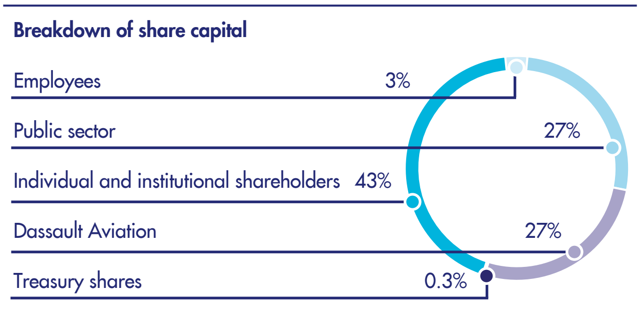
Share purchase and subscription options (stock options)

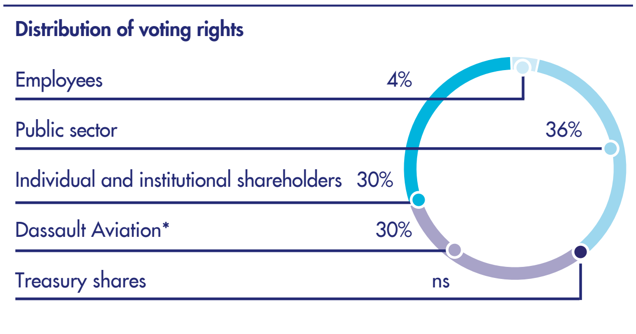
As of December 31, 2024, all share purchase and subscription option plans have expired.

Thales decided to stop granting options in 2012.

6.2.3 Shareholders

6.2.3.1 Breakdown at December 31, 2024





* *Dassault Aviation's stake in terms of voting rights is just under 30%.*

6.2.3.2 Shareholders acting in concert

6.2.3.2.1 "Public Sector" (TSA)

TSA is a holding company whose capital is, at December 31, 2024, fully owned by the French State. TSA directly holds 54,786,654 Thales shares.

The French State directly owns 2,060 shares, including one "golden share", which gives it the main rights [(1)] described in section 6.2.3.3.5.

6.2.3.2.2 "Industrial Partner" (Dassault Aviation)

Dassault Aviation, whose shares are listed on the Euronext Paris stock market, is a public limited company that holds 26.59% of the share capital of Thales, i.e., 54,750,000 Thales shares as of December 31, 2024.

Dassault Aviation is controlled by Groupe Industriel Marcel Dassault (GIMD), which, at December 31, 2024, held 66.11% of the share capital and 79.74% of the exercisable voting rights of Dassault Aviation.

6.2.3.3 Shareholders' agreement, agreement on the protection of strategic national interests, specific agreement, and golden share

Through the signature of an "endorsement agreement" concluded with the French State in the presence of Alcatel-Lucent, in 2009, Dassault Aviation assumed the rights and obligations of Alcatel-Lucent, subject to certain adaptations, by endorsing the agreements concluded on December 28, 2006 – namely the shareholders' agreement and the agreement on the protection of national strategic interests in Thales [(2)].

6.2.3.3.1 Shareholders' agreement between the "Public Sector" and the "Industrial Partner"

The shareholders' agreement governing the relationship between the Public Sector and the Industrial Partner within Thales was concluded on December 28, 2006 by TSA and Alcatel-Lucent and came into force on the date of completion of the Alcatel-Lucent Participations contribution, i.e., January 5, 2007.

(1) *Under Article 3 of Decree No. 97-190 of March 4, 1997.*
(2) *See Decision No. 207C0013 of January 2, 2007 published in the Bulletin des annonces légales obligatoires of January 5, 2007.*

This pact was signed in the application of the cooperation agreement concluded on December 1, 2006, between Thales, Alcatel-Lucent, and TSA, which replaced the previous cooperation agreement concluded on November 18, 1999, between Alcatel, Thales, and GIMD [1]. This agreement essentially adopted the provisions of the shareholder agreement entered into on April 14, 1998, which it replaced [2].

On May 19, 2009, when Dassault Aviation acquired the Thales shares previously owned by Alcatel-Lucent, an agreement took effect under which Dassault Aviation endorsed the shareholders' agreement existing between Alcatel-Lucent and the Public Sector, subject to amendments. The agreement under which TSA and Dassault Aviation act in concert concerning Thales under Article L. 233-10 of the French Commercial Code, TSA having a majority within the concert, sets out the following provisions [3]:

Members of the executive bodies of Thales

The Thales Board of Directors, composed of 16 members, must, as of December 31, 2024, respect the following distribution:

- five members nominated by the Public Sector;
- four members nominated by Dassault Aviation;
- two employee representatives;
- one employee shareholder representative;
- four external directors selected jointly by the Public Sector and Dassault Aviation.

The number of directors appointed upon proposal by Dassault Aviation may not be higher than the number of directors appointed upon proposal by the Public Sector. The number of directors for each shall be at least equal to the greater of the following two numbers: (i) the number of directors other than employee representatives and external directors, multiplied by the percentage of Thales shares held by Dassault Aviation, in relation to the sum of the holdings of the Public Sector and Dassault Aviation, and (ii) the number of directors representing employees.

Should Dassault Aviation's shareholding exceed that of the Public Sector, the parties to the agreement will increase the total number of Thales directors from 16 to 17, so as to be represented by five directors each.

The Chairman and Chief Executive Officer is chosen on the basis of a joint nomination by the parties.

Furthermore, the parties have agreed that in the event of a change of Chairman and Chief Executive Officer, in accordance with the terms of the shareholders' agreement, they do not intend to propose as a candidate any employee, manager, or senior executive belonging to the Dassault group or having recently left this Group.

Lastly, it is specified that at least one director representing each of the parties must sit on each of the Committees of the Thales Board of Directors.

Decisions to be submitted to the Thales Board of Directors

The parties undertake to submit for mandatory approval by the majority of the Directors representing Dassault Aviation decisions of the Thales Board of Directors relating, in particular, to the appointment and dismissal of the Chairman and Chief Executive Officer, the adoption of the annual budget and the multi-year strategic plan, and significant acquisitions and disposals of shareholdings or assets (in excess of €150 million), as well as strategic alliance agreements on technological and industrial cooperation.

However, Dassault Aviation has expressly undertaken to forgo the exercise of the veto right under the agreement over some of Thales' strategic operations; this decision concerns a series of potential acquisitions or disposals. In return, the Public Sector has waived its right to terminate the agreement in the event of a persistent disagreement regarding a strategic operation likely to harm its strategic interests [4].

Should Dassault Aviation exercise its veto right with respect the appointment of the Chairman and Chief Executive Officer after a consultation period of 3 months, either of the parties may terminate the agreement.

Shareholder interests

Dassault Aviation must hold at least 15% of the share capital and voting rights in Thales and remain the largest private shareholder in Thales. The Public Sector must take whatever measures are required to enable Dassault Aviation to comply with this undertaking.

The Public Sector undertakes to restrict its shareholding to 49.9% of Thales' capital and voting rights.

Term of the shareholders' agreement

In the absence of termination, on expiry of the contract on December 31, 2021, the agreement was tacitly renewed for another period of 5 years, expiring on December 31, 2026. It may be tacitly renewed for five-year periods.

The agreement will be automatically terminated and the concerted action between TSA and Dassault Aviation will also automatically cease should one of the parties commit, without prior consultation with the other party, an action which creates an obligation to make a public offer for Thales.

Option of unilateral termination of the agreement and agreement to sell to the Public Sector

The Public Sector has the option of terminating the agreement and asking Dassault Aviation to suspend the exercise of the voting rights that it holds above a threshold of 10% or to reduce its shareholding to less than 10% of Thales' capital in the event of:

- a serious breach by Dassault Aviation of its obligations, such as to substantially compromise the protection of the strategic interests of the French State, given that said obligations are subject to an "agreement on the protection of strategic national interests in Thales" (see below);
- a change in control of Dassault Aviation.

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(1) Published in the Journal Officiel de la République Française of December 12, 2006 (see the Journal Officiel website: www.journal-officiel.gouv.fr) in accordance with the provisions of Article 1-1° of Decree 93-1041 of September 3, 1993 and pursuant to the aforementioned law No. 86-912 of August 6, 1986.

(2) This shareholders' agreement is presented in the Appendix to the report of Thales' Board of Directors to the Extraordinary Annual General Meeting of January 5, 2007, registered by the AMF on December 19, 2006 under number E.06-194 (available on the AMF website).

(3) With respect to the plan to separate the functions of Chief Executive Officer and Chairman, an amendment to the Thales shareholders' agreement was concluded between the Public Sector and Dassault Aviation on April 7, 2015, aimed at modifying the shareholders' agreement such that the Thales Board of Directors has 18 members, including six nominated by the Public Sector, five by the Industrial Partner (Dassault Aviation), two employee representatives, one employee shareholder representative, and four external directors. As the plan to separate the functions of Chief Executive Officer and Chairman did not succeed, the Shareholders' Agreement was reinstated in its initial version of May 19, 2009, by means of amendment No. 2, signed on May 13, 2015, and the provisions of the Agreement therefore remain unchanged. For more details on these amendments, refer to D&I 215C0404 of April 7, 2015 and D&I 215C0643 of May 15, 2015, published on the AMF's website.

(4) Acquisitions or disposals identified by the French State as having potentially significant importance with regard to its strategic defence interests and having the objective of strengthening the industrial and technological defence base in France.

In this respect, Dassault Aviation irrevocably and definitively grants the Public Sector a promise to sell all of the shares held by Dassault Aviation if it is determined that Dassault Aviation's shareholding in Thales has remained above 10% of Thales' capital within 6 months of the Public Sector's request to reduce its stake.

The Public Sector [1] was bound by an undertaking to hold a stake in Thales, granting it at least 10% of the voting rights. This commitment expired on December 31, 2014 [2].

6.2.3.3.2 Agreement on the protection of strategic national interests

In addition, on May 19, 2009, Dassault Aviation endorsed the "agreement on the protection of national strategic interests in Thales," concluded on December 28, 2006, between Alcatel-Lucent and the French State, in the presence of TSA. This endorsement gives rise to the following obligations for Dassault Aviation:

- Dassault Aviation's registered office and operational headquarters must remain in France;
- directors of Thales nominated by Dassault Aviation must be nationals of the European Union;
- access to sensitive information concerning Thales is strictly controlled within Dassault Aviation;
- managers who are responsible for Dassault Aviation's holdings in Thales are French nationals;
- Dassault Aviation uses its best endeavors to prevent any action or influence in the governance and businesses of Thales by foreign national interests. In this respect, in the event of (i) a serious and unremedied breach by Dassault Aviation of its obligations under the agreement on the protection of strategic national interests, or if it emerges that the application of a foreign law by Dassault Aviation creates constraints for Thales that substantially compromise the protection of the strategic interests of the French State, or (ii) a change in control within Dassault Aviation contrary to the strategic interests of the Public Sector, the Public Sector may:
  - terminate the rights that Dassault Aviation enjoys under the shareholders' agreement; and if it deems it necessary,
  - ask Dassault Aviation either to suspend the exercise of any voting rights it holds in excess of 10%, or
  - to reduce its shareholding to less than 10% of Thales' capital through the disposal of shares on the market (under conditions consistent with its financial interests and market constraints). At the end of a six-month period from the date on which it was asked to reduce its shareholding, if the shareholding of Dassault Aviation is still in excess of 10% of Thales' capital, the French State may proceed with the aforementioned undertaking to sell.

6.2.3.3.3 Crossing of thresholds and declaration of intent

- Following the substitution of Alcatel-Lucent Participations by Dassault Aviation, within the concert formed with the Public Sector *vis-à-vis* Thales and the disposal of Thales shares owned by GIMD to Dassault Aviation on May 19, 2009, the latter exceeded jointly with the Public Sector the thresholds of 25% of the voting rights, 1/3 of the capital and voting rights, and 50% of the voting rights of Thales, and on May 20, 2009 the threshold of 50% of the capital of Thales.

  On May 20, 2009, the Public Sector together with Dassault Aviation exceeded the threshold of 50% of the capital of Thales.

  These changes were granted dispensation from the obligation to submit a proposal for a public offer. This decision is reproduced in Decision 208C2115 of November 27, 2008, and published in the Bulletin officiel des annonces légales (BALO) of December 1, 2008.

  It is available on the BALO website: https://www.journal-officiel.gouv.fr/balo/index.php.
- Dassault Aviation declared [3] that on July 9, 2012, it had individually exceeded the threshold of 25% of the voting rights and that, on that date, it individually held 52,531,431 Thales shares, representing 86,531,431 voting rights, i.e., 25.96% of the capital and 29.33% of the voting rights.

  This threshold was crossed due to the allocation of double voting rights to Dassault Aviation on a portion of its shareholding.
- Dassault Aviation declared [4] that on January 13, 2016, it "dropped below the threshold of 25% of the Company's capital and that it individually held 52,531,431 Thales shares, representing 87,185,780 voting rights, i.e., 24.90% of the Company's capital and 28.59% of its voting rights".

  Also, Dassault Aviation revealed that it crossed this threshold due to increasing the total number of Thales shares and voting rights. On this occasion, the concert party formed by TSA (Public Sector) and Dassault Aviation had not exceeded any thresholds.
- On January 15, 2018, the State and EPIC Bpifrance entered into an allocation agreement under which the State decided to allocate EPIC Bpifrance with 109,999,999 TSA shares, representing 99.99% of this company's capital (the State retaining one TSA share), it being recalled that TSA holds 54,786,654 Thales shares representing 109,573,308 voting rights.

  This allocation agreement provides, in particular, for EPIC Bpifrance to act in concert with the French State with regard to TSA, and through TSA alongside the French State to act in concert with Dassault Aviation *vis-à-vis* Thales.

  EPIC Bpifrance's exceeding in concert the 30% threshold of Thales' capital and voting rights was the subject of a prior decision by the AMF to waive the obligation to file a public offering. This was reproduced in Decision No. 217C0137 dated January 16, 2018.
- Following the completion of the allocation on January 29, 2018, EPIC Bpifrance declared [5] that it had, in concert with the French State, indirectly exceeded the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 1/3, and 50% of the share capital and voting rights of Thales, through the intermediary of TSA, which acts in concert with Dassault Aviation. On this occasion, EPIC Bpifrance indirectly crossed, on January 29, 2018, via the intermediary of TSA, the thresholds of 5%, 10%, 15%, 20%, and 25% of the capital and voting rights and 1/3 of the voting rights of the Company. The disclosure mentioned, in particular, that this transaction did not modify the terms and conditions of the concert between TSA and Dassault Aviation or the percentages of the joint stake in the capital and voting rights of Thales, that the French State remains the dominant party within this concert, and that, in accordance with the allocation agreement, EPIC Bpifrance will not ask to be represented on the Thales Board of Directors, such that the representation of the French State and Dassault Aviation on said Board will remain unchanged.

(1) *TSA and Sofivision, within the meaning of AMF Decision No. 208C2115. TSA absorbed Sofvision in the second half of 2012.*
(2) *See AMF Decision No. 208C2115, dated November 27, 2008, published in the Bulletin officiel des annonces légales (BALO) of December 1, 2008 and available on the AMF website. "The Public Sector will undertake to retain, after the agreement has reached its normal expiry date, a shareholding in Thales, giving it at least 10% of the voting rights until the earliest of the following three dates: (i) December 31, 2014, (ii) 3 years from the termination of the agreement, (iii) the date on which Dassault Aviation ceases to hold at least 15% of the share capital of Thales."*
(3) *See AMF Decision No. 212C0909 of July 12, 2012, available on the AMF website.*
(4) *See AMF Decision No. 216C0199 of January 20, 2016, available on the AMF website.*
(5) *See AMF Decision No. 218C0345 of February 6, 2018, available on the AMF website.*

- Dassault Aviation declared [1] that on July 25, 2023, it had individually exceeded the threshold of 25% of the Company's capital and that it individually held 52,665,702 Thales shares, representing 91,295,051 voting rights, or 25.05% of the Company's capital and 29.49% of its voting rights. Dassault Aviation also indicated that this threshold crossing was the result of an acquisition of Thales shares on the market and that, on this occasion, the concert formed by (i) EPIC Bpifrance in concert with the French State indirectly through TSA and (ii) Dassault Aviation did not cross any thresholds. In accordance with applicable regulations, the statement mentioned Dassault Aviation's intentions for the following 6 months, and in particular that:
  - Dassault Aviation intended to pursue the acquisition of additional Thales shares depending on market opportunities and, in any event respecting the French State's continued predominance within the concert;
  - Dassault Aviation had no intention of acquiring sole control of Thales, given that the concert already held such control, nor of requesting a change in the distribution of the number of directors within Thales.
- On September 5, 2023, as a result of the French State's taking over all 109,999,999 TSA shares from EPIC Bpifrance, the concert between the French State and EPIC Bpifrance in TSA came to an end. On this occasion, EPIC Bpifrance [2] declared that, on the same date, it had, in concert with the French State and indirectly through TSA, acting in concert with Dassault Aviation *vis-à-vis* Thales, crossed below the thresholds of 50%, 1/3, 30%, 25%, 20%, 15%, 10% and 5% of the Company's capital and voting rights, and no longer held any shares in the Company. On this occasion, EPIC Bpifrance, through the intermediary of TSA, indirectly fell below the thresholds of 1/3 of the voting rights and 25%, 20%, 15%, 10% and 5% of the capital and voting rights of the Company. In particular, the declaration states that this transaction does not modify the terms and conditions of the concert between TSA and Dassault Aviation or the participation of this concert in Thales.

6.2.3.3.4 Specific agreement

On December 28, 2006, the French State (the Ministry of Defence and Ministry of the Economy) and Thales signed an agreement to give the French State control not only over the transfer of assets already mentioned in the Appendix to Decree No. 97-190 of March 4, 1997 but also over shares in Thales Alenia Space SAS, (hereinafter referred to as the "Strategic Asset"). The main elements of this agreement are as follows:

a) Where the Strategic Asset is a company (the "Strategic Company")

- Any proposed transfer of shares in the Strategic Company to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.
- Any proposed transfer of shares in the Company that directly or indirectly controls the Strategic Company to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.

b) Where the Strategic Asset is an isolated asset, a division or an unincorporated branch of activity in company form (the "Strategic Division")

- Any proposed transfer of shares in the Company that owns the Strategic Division to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.
- Any proposed transfer of shares in the Company that directly or indirectly controls the company referred to in the previous paragraph to a third party, such that the third party exceeds the threshold of 33.3% of the share capital.

c) Any proposed transfer of sensitive assets to a third party

d) And any proposal intended to confer or having the effect of conferring particular rights on a third party

Shall be disclosed to the French State, which undertakes to issue its acceptance or refusal decision within thirty (30) working days from receiving the said notification. Failure by the French State to communicate its decision during said time signifies acceptance of the proposed transaction.

6.2.3.3.5 Golden share held by the French State and other restrictions related to foreign investments in France

The golden share held by the French State [3] entitles it to the following rights:

- "Any increase in the direct or indirect holding of securities, irrespective of the nature or legal form, beyond a threshold of one-tenth or a multiple thereof of the capital or voting rights of the Company by any natural person or legal entity, whether acting alone or in concert, must be approved in advance by the Minister for the Economy (…)";
- "Upon the proposal of the Minister of Defence, a representative of the French State appointed by decree sits on the Board of Directors of the Company as a non-voting director";
- "(…) decisions to dispose of or assign by way of guarantee the assets specified in the Appendix to this decree may be opposed."

As of December 31, 2024, these assets consisted of the majority of the share capital in the following companies:

Thales DMS France SAS, Thales Wigmore Street Ltd, Thales SIX GTS France SAS, Thales LAS France SAS, Thales Nederland BV, Thales AVS France SAS, Thales Underwater Systems NV.

In addition, as a result of some of Thales' activities, particularly in the defence sector, shareholders and investors may be subject to certain restrictions applicable to foreign investments in France in accordance with Article L. 151-3 of the French Monetary and Financial Code and Article 10 of law No. 86-912 of August 6, 1986 on the terms and conditions of privatisation.

6.2.3.4 Treasury Shares

As of December 31, 2024, Thales held 628,731 of its treasury shares (0.31% of the share capital), i.e., the balance of the shares acquired and sold on the stock market or otherwise, under the authorizations granted to the Board of Directors by the Annual General Meeting, as described below.

Treasury shares are not subject to any restrictions and are freely transferable.

6.2.3.4.1 Authorization to trade in the Company's shares

On March 7, 2023, the Board of Directors decided to set this maximum buyback price to €190 as of May 11, 2023, subject to adopting the share buyback resolution by the Annual General Meeting of May 10, 2023. On March 4, 2024, the Board of Directors decided to maintain this price unchanged as of May 12, 2022, subject to the adoption of the share buyback resolution by the Annual General Meeting of May 15, 2024.

(1) See AMF Decision No. 223C1198 of July 28, 2023, available on the AMF website.
(2) See AMF Decision No. 223C1384 of September 07, 2023, available on the AMF website.
(3) Under Article 3 of Decree No. 97-190 of March 4, 1997.

Following the transactions in 2024 described below, the number of treasury shares held by the Company fell by (2,913,055) shares compared with the situation at December 31, 2023:

- purchase of shares on the market for cancellation (1,245,757);
- purchase of shares on the market to meet commitments to deliver free shares as well as the employee shareholding plan (875,000);
- delivery to beneficiaries of free shares and 2024 employee shareholding transaction (-805,079);
- liquidity contract, net purchase for the period: (39,494) shares;
- capital reduction by cancellation of shares (-4,268,227).

6.2.3.4.2 Authority to cancel Company shares

The authorization granted to the Board of Directors by the Annual General Meeting of May 17, 2005, for a period of 24 months, to cancel, on one or more occasions, the shares held by the Company, up to a limit of 10% of the share capital, as part of an authorization to buy back its own shares, was renewed by the Annual General Meetings of May 16, 2007, May 15, 2009, May 18, 2011, May 24, 2013, May 13, 2015, May 17, 2017, May 15, 2019, May 6, 2021, and May 10, 2023.

The Board of Directors of October 8, 2024, acting under the authorization granted by the Annual General Meeting of May 10, 2024, decided to cancel, with immediate effect, 4,268,227 shares (i.e., 2.03% of the share capital) that were acquired in the framework of the share buyback program decided during its meeting of March 2, 2022.

Under the same buyback program, the Board of Directors had already decided to cancel 3,201,169 shares (1.5% of its capital), with effect from March 13, 2023.

6.2.3.4.3 Share buyback program

6.2.3.4.3.1 Description of the buyback program approved by the Annual General Meeting of May 15, 2024

- Maximum portion of capital subject to repurchase by the Company: 10% of the share capital, on the buyback date.
- Maximum theoretical number of shares that may be repurchased (indicative, given the number of shares making up the share capital as at December 31, 2024): 20,594,191.
- Maximum theoretical amount of the program: €3,912,896,290 [1].
- Maximum unit purchase price: €190.

The objectives of the share buyback program which was approved by Annual General Meeting of May 15, 2024 are as follows:

- to sell or allocate shares or rights attached to securities, particularly when share purchase options are exercised or existing free shares are allocated, or when shares are sold and/or supplemented under an employee shareholding scheme transaction on existing shares, or in the event of allocations in any shape or form, to employees and executives of the Company and/or related companies, and to the Company representative, under the conditions defined by the applicable legal provisions in force;
- to retain shares for later use in connection with acquisitions, mergers, demergers or contributions;
- to enable the operation of the Thales share market by an investment service provider within the framework of a liquidity contract in accordance with market practice accepted by the French financial markets authority (AMF);
- cancel all or part of the shares thus repurchased.

Duration of the program: 18 months from the Annual General Meeting of May 15, 2024, i.e., no later than November 14, 2025.

Thales has repurchased shares based on the authorization granted by the Annual General Meeting of May 15, 2024 in particular in the context of the two significant contracts described below.

Liquidity contract

In November 2004, Thales entered into a liquidity contract in accordance with the AFEI Code of Conduct, in order to regulate share trading. The contract was amended to comply with the AFEI Code of Conduct appended to the AMF decision of March 22, 2005, and since January 2019 with AMF decision No. 2018-01 of July 2, 2018 establishing liquidity contracts on equity securities as an accepted market practice.

Share buyback mandate

Considering the outlook for growth and cash generation, as well as the Group's rapid net debt reduction, the Board of Directors decided on March 2, 2022, to implement a share buyback program concerning a maximum of 3.5% of the capital (approximately 7.5 million shares). This program started on April 4, 2022 and was completed on schedule at the end of March 2024.

To this end, Thales signed a share purchase contract with an investment services provider.

In this context, Dassault Aviation had informed Thales of its intent to stay below the threshold of 30% of voting rights, and that, in consequence, it will carry out the necessary conversions from registered to bearer shares.

The shares purchased under this program are intended to be canceled. Thus, a first cancellation operation was carried out on 3,201,169 shares, i.e., 1.5% of the share capital, with effect on March 13, 2023 (see section 6.2.3.4.2 hereof). A second cancellation operation involving 4,268,227 shares, or 2.03% of the capital, was carried out by the Board of Directors on October 8, 2024, with immediate effect.

6.2.3.4.3.2 Trading in Company shares during the 2024 financial year

In 2024, Thales traded in Company shares as part of its share buyback program, established in accordance with the AMF General Regulations (Articles 241-1 *et seq.*).

These transactions were carried out within the framework of the share buyback program approved by the Annual General Meeting of May 10, 2023 for transactions carried out between January1, 2024, and March 28, 2024.

As of January 1, 2024, Thales held 3,541,786 treasury shares, or 1.68% of the capital, and 628,731 shares as of December 31, 2024.

[1] *Taking into account the capital reduction of October 8, 2024, concerning 2.03% of the capital and as communicated to the market on the same date; it being specified that treasury stock at that date amounted to 680,929 shares.*

Breakdown of treasury shares by objective at December 31, 2024

The total number of shares held by the Company at this date is 628,731, representing 0.31% of Thales' share capital. The breakdown by objective was as follows:

Disposal or allotment of shares to Group employees and directors as stipulated by law, particularly when share purchase options are exercised or existing free shares are allotted	544,992
Treasury shares for cancellation	–
Regulation of the market price by a liquidity contract drawn up in accordance with the AFEI Code of Conduct	83,739

Market value of the treasury shares at December 31, 2024

€87,173,553.15 at the closing price at December 31, 2024, i.e., €138.65.

	Aggregate gross amounts from January 1, 2024 to December 31, 2024	
	Purchases	**Sales**
Number of shares	2,724,322	1,016,419
Average transaction price *(in euros)* including possible discounts and free shares	145.83	149.31
Amounts *(in euros)*	397,297,650	151,762,208

Thales did not make use of derivatives (futures sales) as part of this buyback program.

6.2.3.4.3.3 Description of the buyback program proposed to the Annual General Meeting of May 16, 2025

- Maximum portion of capital subject to repurchase: 10% of the share capital, on the buyback date.
- Maximum theoretical number of shares that may be repurchased (indicative, given the number of shares making up the share capital as at December 31, 2024): 20,594,191.
- Maximum theoretical amount of the program: €6,178,257,300.
- Maximum unit purchase price: €300.

The objectives of the share buyback program proposed to the Annual General Meeting of May 16, 2025 are as follows:

- to sell or allocate shares or rights attached to securities, particularly when share purchase options are exercised or existing free shares are allocated, or when shares are sold and/or supplemented under an employee shareholding scheme transaction on existing shares, or in the event of allocations in any shape or form, to employees and executives of the Company and/or related companies, and to the Company's executive corporate officer, under the conditions defined by the applicable legal provisions in force;
- to retain shares for later use in connection with acquisitions, mergers, demergers or contributions;
- enable the operation of the Thales share market by an investment service provider within the framework of a liquidity contract in accordance with market practice accepted by the French financial markets authority (AMF);
- the cancellation of all or part of the shares thus repurchased.

This program is also intended to enable the implementation of any market practice which may be accepted by the French financial markets authority, and more generally, the carrying out of any other operation in compliance with the regulations in force, of which the Company will inform its shareholders by means of a press release.

Duration of the program: 18 months from the Annual General Meeting of May 16, 2025, i.e., no later than November 15, 2026.

Subject to the approval by the Annual General Meeting of the above proposed share buyback program, the Company intends to continue the liquidity contract mentioned in section 6.2.3.4.3.1 above. Moreover, the share buyback program decided by the Board on March 2, 2022, concerning a maximum of 3.5% of the capital (see page 227 of the 2022 Universal Registration Document, "share buyback mandate" section), was completed for this amount, as planned, by the end of March 2024.

6.2.3.5 Free shares, units, or phantom share plans subject or not subject to performance conditions

The Group regularly grants its employees and executives free shares as part of its performance management policy for Group employees. These various plans are described below.

6.2.3.5.1 Allotment of free shares

Allotments of free shares and/or performance shares

In 2024, with the approval of the Annual General Meeting, the Board of Directors set up a 16th free share allotment plan.

The Chairman and Chief Executive Officer (the sole Executive corporate officer) is not eligible for this plan.

The allocation of June 25, 2024 is characterized as follows:

Shares subject to performance conditions

- Based on the 2024 plan, five criteria are used: Adjusted EBIT, free operating cash flow, organic sales growth and the reduction of Scopes 1 and 2 of greenhouse gas emissions, and the proportion of women in positions with pay grades of 10 to 12; each of which accounts for 40%, 20%, 20%, 10% and 10% respectively.
- Performance conditions are calculated in tranches over three consecutive years: 2025, 2026 and 2027.
- Shares may be validated in tranches of one-third once the Board of Directors has approved the Group's consolidated financial statements for the three financial years concerned;
- The number of shares vested will not exceed the number of shares initially awarded;
- All designated beneficiaries of the plan are awarded shares validated at the end of a four-year vesting period subject to compliance with the employment conditions stipulated in the plan's rules.

Date of Board decision	06/25/24	07/20/23	06/30/22	07/01/21
	Performance shares	Performance shares	Performance shares	Performance shares
Number of beneficiaries at grant date [a]	875	848	815	850
Share price at grant date *(euros)*	€158.10	€138.55	€116.00	€86.04
Number of shares awarded [a]	243,268	286,010	268,555	303,360
Number of free shares at 12/31/2023	—	285,700	258,840	289,320
Cancellation of allotments in the financial year 2024	326	1,670	1,740	2,120
Adjustment	—	—	4,940	—
Early allotments during the financial year 2024 [b]	—	—	—	—
Number of shares delivered on expiry of the plan	n.a.	n.a.	n.a.	n.a.
Balance of free shares, net of cancellations and early allotments as of 12/31/2024	242,942	284,030	262,040	287,200
Number of beneficiaries remaining as of 12/31/2024	873	840	792	798
Vesting period	06/25/24 to 06/25/28	07/20/23 to 07/20/27	06/30/22 to 06/30/26	07/01/21 to 07/01/25

(a) These figures include 3,298 performance shares granted to four beneficiaries under the terms and conditions of the June 25, 2024 bonus share plan, pursuant to a delegation of authority from the Board of Directors.
(b) Due to the death of beneficiaries.

Allotment of shares in financial year 2024

10 largest share awards to employees during the financial year	Number of shares awarded	Share price on the date of award	Plan's date
Shares subject to performance conditions	46,470	€158.10	06/25/2024

During the financial year 2024, the allotment of shares subject to performance conditions to employees of the Company or its subsidiaries (excluding Thales executive officers) was between 125 and 6,000 shares.

Share grants to the Chairman and Chief Executive Officer are described in section 4.4.1 of this document.

6.2.3.5.2 Allotment of units or units subject to performance conditions indexed to the Thales share price

No plan for the allotment of units was set up for employees in 2024.

6.2.3.5.3 Allotment of phantom shares or phantom shares subject to performance conditions indexed to the Thales share price

In June 2024, a phantom share plan based on the Thales share price was implemented for certain international employees. This plan is equivalent to the performance-based free share plans offered to employees in France.

Through this plan, 322 people received 72,587 phantom shares under the same performance conditions as the free shares awarded on the same date.

6.2.3.5.4 Validation of performance conditions for financial year 2024

Stock option, unit and phantom share plans subject to performance conditions	Validation of 1st third of share award		Validation of 2nd third of share award		Validation of 3rd third of share award	
	Reference year	% of performance conditions achieved	Reference year	% of performance conditions achieved	Reference year	% of performance conditions achieved
July 1, 2021	2022	100%	2023	100%	2024	100%
June 30, 2022	2023	100%	2024	100%	2025	—%
July 20, 2023	2024	100%	2025	—%	2026	—%
June 25, 2024	2025	—%	2026	—%	2027	—%

6.2.3.6 Shares Owned by the Public

The Company is entitled to obtain information at any time, under the conditions provided for by law, on the identity and quantum of the shareholding of holders of bearer securities representing, immediately or in the future, a fraction of its share capital (the identification procedure under the "Shareholders Rights 2" directive or "SRD 2").

Based on the results of the "SRD 2" surveys carried out at the end of the year with the Central Securities Depository (CSD) France and the information on employee shareholding available to the Company, the breakdown of shares held by the public can be estimated as follows:

(in thousands of shares)	**12/31/24**	**12/31/23**
French institutional investors	14,979	16,490
Non-resident institutions	61,306	64,063
Others (brokerage firms, etc.)	3,459	2,130
Employees	6,558	6,109
Individual shareholders and associations [a]	8,956	7,404
Not identified	516	934
Subtotal (all holders)	**95,774**	**97,130**
TOTAL NUMBER OF SHARES	**205,942**	**210,210**

(a) Mainly French residents.

	As a % of total capital		**As a % of free-floating capital [a]**	
	12/31/24	**12/31/23**	**12/31/24**	**12/31/23**
French institutional investors	7.3	7.8	15.6	17.0
Non-resident institutions	29.8	30.5	64.0	66.0
Others (brokerage firms, etc.)	1.7	1.0	3.6	2.2
Employees	3.2	2.9	6.8	6.3
Individual shareholders and associations	4.3	3.5	9.4	7.6
Not identified	0.3	0.4	0.5	0.9
ALL HOLDERS	**46.5**	**46.1**	**100**	**100**

(a) Here free float is understood as "public" as defined above, i.e., share capital excluding treasury shares and shares held in concert.

- **GEOGRAPHIC BREAKDOWN OF INSTITUTIONAL INVESTORS**

12/31/24	**Number of shares held** *(in thousands)*	**As a % of total share capital**	**As a % of free-floating capital [a]**	**Number of investors**
France	14,979	7.3	16.8	97
Continental Europe (excluding France)	6,427	3.1	7.2	152
North America	40,903	19.9	45.8	153
United Kingdom & Ireland	11,466	5.6	12.9	80
Rest of the world	2,510	1.2	2.8	64
TOTAL	**76,285**	**37.1**	**85.5**	**546**

(a) Here free float is understood as "public" excluding employees' shareholding; i.e., share capital excluding employees' shareholding, treasury shares and shares held in concert.

6.2.3.7 Employee Shareholdings as of December 31, 2024

As of December 31, 2024, employees and former employees of the Group held 6,558,307 Thales shares, representing 3.18% of the capital (and 3.98% of the exercisable voting rights) [e].

Holding by country	In number of shares	As a % of employee share ownership	As a % of capital	Related voting rights as a % of total exercisable voting rights
Shares held *through* the Group savings plan PEG in France and worldwide (two dedicated funds [a])	4,172,180	63.62%	2.03%	2.63%
Shares held *through* the Group savings plan PEG in the Netherlands (one dedicated fund [b])	90,843	1.39%	0.04%	0.06%
Shares held *through* a *trust* – SIP [c] – United Kingdom	184,832	2.82%	0.09%	0.06%
Shares held directly – France and world [d]	210,143	3.20%	0.10%	0.13%
Shares held directly through allotments of free shares (Article L. 225-197-1 of the French Commercial Code) – France and world	1,900,309 [f]	28.98%	0.92%	1.11%
Total number of shares held by current or former employees [e]	**6,558,307**	**100%**	**3.18%**	**3.98%**
TOTAL SHARE CAPITAL	**205,941,913**	**–**	**–**	**–**

(a) "Actions Thales" and "World Classic" funds.
(b) "Netherlands Classic" funds.
(c) FCPE equivalents.
(d) Including direct USA holdings since October 14, 2024.
(e) This line shows total employee share ownership. For information purposes, since law No. 2019-486 of May 22, 2019, employee share ownership within the meaning of the French Commercial Code (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) as well as shares held held through the Share Incentive Plan (SIP). At December 31, 2024, this total amounted to 5,226,564 shares and 9,499,845 voting rights, i.e. 2.54% of share capital and 3.15% of exercisable voting rights.
(f) This number of shares includes the 2014 and 2015 LTI unit plans delivered in 2018 and 2019.

6.3 Related-party agreements

6.3.1 Commitments and agreements authorized after year-end

The Board of Directors has not authorized any new commitments or agreements since the closing date.

6.3.2 Commitments and agreements authorized in 2024

No new related-party commitments or agreements were authorized by the Board of Directors pursuant to Article R. 225-30, al. 1 of the French Commercial Code in 2024.

6.3.3 Agreements authorized during previous financial years

The agreements authorized by the Board of Directors and approved by the Annual General Meeting in previous financial years that continued to be performed in 2024 have been disclosed to the statutory auditors in accordance with the applicable regulations.

GIE Software République (agreement approved by the Annual General Meeting of May 11, 2022):

On January 27, 2022, Thales SA took part in the creation of an economic interest grouping (EIG) without capital, called "Software République", with several partner companies, including Dassault Systèmes SE (a company which shares a common director with Thales SA, Mr. Charles Edelstenne), and which is in the interest of Thales SA to promote the launch of innovative projects in the field of connected mobility.

For financial year 2024, Thales SA paid this Economic Interest Grouping a total of 96,000 euros including VAT in annual dues.

6.3.4 Statutory auditors' report on related-party agreements

Annual General Meeting held to approve the financial statements for the year ended December 31, 2024

To the Annual General Meeting of Thales,

In our capacity as statutory auditors of your Company, we hereby present to you our report on related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the relevance of these agreements prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code (*Code de commerce*) of the continuation of the implementation, during the year ended December 31, 2024, of the agreements previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements submitted for approval to the Annual General Meeting

We hereby inform you that we have not been notified of any agreements authorized during the year ended December 31, 2024 to be submitted to the Annual General Meeting for approval in accordance with Article L. 225-38 of the French Commercial Code (*Code de commerce*).

Agreements previously approved by the Annual General Meeting

In accordance with Article R. 225-30 of the French Commercial Code (*Code de commerce*), we have been notified that the implementation of the following agreements, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2024.

- **With Software République, an E.I.G**

Person concerned

Mr Charles Edelstenne, member of the Board of Directors of Dassault Systèmes and of your Company, both partners of the E.I.G.

Nature, purpose, and conditions

On January 27, 2022, your Company participated in the constitution of an economic interest grouping without capital, called "Software République", with several partner companies, including Dassault Systèmes.

For the year ended December 31, 2024, your Company paid this economic interest grouping the cumulative sum of € 96,000 including all taxes as an annual contribution.

Paris-La Défense, April 2, 2025

The statutory Auditors

French original signed by

Forvis Mazars SA	**Ernst & Young Audit**
Jean-Marc Deslandes	Serge Pottiez
Ariane Mignon	Vincent Gauthier

6.4 Stock market information and financial communication

6.4.1 Thales shares

6.4.1.1 Listing market

Thales shares are listed on the Euronext Paris (compartment A), a regulated market. They are eligible for the Deferred Settlement Service (DSS).

ISIN Code: FR0000121329
Reuters: TCFP.PA
Bloomberg: HO FP

6.4.1.2 Index listing

As of December 31, 2024, Thales shares are included in the following main Indexes:

- Euronext Paris Indices: CAC 40, CAC 40 ESG, SBF 120, SBF 250, CAC Large 60, CAC All-Shares and CAC SBT 1.5;
- International Indices: DJ Euro Stoxx, FTSEurofirst 300.

6.4.1.3 Share price and trading volumes on Euronext Paris

6.4.1.3.1 Monthly data from January 2023 to December 2024

Year 2024	Number of sessions	Number of shares traded	Capital traded *(in millions of euros)*	Average daily trading volume	Average weighted price *(euros)*	Highest price *(euros)*	Lowest price *(euros)*	Closing price *(euros)*
January	22	4,431,121	603.7	201,415	136.24	142.30	132.15	135.35
February	21	6,545,039	891.5	311,669	136.21	162.00	131.45	137.05
March	20	7,099,477	1,056.9	354,974	148.87	162.00	135.40	158.05
Q1 2024	**63**	**18,075,637**	**2,552.1**	**286,915**	**141.19**	**162.00**	**131.45**	**158.05**
April	21	4,771,139	752.3	227,197	157.68	162.80	152.55	157.95
May	22	3,563,741	588.0	161,988	165.00	169.20	157.10	166.65
June	20	5,199,970	823.4	259,999	158.35	174.50	148.15	149.50
Q2 2024	**63**	**13,534,850**	**2,163.8**	**214,839**	**159.87**	**174.50**	**148.15**	**149.50**
July	23	4,892,097	734.6	212,700	150.16	157.85	141.10	146.95
August	22	2,852,719	420.9	129,669	147.54	153.80	140.25	152.00
September	21	4,257,417	621.8	202,734	146.05	151.65	139.10	142.55
Q3 2024	**66**	**12,002,233**	**1,777.3**	**181,852**	**148.08**	**157.85**	**139.10**	**142.55**
October	23	4,796,865	719.8	208,559	150.06	155.20	141.90	148.15
November	21	6,463,709	973.3	307,796	150.57	164.65	139.70	141.50
December	20	5,282,075	734.1	264,104	138.98	143.70	135.25	138.65
Q4 2024	**64**	**16,542,649**	**2,427.2**	**258,479**	**146.72**	**164.65**	**135.25**	**138.65**
YEAR 2024	**256**	**60,155,369**	**8,920.0**	**234,982**	**148.29**	**174.50**	**131.45**	**138.65**

	Number of sessions	Number of shares traded	Capital traded *(in millions of euros)*	Average daily trading volume	Average weighted price *(euros)*	Highest price *(euros)*	Lowest price *(euros)*	Closing price *(euros)*
Year 2023								
January	22	7,295,482	858.1	331,613	117.62	124.85	112.40	121.40
February	20	7,037,189	885.9	351,859	125.89	135.50	116.70	132.20
March	23	7,672,043	1 011.8	333,567	131.88	138.25	126.45	136.35
Q1 2023	**65**	**22,004,714**	**2 755.8**	**338,534**	**125.24**	**138.25**	**112.40**	**136.35**
April	18	4,533,401	633.8	251,856	139.80	144.15	135.40	138.40
May	22	5,007,753	677.8	227,625	135.34	142.10	130.30	130.30
June	22	4,776,906	635.4	217,132	133.01	137.55	126.55	137.20
Q2 2023	**62**	**14,318,060**	**1 946.9**	**230,936**	**135.98**	**144.15**	**126.55**	**137.20**
July	21	4,691,294	631.3	223,395	134.58	140.20	128.80	135.95
August	23	4,511,859	605.4	196,168	134.17	139.00	128.35	134.80
September	21	4,054,773	553.8	193,084	136.58	140.95	130.80	133.10
Q3 2023	**65**	**13,257,926**	**1 790.5**	**203,968**	**135.05**	**140.95**	**128.35**	**133.10**
October	22	5,820,650	803.7	264,575	138.08	145.70	126.65	139.15
November	22	5,102,680	703.8	231,940	137.93	142.10	133.95	136.95
December	19	4,276,456	581.5	225,077	135.97	140.30	133.60	133.95
Q4 2023	**63**	**15,199,786**	**2 089.0**	**241,266**	**137.44**	**145.70**	**126.65**	**133.95**
YEAR 2023	**255**	**64,780,486**	**8,582.0**	**254,041**	**132.48**	**145.70**	**112.40**	**133.95**

6.4.1.3.2 Annual data for 2023 and 2024

- **PRICE AND PERFORMANCE TRENDS**

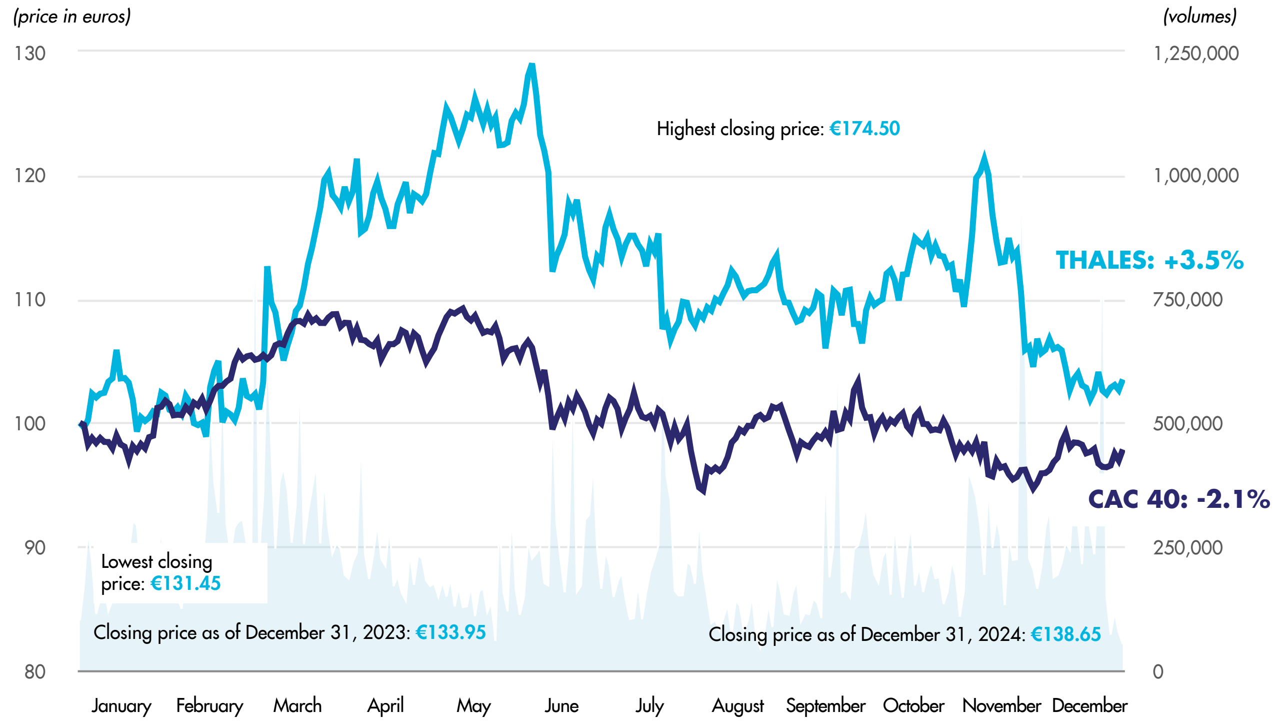
	2024	2023
Closing price *(in euros)*	138.65	133.95
Session high *(in euros)*	174.50	145.70
Session low *(in euros)*	131.45	112.40
Weighted average price *(in euros)*	148.29	132.48
Dividend paid for the previous year *(in euros)*	3.40	2.94
Total return for the year (TSR) [(a)] *(in %)*	+5.7%	+14.8%
Change in Thales share price over the period *(in %)*	+3.5%	+12.3%
Change in the CAC 40 over the period *(in %)*	(2.1%)	+16.5%

(a) Total Shareholder Return: differential between annual closing prices, plus the dividend paid during the year (for the previous financial year), relative to the initial price.

	2024	2023
Average number of shares traded per session *(in thousands)*	235	254
Total number of shares traded during the period *(in millions)*	60	65
Total capital traded during the period *(in millions of euros)*	8,920	8,582
Monthly average number of shares traded *(in thousands)*	5,013	5,398
Average monthly capital traded *(in millions of euros)*	743	715
Total number of shares comprising the capital (period-end, *in millions*)	206	210

6.4.1.3.3 Chart and comments on changes in the price and trading volumes from January 1, 2024 to December 31, 2024

- **PRICE AND VOLUMES TRADED FROM JANUARY 1, 2024 TO DECEMBER 31, 2024**



Comments on share price in 2023 and 2024

- The market recorded a slightly negative performance in **2024**, with the CAC 40 down -2.1%. Thales shares performed better than the index (+3.5% for the year), having benefited from its solid financial results a favorable outlook.
- The market recorded good performance in **2023**, with the CAC 40 up by 16.5%. Thales shares underperformed slightly compared to the index (+12.3% over the year), having benefited from a major re-rating of defence companies in 2022.

Comments on the change in traded volumes in 2023 and 2024

- **2024** again showed a slowdown in terms of securities traded, with 60 million securities traded over 12 months (a 7% decrease). In particular, trading volumes fell sharply in the first quarter compared with 2023, before remaining stable over the rest of the year. This decline in volumes has also been observed on the CAC 40 index, with a -3.1% drop in trading volumes on the primary market in 2024 compared with 2023. The Industry sector of the Global Industry Classification Standard (GICS) saw a -21% drop in volumes traded between 2023 and 2024.
- **2023** showed a slowdown in terms of securities traded, with 65 million securities traded over 12 months (a 39% decrease). Trading volumes slowed relative to 2022 from the second quarter onwards, and stabilized over the rest of the year.

6.4.1.4 Dividend and distribution policy

Dividends are paid to the holders of shares in accordance with the law. The Company uses the Euroclear direct payment procedure.

The Annual General Meeting of May 15, 2024 approved the distribution of a dividend of €3.40 per share.

Per-unit dividend information is provided below, it being specified that dividends paid for 2021, 2022 and 2023 may be eligible for an allowance under the conditions provided for by the French General Tax Code (Article 158, 3., 2°):

- **DIVIDENDS PAID FOR THE PAST FOUR YEARS**

(in euros)	**2024** [(a)]	**2023**	**2022**	**2021**
Dividend	3.70	3.40	2.94	2.56

(a) Subject to the approval of the Annual General Meeting on May 16, 2025.

6.4.2 Financial communication policy

6.4.2.1 General Overview

Thales' policy is to provide its shareholders with regular, clear, and transparent information, in compliance with the financial reporting rules and practices on disseminating information applicable to listed companies.

In addition to this Universal Registration Document filed with the French Financial Markets Authority (AMF), which includes details of all the consolidated financial statements and associated analysis, business activities and results by operating segments, the main statutory information about the Company, and its corporate responsibility policy, Thales also publishes an interim report as well as press releases. Other publications include an integrated report and a social report, providing a detailed description of its commitments and achievements in these areas.

All Thales' information documents, presentations, and financial press releases are available on the Thales website at www.thalesgroup.com.

Thales also holds briefings for the financial community by teleconference, where appropriate, particularly when announcing results, annual and interim financial statements, and quarterly information, as well as important strategic or financial operations.

Regular meetings between Thales executives and institutional investors are held in Europe and North America, typically as part of periodic roadshows, Investor Days (Capital Markets Day) or visits to operational sites to present the Group's activities and strategy in greater detail. In this respect, Thales organized a Capital Markets Day on November 14, 2024, open to financial analysts, institutional investors and journalists. The event, that was broadcasted live on the Group's internet website, was an opportunity for the Group to present its new strategic roadmap up to 2028 to the financial markets.

Thales also regularly exchanges information on its corporate social responsibility policy with the Socially Responsible Investor SRI community. These reports cover corporate social and environmental governance and international trade issues, especially regarding anti-corruption measures and control over the export of defence equipment and technologies as well as dual-use goods and technologies.

The first Capital Markets Day dedicated to ESG (Environmental, Social, and Governance criteria) was held in October 2021.

Finally, Thales also maintains an ongoing dialog with international financial analysts and institutional investors in order to provide them with information about the Group's business activities and strategy.

6.4.2.2 Provisional financial reporting calendar for 2025

March 4	Publication of consolidated profit and loss account for 2024
April 24	Publication of quarterly information for the first quarter of 2025
May 16	Annual General Meeting of Shareholders
July 23	Publication of consolidated profit and loss account for the first half of 2025
October 23	Publication of quarterly information relative to the third quarter of 2025

6.4.2.3 Contacts

Investor Relations Department

4, rue de la Verrerie
92190 Meudon - France
e-mail: ir@thalesgroup.com

6.4.2.4 Documents on display

Thales' Articles of Association, minutes of the Annual General Meetings and Board of Directors' reports to the General Meetings, statutory auditors' reports, financial statements for the last three financial years, and, more generally, all documents provided or made available to shareholders under the law may be viewed at Thales' registered office.

Some of these documents are also available on the Group's website (https://www.thalesgroup.com/fr/investor/information-reglementee).

6.4.3 Other market securities

As of December 31, 2024, eight of the Group's bonds are listed. Their amounts and main characteristics are shown in Note 6.2 of the consolidated financial statements, page 276.

6.5 History

1893

Compagnie Française Thomson-Houston (CFTH) established to exploit the patents of the US company Thomson-Houston Electric Corp. in France in the field of power generation and transport.

1918

Compagnie Générale de Télégraphie Sans Fil (CSF), a pioneer in broadcasting electro-acoustics and radar technology, established.

1968

Creation of Thomson-CSF with the merger of CSF and the electronics business of Thomson-Brandt.

1982

Nationalization.

1983

Disposal of civil telecommunications business to Compagnie Générale d'Electricité (now Alcatel-Lucent).

1987

Sale of the medical imaging activities (CGR) to General Electric and establishment of SGS-Thomson by merging the semiconductor business with that of the Italian company SGS.

1989

Acquisition of the defence electronics business of the Philips group.

1997

Disposal of the stake in SGS-Thomson (now STMicroelectronics).

1998

Privatization; Alcatel and Groupe Industriel Marcel Dassault GIMD contribute assets and become shareholders. Creation of Alcatel Space, owned by Thomson-CSF (49%) and Alcatel (51%) and combining the space business of Alcatel, Aerospatiale, and Thomson-CSF.

1999

Acquisition of 100% of the capital of Sextant Avionique, a joint venture between Thomson-CSF and Aerospatiale (now Airbus) in avionics.

2000

Takeover of Racal electronics in the United Kingdom. Thomson-CSF is renamed Thales.

2001

Thales sells its stake in Alcatel Space.

2007

Acquisition of Alcatel-Lucent's Transport & Security, Space activities and sale to DCNS (now Naval Group) of the surface naval activities in France. At the same time, a 25% stake in DCNS (now Naval Group) was acquired from the French State.

2009

Acquisition by Dassault Aviation of the Thales shares held by Alcatel-Lucent and GIMD. Dassault Aviation becomes a shareholder of Thales with a 26% stake in the Company.

2011

Increase to 35% of the stake in DCNS (now called Naval Group).

2014

Launch of the "*Ambition 10*" strategic plan.

2019

Gemalto acquisition completed on April 2, 2019.

2021

Announcement of the disposal of the Transport business to Hitachi Rail.

2023

Acquisition of the US cybersecurity company Imperva as well as the announcement of the acquisition of the French company Cobham Aerospace Communications.

2024

Acquisition of French company Cobham Aerospace Communications, and finalization of the sale of the Transport business to Hitachi Rail. Capital Markets Day during which the strategic roadmap for 2028 was disclosed.

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Financial statements

7.1 Consolidated financial statements

7.1.1 Consolidated profit and loss account

(in € millions)	Notes	2024	2023
Sales	Note 2	**20,576.6**	**18,428.4**
Cost of sales		(15,202.7)	(13,662.0)
Research and development expenses		(1,273.7)	(1,107.7)
Marketing and selling expenses		(1,590.3)	(1,384.0)
General and administrative expenses		(692.9)	(621.0)
Restructuring costs	Note 10.3	(118.3)	(91.4)
Income from operations	Note 2	**1,698.7**	**1,562.3**
Disposal of assets, changes in scope of consolidation and other	Note 3.2	(278.9)	(387.9)
Impairment of assets	Note 3.2	(157.6)	–
Income of operating activities before share in net income of equity affiliates		**1,262.2**	**1,174.4**
Share in net income of equity affiliates	Note 5.1	95.1	147.4
Income of operating activities after share in net income of equity affiliates		**1,357.3**	**1,321.8**
Financial interests on gross debt		(289.3)	(159.6)
Financial interests on cash and cash equivalents		123.5	161.4
Interest expense, net	Note 6.1	**(165.8)**	**1.8**
Other financial expenses	Note 6.1	39.4	(65.0)
Finance costs on pensions and other employee benefits	Note 9.3	(51.3)	(77.8)
Income tax	Note 7.1	(247.3)	(252.2)
Net income relating to continued operations		**932.3**	**928.6**
Net income relating to discontinued operations	Note 1.3	**412.1**	**74.3**
NET INCOME		**1,344.4**	**1,002.9**
Shareholders of the parent company		**1,419.5**	**1,023.4**
Of which: net income relating to continued operations, Group share		1,007.4	949.1
Of which: net income relating to discontinued operations, Group share		412.1	74.3
Non-controlling interests		**(75.1)**	**(20.5)**
Basic earnings per share *(in euros)*	Note 8.2	6.91	4.91
Diluted earnings per share *(in euros)*	Note 8.2	6.89	4.89

Segment information (including Adjusted EBIT calculation) is detailed in Note 2.1.

7.1.2 Consolidated statement of comprehensive income

(in € millions)		2024			2023		
		Group share	**Non-controlling interests**	**Total**	**Group share**	**Non-controlling interests**	**Total**
NET INCOME		**1,419.5**	**(75.1)**	**1,344.4**	**1,023.4**	**(20.5)**	**1,002.9**
Translation adjustments	Note 8.1	240.4	0.9	241.3	(95.2)	(0.9)	(96.1)
Cash flow hedge	Note 8.1	(80.6)	(3.6)	(84.2)	47.8	6.5	54.3
Equity affiliates	Note 5.1	1.8	—	1.8	19.0	—	19.0
Discontinued operations		17.8	—	17.8	9.9	—	9.9
Items that may be reclassified to income		**179.4**	**(2.7)**	**176.7**	**(18.5)**	**5.6**	**(12.9)**
Actuarial gains (losses) on pensions	Note 9.3	64.2	1.6	65.8	(262.6)	(4.0)	(266.6)
Financial assets at fair value		(18.0)	(2.1)	(20.1)	(3.1)	(0.2)	(3.3)
Deferred tax	Note 7.2	(32.0)	(2.9)	(34.9)	28.0	1.0	29.0
Equity affiliates	Note 5.1	6.6	—	6.6	(3.7)	—	(3.7)
Discontinued operations		2.6	—	2.6	(14.4)	—	(14.4)
Items that will not be reclassified to income		**23.4**	**(3.4)**	**20.0**	**(255.8)**	**(3.2)**	**(259.0)**
Other comprehensive income (loss) for the period		**202.8**	**(6.1)**	**196.7**	**(274.3)**	**2.4**	**(271.9)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,622.3**	**(81.2)**	**1,541.1**	**749.1**	**(18.1)**	**731.0**

7.1.3 Consolidated statement of changes in equity

(in € millions)	**Number of shares outstanding** *(thousands)*	**Share capital**	**Additional paid-in capital**	**Retained earnings**	**Cash flow hedge**	**Cumulative translation adjustment**	**Treasury shares**	**Group share**	**Non-controlling interests**	**Total equity**
AT 1st JANUARY 2023	**210,134**	**640.2**	**4,076.6**	**3,222.3**	**(124.6)**	**(258.3)**	**(382.3)**	**7,173.9**	**207.6**	**7,381.5**
Net income	—	—	—	1,023.4	—	—	—	1,023.4	(20.5)	1,002.9
Other comprehensive income (loss)	—	—	—	(255.8)	92.2	(110.7)	—	(274.3)	2.4	(271.9)
Total comprehensive income for 2023	**—**	**—**	**—**	**767.6**	**92.2**	**(110.7)**	**—**	**749.1**	**(18.1)**	**731.0**
Parent company dividend distribution	—	—	—	(633.7)	—	—	—	(633.7)	—	(633.7)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(49.3)	(49.3)
Share-based payments	—	—	—	24.4	—	—	—	24.4	—	24.4
(Acquisitions)/disposals of treasury shares	(3,466)	—	—	(16.4)	—	—	(474.6)	(491.0)	—	(491.0)
Capital reduction through cancellation of shares [a]	—	(9.6)	(371.0)	—	—	—	380.6	—	—	—
Other	—	—	—	8.1	—	(0.8)	—	7.3	(1.2)	6.1
AT 31 DECEMBER 2023	**206,668**	**630.6**	**3,705.6**	**3,372.3**	**(32.4)**	**(369.8)**	**(476.3)**	**6,830.0**	**139.0**	**6,969.0**
Net income	—	—	—	1,419.5	—	—	—	1,419.5	(75.1)	1,344.4
Other comprehensive income (loss)	—	—	—	23.4	(81.1)	260.5	—	202.8	(6.1)	196.7
Total comprehensive income for 2024	**—**	**—**	**—**	**1,442.9**	**(81.1)**	**260.5**	**—**	**1,622.3**	**(81.2)**	**1,541.1**
Parent company dividend distribution	—	—	—	(708.4)	—	—	—	(708.4)	—	(708.4)
Third-party share in dividend paid by subsidiaries	—	—	—	—	—	—	—	—	(14.5)	(14.5)
Share-based payments	—	—	—	60.0	—	—	—	60.0	—	60.0
(Acquisitions)/disposals of treasury shares	(1,355)		—	(73.4)	—	—	(202.0)	(275.4)	—	(275.4)
Capital reduction through cancellation of shares [a]	—	(12.8)	(573.0)	—	—	—	585.8	—	—	—
Other	—	—	—	(14.1)	—	0.8	—	(13.3)	(0.4)	(13.7)
AT 31 DECEMBER 2024	**205,313**	**617.8**	**3,132.6**	**4,079.3**	**(113.5)**	**(108.5)**	**(92.5)**	**7,515.2**	**42.9**	**7,558.1**

(a) On March 08, 2023, the Board of Directors decided to reduce Thales' share capital by cancelling 3,201,169 of its own registered shares, i.e. 1.5% of the share capital, with effect from March 13, 2023. On October 8, 2024, the Board of Directors decided to reduce Thales' share capital by cancelling 4,268,227 of its own registered shares, i.e. 2.03% of its share capital, with immediate effect.

Retained earnings include actuarial gains and losses on pension obligations amounting to -€491.6 million at end 2023 and -€335.1 million at end 2024.

7.1.4 Consolidated balance sheet

Assets

(in € millions)	Notes	31/12/24	31/12/23
Goodwill	Note 4.1	8,899.2	8,939.6
Other intangible assets, net	Note 4.2	2,532.7	1,288.1
Property, plant and equipment, net	Note 4.2	3,715.5	3,596.1
Investments in equity affiliates	Note 5	1,648.2	1,648.4
Non-consolidated investments	Note 6.4	160.6	129.2
Other non-current financial assets	Note 6.4	371.6	343.9
Deferred tax assets	Note 7.3	1,366.6	1,183.3
NON-CURRENT ASSETS		**18,694.4**	**17,128.6**
Inventories and work in progress	Note 10.1	4,935.5	4,250.8
Contract assets	Note 10.2	3,242.7	2,897.0
Advances to suppliers	Note 10	895.7	786.4
Accounts, notes and other current receivables	Note 10.4	7,146.2	6,269.1
Current derivatives – assets	Note 6.6	135.1	133.4
Current tax receivables	Note 7.3	160.6	194.3
Current financial assets	Note 6.2	12.5	112.2
Cash and cash equivalents	Note 6.2	4,767.1	3,979.9
Assets held for sale	Note 1.3	–	3,034.0
CURRENT ASSETS		**21,295.4**	**21,657.1**
TOTAL ASSETS		**39,989.8**	**38,785.7**

Equity and liabilities

(in € millions)	Notes	31/12/24	31/12/23
Capital, additional paid-in capital and other reserves		7,716.2	7,676.1
Cumulative translation adjustment		(108.5)	(369.8)
Treasury shares		(92.5)	(476.3)
Total attributable to shareholders of the parent company		**7,515.2**	**6,830.0**
Non-controlling interests		42.9	139.0
TOTAL EQUITY	Note 8.1	**7,558.1**	**6,969.0**
Long-term loans and borrowings	Note 6.2	4,550.9	5,720.3
Non-current derivatives – liabilities	Note 6.6	–	–
Pensions and other long-term employee benefits	Note 9.3	1,589.3	1,552.5
Deferred tax liabilities	Note 7.3	634.8	319.4
NON-CURRENT LIABILITIES		**6,775.0**	**7,592.2**
Contract liabilities	Note 10.2	11,541.1	9,788.6
Reserves for contingencies	Note 10.3	1,964.7	1,726.7
Accounts, notes and other current payables	Note 10.4	8,332.7	7,644.1
Current derivatives – liabilities	Note 6.6	352.7	187.8
Current tax payables	Note 7.3	193.0	220.5
Short-term loans and borrowings	Note 6.2	3,272.5	2,713.3
Liabilities held for sale	Note 1.3	–	1,943.5
CURRENT LIABILITIES		**25,656.7**	**24,224.5**
TOTAL EQUITY AND LIABILITIES		**39,989.8**	**38,785.7**

7.1.5 Consolidated statement of cash flows

(in € millions)	Notes	2024	2023
NET INCOME		**1,344.4**	**1,002.9**
Less, net income relating to discontinued operations		(412.1)	(74.3)
Net income relating to continued operations		**932.3**	**928.6**
Add (deduct):			
Income tax expense (gain)		247.3	252.2
Net interest expenses		165.8	(1.8)
Share in net income of equity affiliates	Note 5.1	(95.1)	(147.4)
Dividends received from equity affiliates	Note 5.1	124.6	123.7
Depreciation and amortisation of PPE and intangible assets	Note 4.2	1,155.4	1,045.1
Impairment of assets	Note 3.2	157.6	—
Provisions for pensions and other employee benefits	Note 9.3	148.8	170.6
Loss (gain) on disposal of assets, change in scope of consolidation and other	Note 3.2	278.9	387.9
Provisions for restructuring, net	Note 10.3	18.4	(15.6)
Other items		41.1	(39.0)
Operating cash flows before working capital changes, interest and tax		**3,175.1**	**2,704.3**
Change in working capital and reserves for contingencies	Note 10	26.1	172.7
Cash contributions to pension plans and other long-term employee benefits, o.w.:	Note 9.3	(129.9)	(1,181.5)
• *UK deficit payment and buy-in*		*(12.5)*	*(1,078.2)*
• *Recurring contributions/benefits*		*(117.4)*	*(103.3)*
Interest paid		(267.3)	(147.5)
Interest received		127.7	158.8
Income tax paid		(185.3)	(195.4)
Net cash flow from operating activities related to continued activities		**2,746.4**	**1,511.4**
Net cash flow from operating activities related to discontinued activities		**(108.6)**	**85.0**
NET CASH FLOW FROM OPERATING ACTIVITIES	- I -	**2,637.8**	**1,596.4**
Acquisitions of property, plant and equipment and intangible assets	Note 4.2	(623.1)	(625.6)
Disposals of property, plant and equipment and intangible assets	Note 4.2	6.3	4.1
Capital expenditures		**(616.8)**	**(621.5)**
Acquisitions of subsidiaries and affiliates	Note 6.3	(1,205.8)	(3,578.7)
Less cash of acquired companies		36.8	43.4
Disposals of subsidiaries and affiliates	Note 6.3	1,981.4	131.5
Less cash of companies sold		(461.3)	(22.5)
Repayment of shareholder's loans		142.6	—
Decrease (increase) in loans and non-current financial assets		(6.3)	(18.5)
Decrease (increase) in current financial assets		101.5	(80.9)
Net financial investments		**588.9**	**(3,525.7)**
Net cash flow used in investing activities related to continued activities		**(27.9)**	**(4,147.2)**
Net cash flow used in investing activities related to discontinued activities		**(34.9)**	**(86.0)**
NET CASH FLOW USED IN INVESTING ACTIVITIES	-II-	**(62.8)**	**(4,233.2)**
Parent company dividend distribution	Note 8.1	(708.4)	(633.7)
Third party share in dividend distribution of subsidiaries		(14.3)	(49.3)
Purchase of treasury shares		(275.4)	(491.0)
Issuance of debt		158.2	3,654.7
Repayment of debt		(1,155.1)	(908.7)
Net cash flow from financing activities related to continued activities		**(1,995.0)**	**1,572.0**
Net cash flow from financing activities related to discontinued activities		**(7.3)**	**19.1**
NET CASH FLOW FROM FINANCING ACTIVITIES	-III-	**(2,002.3)**	**1,591.1**
Exchange rate variation relating to continued operations	-IV-	63.7	(56.3)
Exchange rate variation relating to discontinued operations	-V-	(76.6)	12.6
CHANGE IN CASH AND CASH EQUIVALENTS (Note 6.2-b)	I+II+III+IV+V	**559.8**	**(1,089.4)**
Of which, continued activities		**787.2**	**(1,120.1)**
Of which, discontinued activities		**(227.4)**	**30.7**

The Group's net debt position and variation are presented in Notes 6.2 and 6.3.

7.1.6 Notes to the consolidated financial statements

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

Note 1. Accounting standards framework

Thales' consolidated financial statements for the year ending December 31, 2024 were approved and authorized for issue by its Board of Directors on March 3, 2025.

In accordance with French law, the financial statements will be deemed final once they have been adopted by the shareholders of the Group at the Annual General Meeting to be held on May 15, 2025.

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

1.1 Basis of preparation for the 2024 consolidated financial statements

Thales' consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union at December 31, 2024.

These accounting policies, as described in Note 13, are similar to those applied by the Group for the year ending December 31, 2023.

The "Pillar 2" reform of international taxation drawn up by the OECD, aimed in particular at establishing a minimum tax rate of 15%, came into force in 2024. Because of its sales level, the Group falls within the scope of this reform. The tax charge recorded in 2024 in this respect is not material.

The exception for non-recognition of deferred taxes related to Pillar 2 provided for in the amendments to IAS 12 "Income Taxes" is applied by the Group.

The amendments to IAS 1 (Non-current debt with covenants and Classification of liabilities as current and non-current), the amendment to IFRS 16 (Lease liabilities related to a sale and leaseback) and the amendments to IAS 7 and IFRS 7 (Supplier financing arrangements) have no material impact on the Group's consolidated financial statements.

1.2 New standards mandatory after December 31, 2024

At the date of publication of this document, the only text published by the IASB and adopted by the European Union, applicable after December 31, 2024, is the amendment to IAS 21 "Effect of changes in foreign exchange rates - lack of exchangeability". This amendment should not impact the Group significantly.

1.3 Disposal of Transportation business

On May 31, 2024, Thales finalized the sale of the Transport operating sector to Hitachi Rail for an enterprise value of 1.66 billion euros.

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

	2024
Transfer price	1,920.0
Less, net cash at the date of disposal	(337.0)
Less, lease debt	75.0
Net impact of the disposal on the Group's net debt	**1,658.0**

In the Group's accounts, the activity remained consolidated until the end of May 2024.

In accordance with IFRS 5, net income for the period and income from the disposal of the segment are presented within the result of discontinued operations:

Profit & Loss of discontinued operations	**2024**	**2023**
Sales	**717.9**	**1,821.8**
Income of operating activities before share in net income of equity affiliates	**27.0**	**93.3**
Share in net income of equity affiliates	2.5	2.5
Financial result	(0.7)	(13.4)
Income tax	0.4	(8.1)
Net income of Transportation business	**29.2**	**74.3**
Gain on disposal of Transportation activities	**382.9**	**—**
Net income from discontinued operations	**412.1**	**74.3**

The operating free cash flow of the Transport activities up to the date of disposal is presented below:

	2024	2023
Net cash flow from operating activities related to discontinued activities	**(108.6)**	**85.0**
Less: UK deficit payment	0.9	1.8
CapEx	(7.8)	(29.4)
Operating free cash flow	**(115.5)**	**57.4**

1.4 Main sources of estimates

The preparation of the Group's consolidated financial statements involves making estimates and assumptions that have an impact on the assessment of the Group's performance and its consolidated assets and liabilities. These estimates are based on past experience and factor in the economic conditions prevailing at the end of the reporting period and any information available as of the date at which the financial statements are prepared. The judgments and estimates used by the Group to prepare the financial statements take into account the current assessment of risks induced by climate change, whether physical, regulatory, or related to customer expectations and sector commitments. In today's global economic environment, the degree of volatility and subsequent lack of visibility are particularly high. Future facts and circumstances could lead to changes in these estimates or assumptions which could affect the Group's financial situation, profit and loss and/or cash flows, notably with regard to:

Recognition of revenue over time (Note 10)

A significant proportion of Thales' business is carried out in the form of long-term projects, sometimes obtained in a highly competitive environment.

These projects may:

- present a very high degree of technological complexity;
- have to meet very demanding operational, regulatory or contractual requirements, which may be difficult to achieve, or may evolve over time;
- face development or supply contingencies during the execution phase, which often lasts several years.

Their contractual structure (prime contractor for large systems, consortium, joint venture, public-private partnership, etc.) can also add constraints and complexity.

When these contracts are concluded on the basis of a fixed, lump-sum selling price, their actual duration and cost of development and implementation are likely to be significantly higher than estimated in the bid phase, with a negative impact on Thales'results and financial position. Moreover, in the event of failure to meet performance or schedule targets, customers may sometimes demand payment of penalties, or even terminate the contract.

The recognition of sales and margins relating to these contracts at the end of an accounting period depends mainly on:

- estimated sales and margins on completion, including provisions for technical and commercial risks;
- costs incurred to date in relation to estimated total costs on completion.

Monitoring of costs incurred to date and estimates of figures at completion are based, for each contract, on the Group's internal systems and procedures, with Project Managers playing a key role. These estimates are reviewed regularly by the Operations and Finance Departments, under the supervision of the Group's corporate management, particularly at each end of period reporting.

Litigation (Note 10.3 and 11)

The Group conducts its business in France and abroad in complex and evolving legal and regulatory environments. As a result, it is exposed to technical and commercial disputes. The Group regularly identifies and reviews all current commercial, civil or criminal litigation and pre-litigation, and recognizes any accounting provisions that it considers to be reasonable. Uncertainties concerning litigation in progress are described in Note 11.

Business combinations

Business combinations are accounted for in accordance with the purchase accounting method described in Note 13-b: thus, on the date of the takeover of a company, the acquiree's identifiable assets and liabilities are measured at their fair value. These valuations are performed by independent experts who base their work on assumptions and must estimate the effects of future events, which are uncertain at the acquisition date.

Goodwill (Note 4.1)

Goodwill is subject to impairment tests. The recoverable amount of goodwill is assessed based on forecasts extracted from the strategic plans prepared in accordance with Group procedures. Sensitivity tests are carried out on key assumptions in order to lend greater weight to the conclusions reached.

Pensions and other long-term employee benefits (Note 9.3)

Pensions and other long-term employee benefit commitments are estimated on statistical and actuarial bases in accordance with the policies outlined in Note 13-k. Actuarial assumptions made by the Group (discount rates, inflation rate, mortality tables, etc.) are reviewed each year with the actuaries.

Deferred tax assets (Note 7)

Deferred tax assets are recognized for tax loss carry-forwards and temporary differences between the book value and the tax value of assets and liabilities. The recoverability of these assets is assessed on the basis of forecasts of future tax results of the tax entities over a period of three to five years, the entity's history of tax losses, past non-recurring items and tax strategies specific to each country.

Note 2. Segment information

2.1 Commercial activity and Adjusted EBIT by segment

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

In particular, Adjusted EBIT, 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 (amortization of acquisition-related assets (PPA) and other expenses directly linked to business combinations).

2024	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at 31/12	10,485.9	39,153.5	875.4	87.4	50,602.2
Order intake – non-Group	6,434.2	14,723.3	4,031.6	100.4	25,289.5
Sales – non-Group	5,470.6	10,969.3	4,023.6	113.1	20,576.6
Sales – intersegment	169.0	347.0	125.5	(641.5)	–
TOTAL SALES	**5,639.6**	**11,316.3**	**4,149.1**	**(528.4)**	**20,576.6**
Adjusted EBIT	391.4	1,432.0	584.9	10.3	2,418.6
• of which: Naval Group	–	–	–	93.0	93.0
• excluding Naval Group	391.4	1,432.0	584.9	(82.6)	2,325.7
Capital expenditures [(a)]	134.5	241.6	100.7	146.3	623.1
Depreciation and amortization [(a)]	101.8	167.9	94.2	115.1	479.0

2023	Aerospace	Defence	Cyber & Digital	Other	Thales
Order book – non-Group at 31/12	9,281.0	35,081.1	815.6	73.7	45,251.3
Order intake – non-Group	5,606.1	13,943.5	3,523.7	58.4	23,131.7
Sales – non-Group	5,220.6	9,628.2	3,504.2	75.4	18,428.4
Sales – intersegment	128.6	374.0	108.0	(610.6)	–
TOTAL SALES	**5,349.2**	**10,002.2**	**3,612.2**	**(535.2)**	**18,428.4**
Adjusted EBIT	369.1	1,270.3	490.8	2.0	2,132.1
• of which: Naval Group	–	–	–	91.2	91.2
• excluding Naval Group	369.1	1,270.3	490.8	(89.2)	2,040.9
Capital expenditures [(a)]	162.8	229.2	82.5	151.1	625.6
Depreciation and amortization [(a)]	102.4	151.7	83.9	112.4	450.4

(a) Excluding PPA and IFRS 16.

Business segments are presented in Note 13-a.

In 2024, sales include €201.3 million (€162.5 million in 2023) in other income, mainly subsidies and patent royalties. In 2024, as in 2023, the Group's activities are divided between civil customers, accounting for 46% (compared to 48% in 2023), and military customers, accounting for 54% (compared to 52% in 2023).

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

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

Order Book evolution:

	2024	2023
Order book at 1 January	**45,251.3**	**40,957.2**
Order intake	25,289.5	23,131.7
Sales	(20,576.6)	(18,428.4)
Change in scope and other	638.0	(409.2)
Order book at 31 December	**50,602.2**	**45,251.3**

Approximately 2/3 of this amount is expected to convert into revenue within the next 3 years.

The reconciliation between income from operations and Adjusted EBIT is analyzed as follows:

	2024	2023
Income from operations	**1,698.7**	**1,562.3**
Less, amortisation of acquisition-related assets (PPA):	**534.4**	**380.3**
• Intangible assets	461.3	357.3
• Property, plant and equipment	5.8	23.0
• Deferred revenues	67.3	–
Less, expenses directly linked to business combinations	**38.6**	**9.7**
Share in net income of equity from affiliates	**95.1**	**147.4**
Less, PPA amortisation related to equity affiliates entities	**51.8**	**32.4**
Adjusted EBIT	**2,418.6**	**2,132.1**

2.2 Sales by country of destination

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**
Revenue recognition method:					
Over time	3,320.5	9,041.6	1,350.6	78.3	13,791.0
At a point in time	2,150.1	1,927.7	2,673.0	34.8	6,785.6
TOTAL	**5,470.6**	**10,969.3**	**4,023.6**	**113.1**	**20,576.6**

2023	Aerospace	Defence	Cyber & Digital	Other	Thales
Country of destination:					
France	1,127.0	4,130.3	144.9	34.7	5,436.9
United Kingdom	135.2	866.2	203.2	3.4	1,208.0
Rest of Europe	2,245.2	1,564.4	760.4	7.7	4,577.7
Sub-total Europe	**3,507.4**	**6,560.9**	**1,108.5**	**45.8**	**11,222.6**
North America	788.1	721.9	1,064.0	6.8	2,580.7
Australia and New Zealand	46.6	711.6	53.5	–	811.7
Total mature markets	**4,342.1**	**7,994.3**	**2,225.9**	**52.6**	**14,614.9**
Emerging markets [(a)]	878.6	1,633.8	1,278.3	22.8	3,813.5
TOTAL	**5,220.7**	**9,628.2**	**3,504.2**	**75.4**	**18,428.5**
Revenue recognition method:					
Over time	3,171.6	8,100.2	851.5	55.2	12,178.5
At a point in time	2,049.0	1,528.0	2,652.7	20.2	6,249.9
TOTAL	**5,220.6**	**9,628.2**	**3,504.2**	**75.4**	**18,428.4**

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

2.3 Non-current assets by country of origin

	31/12/24	31/12/23
France	13,729.6	11,659.5
United Kingdom	898.1	867.0
North America	2,002.6	2,545.6
Others	2,064.1	2,056.6
TOTAL	**18,694.4**	**17,128.6**

Note 3. Impact of changes in scope of consolidation and other non-current items

3.1 Main changes in scope of consolidation

Changes in scope of consolidation 2024

At the beginning of October 2024, Thales finalized the acquisition of Digital Receiver Technology, Inc. from Boeing, a company specialized in software-defined radios dedicated to surveillance and intelligence for the U.S. military. The business has been consolidated since that date. The provisional goodwill amounts to €53.0 million. The purchase price allocation will be conducted during the first half of 2025.

At the beginning of May 2024, Thales finalized the acquisition of GetSAT, a company that manufactures antennas dedicated to satellite communication, notably for companies in the defence, civil aviation, and emergency services sectors. The business has been consolidated since May 1, 2024.

The Group carried out a preliminary allocation of the purchase price. After allocation to intangible assets (customer relationships and technologies totaling €41.9 million) net of tax, the residual goodwill amounts to €56.2 million. This provisional amount may be adjusted until the end of April 2025, in accordance with IFRS 3.

At the beginning of April 2024, Thales finalized the acquisition of Cobham Aerospace Communications for an amount of €941.3 million, thereby strengthening its position as a global leader in cockpit communication and secure connectivity. The company's 2023 revenue amounted to approximately €180 million.

The Group carried out a preliminary allocation of the purchase price. After allocation to intangible assets net of tax, the residual goodwill amounts to €519.3 million. This provisional amount may be adjusted until the end of March 2025, in accordance with IFRS 3. The balance sheet as of the acquisition date is as follows:

Cobham Aerospace Communications		Fair value at acquisition date	Amortization period
Acquired customer relationships		384.4	20 years
Acquired technologies		174.1	13 to 16 years
Acquired backlog		22.7	3 years
Other tangible and intangible fixed assets		12.1	
Deferred taxes		(145.3)	
Other current and non-current assets and liabilities		45.5	
Net cash		(71.5)	
Net asset	**(I)**	**422.0**	
Purchase price	**(II)**	**941.3**	
Goodwill	**(II) – (I)**	**519.3**	

Changes in scope of consolidation 2023

In mid-October 2023, Thales finalized the acquisition of Tesserent, one of the leading cybersecurity players in Australia and New Zealand, for an amount of €112.0 million. The business has been consolidated into the Group's accounts October 2023. The purchase price allocation was completed in 2024. After allocation to intangible assets (customer relationships amounting to €24.0 million net of tax), the residual goodwill amounts to €118.0 million.

At the beginning of October 2023, Thales sold its aeronautical electrical systems business to Safran Electrical & Power. This business had generated approximately €145 million in revenue in 2022. The business has not been consolidated since that date.

At the beginning of December 2023, Thales finalized the acquisition of Imperva, a U.S.-based cybersecurity company specializing in data and application security, for an amount of €3,434 million. The business has been consolidated into the Group's accounts since December 1, 2023. With the integration of Imperva, Thales' expanded cybersecurity portfolio now offers complementary solutions to help clients secure their applications, data, and identities across their entire digital ecosystem.

In 2024, the Group carried out an allocation of the purchase price as presented below:

Imperva		Fair value at acquisition date	Amortization period
Acquired customer relationships		672.4	15 to 16 years
Acquired technologies		228.7	5 to 10 years
Acquired brand		34.8	7 years
Other tangible and intangible fixed assets		25.2	
Current and deferred taxes		(108.5)	
Other current and non-current assets and liabilities		(52.8)	
Net cash		32.7	
Net asset	**(I)**	**832.5**	
Purchase price	**(II)**	**3,434.0**	
Goodwill	**(II) – (I)**	**2,601.5**	

3.2 Non-current income (expense) of operating activities

	2024	**2023**
Disposal of investments	(0.8)	85.5
Acquisition and disposal-related fees	(18.7)	(60.4)
Disposal of real estate and other tangible and intangible assets	1.7	(6.3)
Impact of settlements/amendments to pensions plans (Note 9)	(72.6)	(402.9)
Other non recurring items (a)	(188.5)	(3.8)
Disposal of assets, changes in scope of consolidation and other	**(278.9)**	**(387.9)**
Impairment of fixed assets	–	–
Other impairment	(157.6)	–
Impairment of assets (a)	**(157.6)**	**—**

(a) Impact of revisions to the value of certain assets and contracts, and related liabilities.

Note 4. Property, plant and equipment and intangible assets

4.1 Goodwill

a) Change in goodwill

Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs corresponding to Thales' Global Business Units (GBU):

	01/01/24	Acquisitions	Disposals	Reclassification	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**

	01/01/23	Acquisitions	Disposals	Reclassification	Exchange rate & other	31/12/23
Avionics	443.6	15.0	(15.0)	–	(0.4)	443.2
Space	492.1	–	–	–	1.7	493.8
Secured Communications and Information Systems	777.2	(22.9)	–	–	(3.7)	750.6
Land and Air Systems	322.6	–	–	–	(0.6)	322.0
Defence Mission Systems	508.6	–	–	–	(3.4)	505.2
Cyber & Digital [c]	2,925.9	3,571.7	–	–	(72.8)	6,424.8
TOTAL	**5,470.0**	**3,563.8**	**(15.0)**	**—**	**(79.2)**	**8,939.6**

(a) *Preliminary goodwill on Cobham Aerospace Communications amounts to €519.3 million after purchase price allocation.*
(b) *Preliminary goodwill on the acquisition of Get SAT amounts to €56.2 million after purchase price allocation.*
(c) *Imperva's goodwill (€3,466.5 million) recognized in 2023 has been allocated in 2024 to intangible assets and deferred revenues for a net amount after deferred tax of €865 million. The final goodwill amounts to €2,601.5 million.*
Tesserent's goodwill (€142.0 million) recognized in 2023 has been allocated in 2024 to intangible assets for a net amount after deferred tax of €24.0 million. The final goodwill amounts to €118,0 million.

b) Impairment tests

Goodwill as well as cash-generating units (CGUs) are subject to annual impairment tests in accordance with the Group's budgetary timetable. All other intangible assets and property, plant and equipment are tested at the CGU level.

For these tests, the value in use is based on discounted future operating cash flows over a three-year period and a terminal value. In certain specific cases (recent acquisitions, non-typical annual results, etc.), the terminal value is based on forecasts over an appropriate period of time.

In the specific case of the Space CGU, terminal value has been calculated on the last year of the 5-year business plan, which notably takes into account:

- a favorable outlook for the Observation, Exploration & Science, Navigation and Military Telecommunications businesses;
- the adaptation plan implemented and;
- the Group's investments in research and development, which should enable us to restore the profitability of our space business over the long-term, with the aim of achieving an Adjusted EBIT margin of around 7% by the end of the plan.

At the end of 2024, cash flows utilized for the tests came from the budget prepared for the following two years, established in accordance with Group procedures, and extended over the next year. The construction of the third year's flow stems from the strategic business plan. This strategic plan, historically completed by each GBU during the first semester, is confirmed or revised (if necessary) at the end of December, as part of the impairment test.

These cash flows reflect management's best estimate in the current economic context. At the end of 2024, impairment tests were performed using a discount rate assumption of 8% (same as at the end of 2023) for all CGUs, the specific risks of the CGUs being taken into account in the projections.

The assumptions used for business growth and terminal value are based on a reasonable approach specific to each sector (terminal value generally based on the average income from operations over the three years, growth rate limited to 2%).

On the basis of the values in use, the Group also tested the sensitivity of all CGUs to changes in key assumptions. Taken individually, an increase by 1 point of the discount rate, a decrease by 1 point of the growth rate or a decrease by 2 points in operating profitability over the standard year would not lead to the recognition of any impairment loss.

Furthermore, as part of its low-carbon strategy, the Group is implementing action plans aimed at reducing operational CO_2 emissions, accelerating innovation, and generalizing ecodesign initiatives. The potential impact of these initiatives on cash flows has been integrated into the relevant CGU business plans for the requirements of impairment tests. Based on the analyses conducted as part of the Group's internal work on climate change, the Group has not identified any significant climate-related risk, whose financial consequences would be likely to lead to a loss of value of its assets.

1 2 3 4 5 6 7 8

4.2 Property, plant and equipment and other intangible assets

a) Change in net assets

	01/01/24	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	31/12/24
Acquired Intangible assets (note 3.1)	1,119.9	–	–	(461.3)	1,690.2	2,348.8
Capitalised development costs	42.0	21.4	–	(20.8)	(0.3)	42.3
Other intangible assets	126.2	62.0	(0.1)	(45.9)	(0.6)	141.6
Intangible assets	**1,288.1**	**83.4**	**(0.1)**	**(528.0)**	**1,689.3**	**2,532.7**
Right-of-use from lease contracts	1,352.1	142.8	–	(209.3)	(3.6)	1,282.0
Acquired tangible assets	5.8	–	–	(5.8)	–	–
Property, plant and equipment	2,238.2	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)	–			
Capital expenditures [(a)]		**623.1**	**(6.3)**			

	01/01/23	Acquisitions	Disposal	Depr. and amort.	Change in scope and exch. rate	31/12/23
Acquired Intangible assets	1,401.7	–	–	(357.3)	75.5	1,119.9
Capitalised development costs	40.6	20.2	–	(20.2)	1.4	42.0
Other intangible assets	123.5	65.4	(0.2)	(55.9)	(6.6)	126.2
Intangible assets	**1,565.8**	**85.6**	**(0.2)**	**(433.4)**	**70.3**	**1,288.1**
Right-of-use from lease contracts	1,400.7	166.3	–	(214.4)	(0.5)	1,352.1
Acquired tangible assets	28.8	–	–	(23.0)	–	5.8
Property, plant and equipment	2,049.4	540.0	(3.9)	(374.3)	27.0	2,238.2
Tangible assets	**3,478.9**	**706.3**	**(3.9)**	**(611.7)**	**26.5**	**3,596.1**
TOTAL	**5,044.7**	**791.9**	**(4.1)**	**(1,045.1)**	**96.8**	**4,884.2**
Less, new lease contracts		(166.3)	–			
Capital expenditures [(a)]		**625.6**	**(4.1)**			

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

b) Breakdown by item

	31/12/24			31/12/23
	Gross	Depreciation	Net	Net
Technologies acquired	2,236.6	(1,565.4)	671.2	477.8
Customer relationships acquired	2,085.2	(553.5)	1,531.7	457.2
Order book acquired	76.0	(74.1)	1.9	6.1
Other intangible assets	437.5	(293.5)	144.0	178.8
Acquired intangible assets (business combinations)	**4,835.3**	**(2,486.5)**	**2,348.8**	**1,119.9**
Development costs	948.6	(906.3)	42.3	42.0
Other intangible assets	1,181.7	(1,040.1)	141.6	126.2
Intangible assets	**6,965.6**	**(4,432.9)**	**2,532.7**	**1,288.1**
Right-of-use from lease contracts	2,332.4	(1,050.4)	1,282.0	1,352.1
Land	65.3	(1.8)	63.5	63.7
Buildings	2,587.2	(1,741.0)	846.2	746.6
Technical facilities, industrial equipment and tooling	4,151.0	(3,252.7)	898.3	817.0
Other property, plant and equipment	1,497.8	(872.3)	625.5	616.7
Property, plant and equipment	**10,633.7**	**(6,918.2)**	**3,715.5**	**3,596.1**

Note 5. Investments in equity affiliates

5.1 Change in investments in equity affiliates

	31/12/24	31/12/23
Investments at opening	**1,648.4**	**1,589.3**
Share in net income of equity affiliates	**95.1**	**147.4**
Translation adjustment	4.4	(20.3)
Cash flow hedge	(2.6)	39.3
Actuarial gains (losses) on pensions	6.6	(3.7)
Share in comprehensive income of equity affiliates	**103.5**	**162.7**
Dividends paid	(124.6)	(123.7)
Dividends voted and not yet paid	6.5	2.2
Change in scope and other	14.4	17.9
Investments at closing	**1,648.2**	**1,648.4**
Including Naval Group	*882.4*	*841.7*

5.2 Naval group: summary of financial information

Thales holds 35% of the capital of Naval Group and participates jointly with the French government in the governance of the company.

Naval Group is a group specialized in the naval defence industry. The financial statements of Naval Group, **as restated in Thales' financial statements** (PPA), are as follows:

Balance sheet (100% interest)	**31/12/24**	**31/12/23**
Non-current assets	1,917.7	1,982.5
Current assets	5,742.3	4,811.8
Total assets	**7,660.0**	**6,794.3**
Restated equity, attributable to shareholders	1,686.8	1,570.6
Non-controlling interests	0.4	0.4
Non-current liabilities	352.2	321.6
Current liabilities	5,620.6	4,901.7
Total equity and liability	**7,660.0**	**6,794.3**
Net Cash	**506.7**	**1,200.4**

Thales share	**31/12/24**	**31/12/23**
Thales' share (35%) in restated equity	590.4	549.7
Goodwill	292.0	292.0
Share in net assets of Naval Group	**882.4**	**841.7**

Income statement (100% interest)	**2024**	**2023**
Sales	4,354.6	4,257.4
Income (loss) from operating activities, after share in net income of equity affiliates	253.6	188.3
Financial income (loss)	42.1	45.7
Tax	(66.6)	(52.1)
Discontinued activities	3.9	(1.1)
Restated net income	**233.0**	**180.8**
• of which, attributable to shareholders of the company	233.0	180.8
• of which, attributable to non-controlling interests	—	—

Thales share	**2024**	**2023**
Thales' share in net income attributable to shareholders of the company	**81.6**	**63.3**
• of which, PPA amortisation	(11.5)	(28.0)
Share in net income, before PPA	**93.1**	**91.3**
Dividends received from Naval Group	**45.3**	**59.1**

5.3 Commitments and related parties

a) Commitments toward equity affiliates

At December 31, 2024, outstanding sureties, endorsements and guarantees granted by Thales S.A. (parent company) to support its joint ventures amounted to €57.7 million (€240.5 million at December 31, 2023). The Group has no significant off-balance sheet commitments to associates.

The Group's policy is to issue these commitments only in proportion to its equity interest, or to obtain counter-guarantees from the other shareholders in proportion to their interest.

b) Transactions with equity affiliates

The volume of transactions with equity affiliates is as follows:

	2024	2023
Sales	428.7	396.0
Purchases	218.8	221.2
Loans and current accounts receivables	65.0	71.0
Borrowings and current accounts payables	—	—

Note 6. Financing and financial instruments

6.1 Financial income

a) Net interest income

	2024	2023
Financial interests related to lease contracts	(35.6)	(31.0)
Other interest expenses [a]	(253.7)	(128.6)
Interest income on cash and cash equivalents	123.5	161.4
TOTAL	**(165.8)**	**1.8**

(a) This amount includes -18.1 million in 2024 and -18.0 million in 2023 for rate swaps.

b) Other financial income

	2024	2023
Foreign exchange gains (losses)	(1.7)	(26.0)
Cash flow hedges, ineffective portion	1.7	(2.0)
Change in fair value of derivatives [a]	4.1	(27.5)
Other	35.3	(9.5)
TOTAL	**39.4**	**(65.0)**

(a) This amount mainly includes the change in the fair value of swap points (-€1.7 million in 2024, -€22.3 million in 2023).

6.2 Net cash (debt)

Group net cash (debt) is as follows:

		31/12/24	31/12/23 *
Current financial assets		12.5	112.2
Cash and cash equivalents		4,767.1	3,979.9
Cash and other short-term investments	**(A)**	**4,779.6**	**4,092.1**
Financial debt		6,430.9	6,979.2
Lease debt		1,392.3	1,454.9
Gross debt [a]	**(B)**	**7,823.2**	**8,434.1**
Net cash (debt) relating to continued operations	**(A-B)**	**(3,043.6)**	**(4,342.0)**
Net cash relating to discontinued operations	**(C)**	**—**	**152.0**
NET CASH (DEBT)	**(A-B+C)**	**(3,043.6)**	**(4,190.0)**
[a] Including:			
• Long-term financial debt		4,550.9	5,720.3
• Short-term financial debt		3,272.5	2,713.3
• Fair value of interest rate hedging derivatives		(0.2)	0.5

* *The definition of net debt has been revised to exclude investments taken over from the UK pension fund (£165.2 million at 31 December 2023).*

a) Current financial assets

	31/12/24	12/31/23
Short-term deposits [a]	0.9	100.6
Current accounts receivable with related parties	6.0	8.9
Accrued interests	5.6	2.7
CURRENT FINANCIAL ASSETS	**12.5**	**112.2**

[a] *Current financial assets include deposits with tier-one banks on deposit accounts with a maturity between 3 and 12 months.*

b) Cash and cash equivalents

At December 31, 2024, cash recorded under consolidated assets amounted to €4,767.1 million (€3,979.9 million at December 31, 2023) and included:

- €3,910.9 million held by the parent company and available for immediate use (€3,345.4 million in 2023). These amounts include €3,376.8 million (€2,614.6 million in 2023) in very short-term deposits with tier-one banks or money market funds (UCITS);
- €856.2 million in the credit balances of subsidiaries (€634.5 million in 2023), most of them outside France. This figure includes payments received in the last days of the financial year and subsequently transferred to the cash pooling account.

The reconciliation with the cash flow statements is as follows:

	31/12/24	31/12/23
Cash and cash equivalents at opening	**4,207.3**	**5,296.4**
o.w.: Cash and cash equivalents relating to continued operations at opening	3,979.9	5,099.6
o.w.: Cash and equivalents relating to discontinued operations at opening	227.4	196.8
Cash and cash equivalents at closing	**4,767.1**	**4,207.3**
o.w.: Cash and cash equivalents relating to continued operations at closing	4,767.1	3,979.9
o.w.: Cash and equivalents relating to discontinued operations at closing	—	227.4

c) Financial debt

	31/12/24	12/31/23
Bond issues	4,500.0	5,000.0
NEU CP (treasury bills)	1,455.3	1,745.1
Current accounts in credit with related parties	330.3	181.3
Bank overdrafts	12.4	8.7
Accrued interests and other debts	132.9	44.1
FINANCIAL DEBT	**6,430.9**	**6,979.2**

Bonds issues at December 31, 2024

Nominal value	Issue date	Maturity	Type of rate	Coupon	Effective rate	
					Before hedging	After hedging
€500 million	Jan. 2018	Jan. 2025	fixed	0.75%	0.91%	0.91%
€600 million	Oct. 2023	Oct. 2025	fixed	4.00%	4.26%	4.26%
€500 million	Nov. 2020	March 2026	fixed	0.00%	0.08%	0.08%
€500 million	Jan. 2020	Jan. 2027	fixed	0.25%	0.33%	0.33%
€700 million	May 2020	May 2028	fixed	1.00%	1.10%	1.10%
€600 million	Oct. 2023	Oct. 2028	fixed	4.13%	4.28%	4.28%
€500 million	June 2023	June 2029	fixed	3.63%	3.83%	3.83%
€600 million	Oct. 2023	Oct. 2031	fixed	4.25%	4.42%	4.42%

Financial debt by maturity

31/12/24	Total	Maturity				
		2025	2026	2027	2028	>2028
Financial debt	**6,430.9**	3,044.0	500.1	499.9	1,295.4	1,091.5
Contractual cash flows	**6,894.4**	3,169.2	577.2	577.4	1,376.0	1,194.6

31/12/23	Total	Maturity				
		2024	2025	2026	2027	>2027
Financial debt	**6,979.2**	2,498.9	1,097.5	499.7	499.4	2,383.7
Contractual cash flows	**7,565.9**	2,635.8	1,205.2	577.1	577.2	2,570.6

Financial debt by currency

	31/12/24	31/12/23
Euro	6,429.1	6,973.2
Others	1.8	6.0
TOTAL	**6,430.9**	**6,979.2**

Change in financial debt

	01/01/24	Cash flow	Other changes			31/12/24
			Scope	Exchange rates	Other	
Financial debt	**6,979.2**	(774.8)	188.0	53.8	(15.3)	**6,430.9**

	01/01/23	Cash flow	Other changes			31/12/23
			Scope	Exchange rates	Other	
Financial debt	**3,970.7**	2,965.1	43.3	(6.7)	6.8	**6,979.2**

In 2024, the "cash flow" column includes the repayment of the bond maturing in April 2024, as well as an emission of NEU CP.

In 2023, the "cash flow" column includes the repayment of the bonds maturing in June 2023, as well as the emission of NEU CP.

The "other" column includes issuance costs for new bonds, changes in the value of derivatives used to hedge bonds and changes in the value of debt on acquisition of subsidiaries.

d) Lease debt

Change in lease debt

	01/01/24	Cash flow [(a)]	Other changes			31/12/24
			Scope	Exchange rates and other	New debt [(b)]	
Lease debt	**1,454.9**	(222.1)	4.9	11.8	142.8	**1,392.3**

	01/01/23	Cash flow [(a)]	Other changes			31/12/23
			Scope	Exchange rates and other	New debt [(b)]	
Lease debt	**1,505.3**	(219.1)	8.8	(6.4)	166.3	**1,454.9**

(a) Share of lease payments corresponding to the repayment of lease debt.
(b) New lease contracts signed during the year and impact of the renegotiation of existing leases.

Debt maturity

31/12/24	Total	Maturity				
		2025	2026	2027	2028	>2028
Lease debt accounted in the BS	**1,392.3**	228.3	206.0	180.9	158.7	618.4
Contractual cash flows	**1,551.4**	261.1	232.8	203.5	177.1	676.9

31/12/23	Total	Maturity				
		2024	2025	2026	2027	>2027
Lease debt accounted in the BS	**1,454.9**	214.9	203.7	180.5	156.2	699.6
Contractual cash flows	**1,614.9**	245.4	229.7	202.5	175.0	762.3

6.3 Changes in net debt

	2024	2023 *
NET CASH (DEBT) AT OPENING	**(4,190.0)**	**(35.2)**
Net cash flow from operating activities relating to continued operations	2,746.4	1,511.4
Less, contributions to reduction of UK pension deficit and buy-in (Note 9.3)	12.5	1,078.2
Capital expenditures relating to continued operations	(616.8)	(621.5)
Free operating cash flow relating to continued operations	**2,142.1**	**1,968.1**
Net acquisitions of subsidiaries and affiliates [a]	358.8	(3,463.8)
Of which, Cobham Aerospace Communications	*(1,012.8)*	*—*
Of which, Imperva	*5.8*	*(3,401.0)*
Of which, Transport business	*1,658.0*	*—*
Of which, other	*(292.2)*	*(62.8)*
Contributions to reduction of UK pension deficit and buy-in (Note 9.3)	(12.5)	(1,078.2)
Changes in loans	(6.3)	(208.6)
Dividends paid by the parent company	(708.4)	(633.7)
Third-party share in dividend distributions of subsidiaries	(14.3)	(49.3)
Purchase of treasury shares [b]	(275.4)	(491.0)
New lease debts	(142.8)	(166.3)
Changes in exchange rates and other	(42.8)	(64.1)
Contribution to change in net cash (debt) of continued operations	**1,298.4**	**(4,186.9)**
Contribution to change in net cash (debt) of discontinued operations	(152.0)	32.1
NET CASH (DEBT) AT CLOSING	**(3,043.6)**	**(4,190.0)**

** The definition of net debt has been revised to exclude investments taken over from the UK pension fund (£165.2 million at 31 December 2023).*
(a) Net of cash (debt) of companies acquired/divested and repayments of shareholders' loans.
(b) Including, in 2024, -€176.4 million linked to a share buy back plan for their cancellation (-€461.3 million in 2023).

6.4 Non-current financial assets

a) Non-consolidated investments

Non-consolidated investments amounted to €160.6 million at the end of 2024 compared to €129.2 million at the end of 2023. At the end of 2024, this item is composed of individually non-material investments.

b) Non-current financial assets

	31/12/24	31/12/23
Loans to related parties	65.0	71.0
Investments taken over from the UK pension fund (Note 9.3)	205.0	190.1
Loans and other financial assets at amortised cost	47.1	41.7
Loans and other financial assets at market value	66.0	59.7
Gross value	**383.1**	**362.5**
Impairment	(11.5)	(18.6)
NET	**371.6**	**343.9**

6.5 Summary of financial assets and liabilities

At end 2024, the classification of financial assets and liabilities remained identical to the one disclosed at end 2023.

Receivables, payables and refundable grants are financial assets and liabilities as defined by IAS 32 and IFRS 9, and are measured at amortized cost. They are detailed in Note 10.

	31/12/24						31/12/23	
	At amortised cost	Fair value through: Profit or loss	Fair value through: Equity	Fair value through: Equity with P&L reclass.	Accounting value	Fair value	Accounting value	Fair value
Non-current financial assets:								
Non-consolidated investments	—	—	160.6	—	160.6	160.6	129.2	129.2
Non-current loans and financial assets	100.6	271.0	—	—	371.6	371.6	343.9	343.9
Derivatives documented as hedges	—	—	—	—	—	—	—	—
Current financial assets:								
Derivatives documented as hedges	—	0.2	—	133.7	133.9	133.9	133.4	133.4
Derivatives not documented as hedges	—	—	—	1.2	1.2	1.2	—	—
Current financial assets	12.5	—	—	—	12.5	12.5	112.2	112.2
Cash and cash equivalents	1,690.3	3,076.8	—	—	4,767.1	4,767.1	3,979.9	3,979.9
Non-current financial liabilities:								
Long-term debt	4,550.9	—	—	—	4,550.9	4,493.5	5,720.3	5,684.7
Derivative documented as hedges	—	—	—	—	—	—	—	—
Current financial liabilities:								
Derivatives documented as hedges	—	—	—	342.0	342.0	342.0	177.8	177.8
Derivatives not documented as hedges	—	10.7	—	—	10.7	10.7	10.0	10.0
Short-term debt	3,272.5	—	—	—	3,272.5	3,378.9	2,713.3	2,710.0

The valuation methods used for financial assets and liabilities are described in Note 13-i.

6.6 Financial risk

a) Market risk

Thales hedges its foreign exchange and interest rate risks using over-the-counter derivatives from tier-one banks. The book value of derivatives used to manage the Group's market risks is presented below.

	31/12/24		31/12/23	
	Assets	Liabilities	Assets	Liabilities
Current derivatives:				
• Foreign exchange derivatives	134.9	352.7	133.4	186.8
• Interest-rate derivatives	0.2	—	—	1.0
Foreign exchange derivatives, net	(217.8)		(53.4)	
Interest-rate derivatives, net	0.2		(1.0)	

Foreign exchange risk

Thales hedges currency risks arising in connection with the negotiation of contracts denominated in currencies other than the main production currency, currency risks generated by ordinary commercial operations, risks relating to cash pooling and, in some cases, risks relating to its net investments in foreign operations.

At December 31, 2024 and 2023, the amount of derivatives in the portfolio can be analyzed as follows:

	31/12/24					31/12/23	
	Nominal value				Market value	Nominal value	Market value
	USD	GBP	Other	Total			
Negociations and trade operations hedges							
Documented as hedges							
Forward currency sales	4,115.5	1,212.6	1,878.3	7,206.4	(102.6)	6,354.1	19.1
Forward currency purchases	1,920.5	1,169.1	2,175.8	5,265.4		4,755.5	
Currency sales (call and put options)	14.4	94.5	–	108.9	0.5	–	1.3
Currency purchases (call and put options)	52.9	29.7	2.1	84.7		27.2	
Not documented as hedges							
Forward currency sales	69.5	49.3	4.1	122.9	(0.2)	23.0	–
Forward currency purchases	50.2	58.8	13.6	122.6		–	–
Currency purchases (call and put options)	–	–	29.9	29.9	0.2	–	
Hedges related to cash pooling (documented as hedges)							
Currency sales: currency swaps	868.0	30.2	257.0	1,155.2	(21.7)	1,963.5	18.4
Currency purchases: currency swaps	83.5	404.0	534.3	1,021.8		1,316.4	
Hedges related to net investments in foreign operations (hedge accounting)							
Currency sales: currency swaps	693.0	–	–	693.0	(84.5)	651.6	(64.2)
Currency purchases: currency swaps	–	602.4	–	602.4		574.8	
Hedges related to net investments in foreign operations (not documented as hedges)							
Currency sales: currency swaps	82.3	–	–	82.3	(9.5)	108.5	(10.0)
Currency purchases: currency swaps	–	72.5	–	72.5		97.4	
Hedges related to net investments in foreign operations (not documented as hedges)							
Currency sales (call and put options)	–	–	–	–	–	289.6	(4.8)
Currency purchases (call and put options)	–	–	–	–		1,556.6	
Currency purchases: currency swaps	–	–	–	–	–	411.8	(13.20)
NET ASSETS (LIABILITIES)					**(217.8)**		**(53.4)**

The maturity of the derivatives used to hedge commercial contracts is typically less than three years. Currency swaps are set up to align the maturities of derivatives to the maturities of hedged contracts. Other characteristics of the derivatives are consistent with the ones of the hedged risk.

The change in value of financial instruments (forward transactions) used to hedge cash flow is recognized in equity for the spot rate component. A decrease (increase) of 5% in the dollar against the euro, pound sterling, Canadian dollar or Australian dollar would have had a positive (negative) impact on equity of approximately €113 million at December 31, 2024 and €82 million at December 31, 2023.

The change in value of derivative instruments matched with commercial tender portfolio, which are not eligible for hedge accounting, is recognized in profit and loss. A decrease (increase) of 5% in the dollar against the euro, pound sterling, Canadian dollar or Australian dollar would have no impact on profit or loss at December 31, 2024, as at December 31, 2023.

Interest rate risk

Thales is exposed to interest-rate volatility and in particular its impact on the conditions associated with variable-rate financing. To limit this risk, Thales operates an active interest-rate hedging policy. At December 31, 2023 and 2024, the amount of derivatives in the portfolio was as follows:

	31/12/24		31/12/23	
	Nominal	Market value	Nominal	Market value
Fair value hedge (swaps with variable rate payables):				
• swaps related to NEU CP	670.0	0.2	1,700.0	(0.5)
		0.2		**(0.5)**
Cash flow hedge (swaps with fixed rate payables):				
• pre-hedging swap related to future issue of NEU CP	(50.0)	–	–	–
• pre-hedging swap related to bond maturing in 2024 [(a)]	–	–	–	(0.5)
		—		**(0.5)**
• swap with fixed-rate payable, hedging a loan	–	–	–	–
NET ASSETS		**0.2**		**(1.0)**

(a) €500 million swaps set up prior the bond issue, and reversed on the issue date (April 2018).

The table below summarises the Group's exposure to interest rate risk before and after hedging.

31/12/24	< 1 year		> 1 year		Total	
	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate
Financial debt	(2,588.3)	(455.7)	(3,383.6)	(3.3)	(5,971.9)	(459.0)
Financial assets, cash and cash equivalents	–	4,779.6	–	–	–	4,779.6
Net exposure before impact of derivative instruments	**(2,588.3)**	**4,323.9**	**(3,383.6)**	**(3.3)**	**(5,971.9)**	**4,320.6**
Hedging derivatives	670.0	(670.0)	(50.0)	50.0	620.0	(620.0)
Net exposure after impact of derivative instruments	**(1,918.3)**	**3,653.9**	**(3,433.6)**	**46.7**	**(5,351.9)**	**3,700.6**

31/12/23	< 1 year		> 1 year		Total	
	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate	Fixed-rate	Variable-rate
Financial debt	(2,282.9)	(216.0)	(4,476.2)	(4.1)	(6,759.1)	(220.1)
Financial assets, cash and cash equivalents	–	4,092.1	–	–	–	4,092.1
Net exposure before impact of derivative instruments	**(2,282.9)**	**3,876.1**	**(4,476.2)**	**(4.1)**	**(6,759.1)**	**3,872.0**
Hedging derivatives	1,699.8	(1,699.8)	–	–	1,699.8	(1,699.8)
Net exposure after impact of derivative instruments	**(583.1)**	**2,176.3**	**(4,476.2)**	**(4.1)**	**(5,059.3)**	**2,172.2**

Based on the Group's average net cash, taking into account hedging instruments, a 1-point rise in interest rates would increase net interest income by €19.0 million in 2024 (€33.5 million in 2023).

b) Customer credit risk

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

Credit risk relating to governmental customers

Governmental customers account for around 60% of Thales' sales. Some of the countries with which Thales works could present a significant credit risk which could, for example, lead them to suspend an order in production, or render them unable to pay on delivery, as agreed under the terms of the contract. To limit its exposure to these risks, Thales takes out insurance with export credit agencies (such as Bpifrance) or private insurers.

In 2024, only three customers accounted for annual sales in excess of €500 million: the French government (around €4.2 billion versus €3.9 billion in 2023), the UK government (around €1.0 billion versus €0.8 billion in 2023), and the Australian government (around €0.7 billion versus €0.6 billion in 2023).

At December 31, 2024, these three countries had first-class or high-quality ratings (France: AA- by S&P Global Ratings and Aa3 by Moody's; the United Kingdom: AA by S&P Global Ratings and Aa3 by Moody's; Australia: AAA by S&P Global Ratings and Aaa by Moody's).

Risk of default relating to non-governmental customers

Non-governmental customers (private critical infrastructure operators, aircraft operators, etc.) account for approximately 40% of Thales' sales. These customers may encounter major and/or prolonged financial difficulties that could lead to payment defaults or order cancellations. Such occurrences could have a negative impact on the Group's sales, profitability and financial position.

To mitigate these risks, Thales conducts regular analyses of the ability of its customers to meet their obligations. When necessary, Thales may request bank guarantees or corporate guarantees, or may use credit insurers.

The Group's Finance Department consolidates all the information relating to the Group's exposure to credit risk, notably by identifying and analyzing the aging of overdue accounts and notes receivable that have not been impaired. At December 31, 2024 and 2023, the aging of these accounts and notes receivable is as follows:

31/12/24	Total	Unmatured receivables	Receivables past due:		
			Less than 3 months	3 to 6 months	More than 6 months
Accounts receivable, gross	4,549.4	3,198.4	1,076.7	65.1	209.2
Accounts receivable, depreciation	(131.0)	(73.2)	(8.9)	(1.6)	(47.3)
Accounts receivable, net	**4,418.4**	**3,125.2**	**1,067.8**	**63.5**	**161.9**

31/12/23	Total	Unmatured receivables	Receivables past due:		
			Less than 3 months	3 to 6 months	More than 6 months
Accounts receivable, gross	3,996.1	2,976.1	749.8	96.9	173.3
Accounts receivable, depreciation	(137.9)	(72.4)	(6.0)	(4.2)	(55.3)
Accounts receivable, net	**3,858.2**	**2,903.7**	**743.8**	**92.7**	**118.0**

Credit risk related to banking counterparties

Financial investments are diversified. They relate to first ranking debt and are negotiated with tier-one banks.

Thales trades over-the-counter derivatives with tier-one banks under agreements which provide for the offsetting of amounts payable and receivable in the event of default by one of the contracting parties.

These conditional offsetting agreements do not meet the eligibility criteria within the meaning of IAS 32 for offsetting derivative instruments recorded on the balance sheet under assets and liabilities. However, they do fall within the scope of disclosures to be provided under IFRS 7 on offsetting.

31/12/24	Gross value (before offset)	Offset amounts on balance sheet	Net presented in balance sheet	Impact of other offsetting agreements		Net
				Offsetting agreements	Financial collateral	
Derivatives – Assets	135.1	—	135.1	(111.0)	—	24.1
Derivatives – Liabilities	352.7	—	352.7	(111.0)	—	241.7

31/12/23	Gross value (before offset)	Offset amounts on balance sheet	Net presented in balance sheet	Impact of other offsetting agreements		Net
				Offsetting agreements	Financial collateral	
Derivatives – Assets	133.4	—	133.4	(101.0)	—	32.4
Derivatives – Liabilities	187.8	—	187.8	(101.0)	—	86.8

c) Liquidity risk

The Group's liquidity risk is the risk of not being able to meet its cash needs out of its financial resources. In particular, it relates specifically to Thales' level of exposure to changes in the main market indicators that could lead to an increase in the cost of credit or even to a temporary limitation of access to external sources of financing.

The Group manages this risk by trying to anticipate its cash needs and ensures that these are covered by the Group's short-term and long-term financial resources, as follows:

- shareholders' equity (Note 8.1);
- financial debt (Note 6.2, including its breakdown by maturity);
- confirmed bank credit line, undrawn as of December 31, 2024, amounting to €1,500 million and maturing in 2028;
- as well as a commercial paper program (NeuCP).

The Group consolidates and pools its cash surpluses and needs for its various businesses, allowing it to simplify the cash management of those businesses by managing a consolidated position and accessing the financial markets through the Thales parent company, which is rated by S&P Global Ratings (A-, stable outlook) and Moody's (A2, stable outlook).

The Group's funding agreements contain no covenants linked to changes in Thales' credit rating. A lower credit rating would result in an (capped) increase in the margins applicable to the undrawn confirmed bank credit line mentioned above; symmetrically, a higher rating would lead to a decrease in the applicable margin (with a floor).

The undrawn confirmed credit line also includes a clause reducing the margin used to calculate the non-utilization fee applicable if greenhouse gas emissions are reduced. As the reduction targets were achieved by December 31, 2023, the Group benefited from a reduction in the cost of the non-utilization fee for 2024. This benefit was paid by the Group to the Thales Solidarity Foundation.

Note 7. Income tax

The income tax expense takes into account specific local tax rules, including the tax consolidation systems in France and the United States, Group Relief in the United Kingdom, tax consolidation in USA, and *Organschaft* rules in Germany.

7.1 Income tax expense

	2024	2023
Current tax	(442.5)	(400.8)
Deferred tax	195.1	148.6
TOTAL	**(247.4)**	**(252.2)**

Reconciliation between theoretical and actual tax expense

	2024	2023
Net income	1,344.4	1,002.9
Less: net income of discontinued activities	(412.1)	(74.3)
Less: share in net income of equity affiliates	(95.1)	(147.4)
Less: income tax	247.3	252.2
Net income before tax and share in net income of equity affiliates	**1,084.5**	**1,033.4**
Theoretical average tax rate	26.6%	24.4%
Theoretical tax benefit (expense)	**(288.5)**	**(252.5)**
Reconciliation items:		
• Impact of tax credits	76.6	71.5
• Impact of reduced tax rates	33.7	27.2
• Taxes not taken into account in the theoretical rate	(36.2)	(28.8)
• Impact of dividends paid	(11.0)	(12.1)
• Impact of tax rates changes on deferred tax	(3.3)	(0.9)
• Change in provision for deferred tax assets	(47.0)	(74.7)
• Adjustments in respect of prior periods	19.0	3.2
• Other	9.3	14.9
Income tax benefit (expense) recognized in profit and loss	**(247.4)**	**(252.2)**
Effective tax rate	**22.8%**	**24.4%**

The theoretical average tax rate corresponds to the sum of theoretical taxes of consolidated companies, divided by the consolidated net income before tax and share in net income of equity affiliates.

The theoretical tax of each consolidated company corresponds to the application of the local tax rate to net income before tax. Accordingly, the theoretical average tax rate reflects the relative contribution of the different countries to the Group's consolidated net income. France, which has a tax rate of 25.83%, represented almost 60% of income before tax in 2024 (55% in 2023).

The impact of tax credits includes:

- the impact of tax exemption on research tax credits in France (€180.6 million in 2024, €172.6 million in 2023);
- the tax benefits related to research activities that are recognized in income tax (notably in the United States, the Netherlands, Canada, and Australia).

The line "impact of reduced tax rates" includes the effect of the 10.3% tax rate in France on the royalties of patents and deeds of industrial property.

"Taxes not taken into account in the theoretical rate" mainly include state taxes in the United States and the IRAP in Italy.

7.2 Deferred tax recognized in equity

	2024		2023	
Fully consolidated entities	**Base**	**Tax**	**Base**	**Tax**
Translation of the financial statements of foreign subsidiaries	241.3	–	(96.1)	–
Cash flow hedges	(101.5)	17.3	70.1	(15.8)
Other items reclassified to income	**139.8**	**17.3**	**(26.0)**	**(15.8)**
Actuarial gains and losses/pensions	65.8	(34.9)	(266.6)	29.0
Financial asset at fair value	(21.2)	–	–	–
Other items not reclassified to income	**44.6**	**(34.9)**	**(266.6)**	**29.0**
Share-based payment and other		(13.3)		4.2
TOTAL DEFERRED TAX RECOGNIZED IN EQUITY DURING THE YEAR		**(30.9)**		**17.4**

7.3 Tax assets and liabilities presented on the balance sheet

	01/01/24	Income (expense)	Equity	Cash flow	Scope & exch. rates	Other	31/12/24
Current income tax assets	194.3	(120.5)	–	66.7	20.1	–	160.6
Current income tax liabilities	(220.5)	(322.0)	–	118.6	(5.8)	236.7	(193.0)
Current income tax, net	**(26.2)**	**(442.5)**	**—**	**185.3**	**14.3**	**236.7**	**(32.4)**
Deferred tax assets	1,183.3	70.0	(30.9)	–	112.1	32.1	1,366.6
Deferred tax liabilities	(319.4)	125.1	–	–	(440.5)	–	(634.8)
Deferred tax, net	**863.9**	**195.1**	**(30.9)**	**—**	**(328.4)**	**32.1**	**731.8**
TOTAL		**(247.4)**	**(30.9)**	**185.3**			

	01/01/23	Income (expense)	Equity	Cash flow	Scope & exch. rates	Other	31/12/23
Current income tax assets	194.7	(62.2)	–	84.6	(2.9)	(19.9)	194.3
Current income tax liabilities	(168.2)	(338.6)	–	110.8	(6.3)	181.8	(220.5)
Current income tax, net	**26.5**	**(400.8)**	**—**	**195.4**	**(9.2)**	**161.9**	**(26.2)**
Deferred tax assets	1,043.0	52.2	17.4	–	65.7	5.0	1,183.3
Deferred tax liabilities	(396.6)	96.4	–	–	(19.6)	0.4	(319.4)
Deferred tax, net	**646.4**	**148.6**	**17.4**	**—**	**46.1**	**5.4**	**863.9**
TOTAL		**(252.2)**	**17.4**	**195.4**			

a) Current income tax

Income tax paid is presented net of tax credits utilized. Tax credits allocated to tax payments during the current year or to tax to be paid in the coming year are presented under "Other".

b) Deferred tax

Changes by type

	At 01/01/24	(Expense)/ Income for the period	Equity	Scope & exch. rates	At 31/12/24
Temporary differences:	**1,252.9**	**214.5**	**(10.9)**	**(335.8)**	**1,120.7**
• pensions and similar benefits	501.4	(37.3)	(23.2)	19.9	460.8
• intangible assets	(49.9)	133.5	—	(391.0)	(307.4)
• provisions on contract	208.8	18.8	—	(6.1)	221.5
• other	592.6	99.5	12.3	41.4	745.8
Tax loss carry-forwards	**627.4**	**27.6**	**—**	**16.5**	**671.5**
Total before depreciation	**1,880.3**	**242.1**	**(10.9)**	**(319.3)**	**1,792.2**
Depreciation	**(1,016.4)**	**(47.0)**	**(20.0)**	**23.0**	**(1,060.4)**
Total net deferred tax assets	**863.9**	**195.1**	**(30.9)**	**(296.3)**	**731.8**

	At 01/01/23	(Expense)/ Income for the period	Equity	Scope & exch. rates	At 31/12/23
Temporary differences:	**949.8**	**148.9**	**48.4**	**105.8**	**1,252.9**
• pensions and similar benefits	399.6	25.9	65.5	10.4	501.4
• intangible assets	(200.5)	123.3	—	27.3	(49.9)
• provisions on contract	247.7	(11.8)	—	(27.1)	208.8
• other	503.0	11.5	(17.1)	95.2	592.6
Tax loss carry-forwards	**533.2**	**74.4**	**—**	**19.8**	**627.4**
Total before depreciation	**1,483.0**	**223.3**	**48.4**	**125.6**	**1,880.3**
Depreciation	**(836.6)**	**(74.7)**	**(31.0)**	**(74.1)**	**(1,016.4)**
Total net deferred tax assets	**646.4**	**148.6**	**17.4**	**51.5**	**863.9**

Tax loss carry-forwards

Total tax loss carry-forwards represent a potential tax saving of €671.5 million at December 31, 2024 (€627.4 million at December 31, 2023). The corresponding expiry dates are as follows:

	At 31/12/24
2025	1.3
2026-2029	0.2
Beyond 2029	6.6
Not time limited	663.4
Total	**671.5**
O/w, depreciated	(624.9)
Net deferred tax asset	**46.6**

	At 31/12/23
2024	1.2
2025-2028	0.5
Beyond 2028	7.0
Not time limited	618.7
Total	**627.4**
O/w, depreciated	(570.8)
Net deferred tax asset	**56.6**

As described in Note 13-j, only deferred tax assets related to tax losses which the Group expects to recover are recognized on the balance sheet. In particular, the Group takes into account any loss carry-forward limitations.

Note 8. Equity and earnings per share

8.1 Equity

a) Share capital

At December 31, 2024, the share capital of the Thales parent company amounted to €617,825,739 and comprised 205,941,913 shares with a par value of €3. At December 31, 2023, it amounted to €630,630,420 and comprised 210,210,140 shares with a par value of €3.

b) Treasury shares

Thales parent company held 628,731 of its own shares at December 31, 2024. They were accounted for as a deduction from equity for an amount of €(92.5) million.

In accordance with the authorizations granted to the Board of Directors by the Annual General Meeting, the Company carried out the following transactions in 2023 and 2024:

	2024	2023
Treasury shares at opening	**3,541,786**	**3,277,303**
Purchases as part of a liquidity agreement	603,565	591,432
Disposals as part of a liquidity agreement	(564,071)	(621,129)
Transfer to employees as part of the employee share purchase plan	(452,348)	–
Delivery of free shares	(352,731)	(218,186)
Market purchases [(a)]	2,120,757	3,713,535
Cancelled shares	(4,268,227)	(3,201,169)
Treasury shares at closing	**628,731**	**3,541,786**

(a) Including 1,245,757 shares in 2024 and 3,458,535 shares in 2023 as part of the share buyback program announced on 3 March 2022.

At December 31, 2024 and 2023, as part of the liquidity agreement managed by Kepler Cheuvreux, the following numbers of shares were held in the liquidity account:

	2024	2023
Number of shares	83,739	44,245
Cash *(in € million)*	22.3	27.7

c) Translation adjustments

Translation adjustments result from the translation of financial statements of companies whose functional currency is not the euro, offset as applicable by the impact of derivative instruments denominated in foreign currencies to hedge net investments in foreign operations.

Translation adjustments are recorded in equity as "other comprehensive income", and are subsequently reclassified to income on the disposal date of related investments. They break down as follows:

	2024	2023
Translation adjustments at 1 January	**(369.8)**	**(258.3)**
Changes in value	246.0	(115.7)
Reclassified to profit and loss	14.5	5.0
Gross change	**260.5**	**(110.7)**
Deferred tax	–	–
Scope and other	0.8	(0.8)
Translation adjustments at 31 December	**(108.5)**	**(369.8)**

The main exchange rates used to translate financial statements of entities with a functional currency different from the euro are as follows:

(in euros)	31 December 2024		31 December 2023		31 December 2022	
	Closing rate	Average rate	Closing rate	Average rate	Closing rate	Average rate
Australian dollar	1.6772	1.6438	1.6263	1.6347	1.5693	1.5154
Pound sterling	0.8292	0.8450	0.8691	0.8688	0.8869	0.8548
U.S. dollar	1.0389	1.0808	1.1050	1.0829	1.0666	1.0500

In addition, the average rate of Argentina's currency has been specifically determined for 2023 to take into account the devaluation of the currency occurred at the very end of the year.

d) Reserves for cash flow hedge

The Group uses derivatives to hedge against changes in the value of future cash flows. In the consolidated financial statements, the effective portion of changes in fair value of these derivatives is recognized directly in equity, until such time as the hedged flows affect profit and loss.

	2024	2023
Cash flow hedge at 1 January	**(32.4)**	**(124.6)**
Changes in value of derivatives	(73.5)	83.4
Reclassified to operating (income)/expense	(39.6)	38.0
Reclassified to income tax (benefit)/expense	8.2	(7.4)
Changes in scope and exchange rates	23.8	(21.8)
Cash flow hedge at 31 December	**(113.5)**	**(32.4)**

A negative balance at closing means that the exchange rates and interest rates of the derivative documented as hedges are generally less favorable than the rates prevailing at the closing date.

e) Parent company dividend distribution

The per-share dividend amounted to €2.94 in 2022 and €3.40 in 2023.

On 3 March 2025, the Board of Directors decided to propose to shareholders, who will be convened to a General Meeting on 16 May 2025, the payment of a dividend of [€3.70] per share for the year 2024.

If approved, the dividend will be detached on May 20, 2025 and paid on May 22, 2025. The dividend will be paid fully in cash and will amount to [€2.85] per share, after deducting the interim dividend of €0.85 per share paid in December 2024.

Dividends paid in 2023 and 2024 are described below:

Year	Approved by	Description	Dividend per share *(in euro)*	Payment date	Payment method	Total *(€ million)*
2024	Board of Directors on 8 October 2024	2024 interim dividend	€0.85	Dec. 2024	cash	174.2
	General Meeting on 15 May 2024	Balance for 2023	€2.60	May 2024	cash	534.2
	Total dividends paid in 2024					**708.4**
2023	Board of Directors on 28 September 2023	2023 interim dividend	€0.80	Dec. 2023	cash	165.7
	General Meeting on 10 May 2023	Balance for 2022	€2.24	May 2023	cash	468.0
	Total dividends paid in 2023					**633.7**
2022	Board of Directors on 29 September 2022	2022 interim dividend	€0.70	Dec. 2022	cash	147.2

f) Non-controlling interests

This item principally includes Leonardo's interest in the Thales Alenia Space subgroup (33%), and Siemens's and Philips Medical Systems International's interest in Trixell SAS (49%).

The individual contributions of these minority shareholders to the Group's key financial indicators are not material.

The cash of these two companies is unrestricted and is exclusively pooled with Thales' Corporate Treasury Department.

8.2 Earnings per share

		2024	2023
Numerator *(in € million)*:			
Net income, Group share	**(A)**	**1,419.5**	**1,023.4**
Of which: net income relating to continued operations, Group share		*1,007.4*	*949.1*
Of which: net income relating to discontinued operations, Group share		*412.1*	*74.3*
Denominator *(in thousands)*:			
Average number of shares outstanding	(B)	205,523	208,507
Free shares and units plans [(a)]		498	656
Diluted average number of shares outstanding	(C)	206,021	209,163
Net earnings per share *(in euros)*	**(A)/(B)**	**6.91**	**4.91**
Of which: basic earnings relating to continued operations, per share		*4.90*	*4.55*
Of which: basic earnings relating to discontinued operations, per share		*2.01*	*0.36*
Diluted net earnings per share *(in euros)*	**(A)/(C)**	**6.89**	**4.89**
Of which: diluted earnings relating to continued operations, per share		*4.89*	*4.54*
Of which: diluted earnings relating to discontinued operations, per share		*2.00*	*0.36*
Average share price		€148.29	€132.48

(a) Shares/units that are subject to internal performance conditions are only taken into account when the performance conditions are achieved.

Note 9. Employee benefits

9.1 Consolidated headcount

Consolidated headcount includes all employees of fully consolidated companies. It does not include employees of equity affiliates. At end-2024, Thales' headcount stood at 83,020 (81,060 in 2023). Three quarters of the headcount comprises employees with grades equivalent to engineer, specialist or manager.

9.2 Personnel expenses

In 2024, wages, salaries and payroll taxes amounted to €9,247.1 million (€8,327.9 million in 2023).

9.3 Provisions for pensions and other employee benefits

The Group grants to its employees post-employment benefits (pensions, end-of-career severance, medical coverage, etc.) and other long-term benefits (long-service and jubilee awards, etc.).

a) Description of the plans

The Group's existing plans are either defined-contribution plans or defined-benefit plans.

Defined-contribution plans

In certain countries, the Group pays contributions based on salaries to state organizations overseeing basic pension schemes (e.g., *Sécurité Sociale* or the compulsory supplementary scheme AGIRC-ARRCO in France). Beyond these basic pension schemes, Thales also contributes to other defined-contribution plans (e.g., in the Netherlands and the United Kingdom since 2002). These plans do not impose any obligations on the Group other than the payment of contributions: there is no related benefit obligation and contributions are expensed in the period they are incurred.

Defined-benefit plans

Defined-benefit plans relate to different types of benefits:

- pensions and end-of-career indemnities (legal or contractual), and other long-term benefits (jubilee awards, etc.), particularly in France. In general, these commitments are not covered by any assets;
- supplementary pension schemes, mainly in the United Kingdom, in Germany and in Switzerland. These schemes provide a pension based on the beneficiary's average salary, indexed to inflation. The present value of the Group's obligations and the fair value of plan assets are measured independently. A provision is recognized if the value of the assets is insufficient to cover the obligations.

At the end of 2023, Thales entered into an agreement to insure the full amount of obligations under the Thales UK Pension Scheme. Under this agreement, Thales arranged insurance coverage with Rothesay for its gross pension obligations, valued at GBP 2.677 billion. In return, Thales transferred the corresponding plan assets, with a net cash outflow of GBP 850 million (€980.7 million).

In addition, Thales purchased from the UK pension fund GBP 165 million (Note 6.4 -b) of plan assets with an average maturity of 5 years, which are now recorded under "non-current financial assets".

Since the buy-in, Thales has initiated the full transfer of these obligations ("buy-out") to the insurer, which will be completed by mid-2025 at the latest, once, in particular, the administrative files of the more than 15,000 participants have been processed. The terms and conditions of the buy-out have already been contractually agreed with Rothesay.

As part of this transaction, a non-current charge of GBP 349 million (€402.9 million) has been recorded in 2023 (Note b), and a further charge of GBP 48.4 million (€57,3 million) has been recorded in 2024 in respect of administrative expenses incurred in the context of the ongoing disposal.

The guarantees granted to Thales UK Pension Scheme by Thales parent company to cover the future obligations of the subsidiaries concerned under the financing plans have become irrelevant, even if they will only be formally cancelled following the buy-out. In addition, the annual contribution to the deficit (GBP 75 million per year) has been stopped, with effect from December 1, 2023.

b) Provisions recognized on the balance sheet

	2024	2023
Provision at opening	**(1,552.5)**	**(1,907.7)**
Current service cost (income from operations)	**(97.5)**	**(92.8)**
Past service cost and settlements (non recurring operating income)	**(72.6)**	**(402.9)**
Net interest cost	(48.1)	(70.8)
Pension fund management cost	(0.5)	(5.2)
Actuarial gains and losses on other long-term employee benefits	(2.7)	(1.8)
Finance costs on pensions and other long-term employee benefits	**(51.3)**	**(77.8)**
Total expense for the period	**(221.4)**	**(573.5)**
Actuarial gains and losses (other comprehensive income) [(a)]	**65.8**	**(266.6)**
Benefits and contributions	**129.9**	**1,181.5**
• of which, deficit payment in the United Kingdom	—	97.5
• of which, buy-in payment (Thales UK Pension Scheme)	12.5	980.7
• of which, other benefits and contributions	117.4	103.3
Translation adjustment	**(0.9)**	**(7.9)**
Changes in scope of consolidation and other	**(10.2)**	**21.7**
Provision at closing	**(1,589.3)**	**(1,552.5)**
Of which:		
• post-employment benefits	(1,364.7)	(1,338.4)
• other long-term benefits	(224.6)	(214.1)

(a) Mainly due to the change in actuarial rates, especially in the United Kingdom.

c) Changes in defined benefit obligations and plans assets

2024	UK	France	Other	Total
Obligation at 1st January	**(3,240.8)**	**(1,279.5)**	**(570.3)**	**(5,090.6)**
Current service cost	—	(76.5)	(21.0)	(97.5)
Interest cost	(140.9)	(39.7)	(13.7)	(194.3)
Plan participant contributions	—	—	(5.6)	(5.6)
Amendments/settlements	(27.2)	(13.3)	(2.1)	(42.6)
Experience gains (losses)	98.3	(25.1)	2.9	76.1
Actuarial gains (losses)/financial assumptions	308.3	55.3	2.9	366.5
Actuarial gains (losses)/demographic assumptions	—	17.9	(0.1)	17.8
Actuarial gains (losses) on long-term benefits	—	(1.9)	(0.8)	(2.7)
Benefits paid by plan assets	179.1	3.4	21.0	203.5
Benefits paid by employer	0.7	92.3	26.5	119.5
Changes in scope, exchange rates and other	(147.7)	0.2	(22.1)	(169.6)
Obligation at 31 December	**(2,970.2)**	**(1,266.9)**	**(582.4)**	**(4,819.5)**
Plan assets at 1st January	**3,234.2**	**50.1**	**256.1**	**3,540.4**
Expected return on plan assets	140.6	1.7	3.9	146.2
Employer's contribution	6.2	(6.5)	10.7	10.4
Plan participant contributions	—	—	5.6	5.6
Amendments/settlements	(30.0)	—	—	(30.0)
Benefits paid by plans assets	(179.1)	(3.4)	(21.0)	(203.5)
Experience gains (losses)	(413.9)	3.2	13.5	(397.2)
Changes in scope, exchange rates and other	146.4	(0.4)	12.0	158.0
Plan assets at 31 December [(a)]	**2,904.4**	**44.7**	**280.8**	**3,229.9**
Asset ceiling at 31 December	**—**	**—**	**0.3**	**0.3**
PROVISIONS AT 31 DECEMBER	**(65.8)**	**(1,222.2)**	**(301.3)**	**(1,589.3)**

(a) Pension plan assets in the UK are now managed by Rothesay.

2023	UK	France	Other	Total
Obligation at 1st January	**(2,914.9)**	**(1,198.2)**	**(523.7)**	**(4,636.8)**
Current service cost	(8.0)	(66.5)	(18.3)	(92.8)
Interest cost	(140.0)	(43.8)	(15.0)	(198.8)
Plan participant contributions	(5.8)	—	(4.7)	(10.5)
Amendments/settlements	(133.9)	—	(1.0)	(134.9)
Experience gains (losses)	(13.1)	(25.2)	3.0	(35.3)
Actuarial gains (losses)/financial assumptions	(129.5)	(51.9)	(50.7)	(232.1)
Actuarial gains (losses)/demographic assumptions	0.7	3.2	(1.7)	2.2
Actuarial gains (losses) on long-term benefits	—	(0.8)	(1.0)	(1.8)
Benefits paid by plan assets	163.0	3.3	19.4	185.7
Benefits paid by employer	0.7	84.8	24.0	109.5
Changes in scope, exchange rates and other	(60.0)	15.6	(0.6)	(45.0)
Obligation at 31 December	**(3,240.8)**	**(1,279.5)**	**(570.3)**	**(5,090.6)**
Plan assets at 1st January	**2,457.5**	**85.6**	**240.7**	**2,783.8**
Expected return on plan assets	120.4	3.2	4.4	128.0
Employer's contribution	1,097.3	(33.7)	8.4	1,072.0
Plan participant contributions	5.8	—	4.7	10.5
Amendments/settlements	(268.0)	—	—	(268.0)
Benefits paid by plans assets	(163.0)	(3.3)	(19.4)	(185.7)
Experience gains (losses)	(61.5)	(0.8)	7.3	(55.0)
Changes in scope, exchange rates and other	45.7	(0.9)	10.0	54.8
Plan assets at 31 December	**3,234.2**	**50.1**	**256.1**	**3,540.4**
Asset ceiling at 1st January	**—**	**—**	**(2.3)**	**(2.3)**
PROVISIONS AT 31 DECEMBER	**(6.6)**	**(1,229.4)**	**(316.5)**	**(1,552.5)**

d) Actuarial assumptions used

The actuarial assumptions used are determined according to the economic environment and specific criteria of each country and each system. The most sensitive assumptions are as follows:

2024	UK	France
Inflation rate	3.07%	2.03%
Discount rate	5.36%	3.39%

2023	UK	France
Inflation rate	2.99%	2.22%
Discount rate	4.40%	3.12%

For each country, the discount rates are obtained by reference to the Iboxx Corporate AA index, which reflects the rate of return of very high-quality corporate bonds, with maturity dates equivalent to the duration of the plans being measured, and in the same currency.

The sensitivity of the net obligation to a change in the discount rate at December 31, 2024, excluding the United Kingdom, is as follows:

Sensitivity in basis points	+25	+50	+100	-25	-50	-100
Decrease (increase) in provision *(in € millions)*	51.3	98.0	183.9	(49.7)	(104.0)	(220.5)

9.4 Share-based payment

At December 31, 2024, the following shares were outstanding:

- 1,076,212 free shares;
- 326,350 phantom shares, payable in cash at the end of a four-year vesting period.

All of these plans are submitted to internal performance conditions over the three financing years following their grant date. The features of these plans are described in chapter 6.2 of the 2024 Registration Document.

a) Allotment of free shares

Date of Board decision	Vesting period	Share price at grant date	Number of free shares at 31/12/23 [(a)]	Shares allotted in 2024	Shares cancelled in 2024	Shares delivered in 2024	Number of free shares at 31/12/24
25/06/2024	25/06/2024 to 25/06/2028	€158.10	–	243,268	(326)	–	242,942
20/07/2023	20/07/2023 to 20/07/2027	€138.55	285,700	–	(1,670)	–	284,030
30/06/2022	30/06/2022 to 30/06/2026	€116.00	263,780	–	(1,740)	–	262,040
01/07/2021	01/07/2021 to 01/07/2025	€86.04	289,320	–	(2,120)	–	287,200
24/11/2020	24/11/2020 to 24/11/2024	€79.60	351,715	–	(1,875)	(349,840)	–
							1,076,212

(a) After adjustment.

b) Allotment of phantom shares indexed to the value of Thales shares

Date of Board decision	Vesting period	Number of phantom shares at 31/12/23 [(a)]	Phantom shares alloted in 2024	Phantom shares cancelled in 2024	Phantom shares delivered in 2024	Number of phantom shares at 31/12/24
25/06/2024	25/06/2024 to 25/06/2028	–	72,587	(157)	–	72,430
20/07/2023	20/07/2023 to 20/07/2027	87,085	–	(2,745)	–	84,340
30/06/2022	30/06/2022 to 30/06/2026	80,315	–	(2,580)	(195)	77,540
01/07/2021	01/07/2021 to 01/07/2025	96,220	–	(4,180)	–	92,040
24/11/2020	24/11/2020 to 24/11/2024	190,880	–	(9,940)	(180,940)	–
						326,350

(a) After adjustment..

c) Employee share purchase plan

Following the decision of the Board of Directors on 4 April 2024, the Group implemented a Thales share purchase plan reserved to its employees with a discount compared to the average market price plus an employer contribution.

The subscription price of €119.69, set on 28 October 2024, corresponds to the average of the opening price of Thales shares on Euronext Paris from 30 September to 25 October 2024, discounted by 20%. The employees also received an employer matching contribution corresponding to 50% of their subscription, up to a maximum of €500.

This plan is part of the Group savings plan, subject to a five-year lockup period of the investment, except for the United Kingdom where the share offering is implemented in accordance with the Share Incentive Plan ("SIP").

Thus, in 2024, 316,052 shares were subscribed by employees and 136,296 bonus shares were received. The delivery of shares to UK based employees has been finalized in early 2025.

In the consolidated financial statements, the cost of this plan is €-28.8 million before social contributions.

d) Expenses related to share-based payments

In the consolidated financial statements, the benefit granted to beneficiaries of the above-mentioned plans is recognized as an operating expense. These amounts are presented below:

Plans	Residual fair value at the end of 2024	2024 expense	2023 expense
Free shares	61.9	(31.2)	(24.4)
Phantom shares and other schemes [a]	19.7	(18.2)	(19.2)
Employee share purchase plan	–	(28.8)	–
Social contributions related to the plans	16.2	(15.4)	(9.7)
TOTAL	**97.8**	**(93.6)**	**(53.3)**
Of which, offsetting entries:			
• Shareholders' equity		60.0	24.4
• Current operating liabilities		33.6	28.9

(a) This line includes the expense relating to the long-term incentive plan (LTIP) of the Chairman and CEO, the conditions of which are described in the relevant years Registration or Universal Registration Documents.

9.5 Compensation of Directors and senior corporate officers

Expenses recognized in respect of compensation, benefits and social security contributions attributed to Directors and members of the Executive Committee are as follows:

	2024	2023
Short-term benefits:		
• Fixed compensation	7.3	7.5
• Variable compensation	7.1	7.3
• Employer social security contributions	7.0	5.8
• Board attendance fees	1.1	0.6
Other benefits (including social contributions):		
• Post-employment benefits	4.5	3.4
• Share-based payments	7.8	8.0

In the event of a member joining or leaving the Executive Committee during the year, the compensation taken into account in the above table is that corresponding to the period of presence.

At December 31, 2024, the share of directors in net Group pension obligations (Note 9.3) amounted to €10.7 million.

Note 10. Current operating assets and liabilities

Current operating assets and liabilities include working capital (WCR) components and reserves for contingencies, as defined in Note 13-d.

The changes in these items are presented below:

Change for the period	01/01/23	Changes in WCR and reserves	Scope, exch. rate and reclass.	31/12/23	Changes in WCR and reserves	Scope, exch. rate and reclass.	31/12/24
Inventories, work in progress and set-up costs	3,672.3	670.1	(91.6)	4,250.8	602.4	82.3	4,935.5
Contract assets	2,410.5	456.9	29.6	2,897.0	312.9	32.8	3,242.7
Advance to suppliers	641.9	148.6	(4.1)	786.4	170.2	(60.9)	895.7
Accounts, notes and other receivables	5,810.1	510.1	(51.1)	6,269.1	918.9	(41.8)	7,146.2
Current derivatives – assets	172.6	27.9	(67.1)	133.4	1.4	0.3	135.1
Contract liabilities	(8,313.6)	(1,265.5)	(209.5)	(9,788.6)	(1,712.5)	(40.0)	(11,541.1)
Reserves for contingencies	(1,752.0)	8.5	16.8	(1,726.7)	22.2	(260.2)	(1,964.7)
Accounts, notes and other payables	(6,918.7)	(713.7)	(11.7)	(7,644.1)	(360.0)	(328.6)	(8,332.7)
Current derivatives – liabilities	(328.2)		140.4	(187.8)	–	(164.9)	(352.7)
WCR and reserves, net	**(4,605.1)**	**(157.1)**	**(248.3)**	**(5,010.5)**	**(44.5)**	**(781.0)**	**(5,836.0)**
Restructuring provisions		**(15.6)**			**18.4**		
INCREASE (DECREASE) IN WCR AND RESERVES		**(172.7)**			**(26.1)**		

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10.1 Inventories, work in progress, and set-up costs

	31/12/24	31/12/23
Goods	59.4	62.7
Raw materials	1,540.8	1,318.8
Semi-finished and finished goods	2,464.2	2,164.3
Work in progress	1,350.3	1,175.1
Gross value	**5,414.7**	**4,720.9**
Depreciation	(667.4)	(723.9)
Inventories and work in progress, net	**4,747.3**	**3,997.0**
Gross	1,057.9	1,017.0
Depreciation	(869.7)	(763.2)
Set-up costs, net	**188.2**	**253.8**
TOTAL	**4,935.5**	**4,250.8**

10.2 Contract assets and liabilities

	31/12/24	31/12/23
Unbilled receivables, gross	11,054.9	9,613.7
Unbilled receivables, depreciation	(15.6)	(15.8)
Advances received from customers	(7,796.6)	(6,700.9)
Contract assets	**3,242.7**	**2,897.0**
Advances received from customers	(16,981.2)	(14,944.5)
Unbilled receivables	8,658.5	8,061.1
Deferred income	(3,218.4)	(2,905.2)
Contract liabilities	**(11,541.1)**	**(9,788.6)**

For a given contract, a contract asset (liability) represents the accumulated revenue not yet invoiced, less advances received from customers. This amount increases as and when revenue is recognized, and decreases when invoices are issued to the customers or advance payments are received.

10.3 Reserves for contingencies

	01/01/24	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**

	01/01/23	Utilisation	Additions	Reversal (surplus)	Exch. Rate and other	31/12/23
Restructuring	50.0	(32.0)	24.7	(8.3)	6.3	40.7
Technical and other litigation	274.8	(31.3)	59.6	(19.9)	(8.7)	274.5
Guarantees	299.2	(100.7)	67.3	(13.4)	(1.4)	251.0
Losses at completion	433.0	(143.5)	160.5	(18.3)	(0.4)	431.3
Provisions on contracts	435.2	(51.9)	103.6	(10.1)	(10.8)	466.0
Other [a]	259.8	(53.1)	68.7	(10.4)	(1.8)	263.2
TOTAL	**1,752.0**	**(412.5)**	**484.4**	**(80.4)**	**(16.8)**	**1,726.7**

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

The breakdown of restructuring costs is as follows:

	2024	2023
Additions for the period	(47.6)	(24.7)
Utilisation for the period	24.3	32.0
Reversals for the period	4.9	8.3
Net	**(18.4)**	**15.6**
Expenses for the period	(99.9)	(107.0)
Restructuring costs	**(118.3)**	**(91.4)**

10.4 Maturity of current receivables and payables

The amounts presented in the balance sheet for this item break down as follows:

	31/12/24			31/12/23
	Total	< 1 year	> 1 year	Total
Accounts receivables gross	4,549.4	4,440.1	109.3	3,996.1
Accounts receivables depreciation	(131.0)	(91.4)	(39.6)	(137.9)
Accounts receivables, net	**4,418.4**	**4,348.7**	**69.7**	**3,858.2**
Tax receivables (excluding income tax)	1,826.5	1,688.1	138.4	1,639.7
Other receivables, gross	908.6	790.1	118.5	776.6
Other receivables, depreciation	(7.3)	(7.3)	—	(5.4)
Other receivables, net	**2,727.8**	**2,470.9**	**256.9**	**2,410.9**
Account, notes and other receivables	**7,146.2**	**6,819.6**	**326.6**	**6,269.1**
Accounts and notes payable	3,008.4	2,989.7	18.7	2,741.1
Accrued holiday pay and payroll taxes	2,660.2	2,573.3	86.9	2,472.4
Tax payables (excluding income tax)	1,787.5	1,787.5	—	1,662.1
Other creditors and accrued liabilities	876.6	759.8	116.8	768.5
Accounts notes and other payables	**8,332.7**	**8,110.3**	**222.4**	**7,644.1**

The changes in provisions on accounts and notes receivable break down as follows:

	01/01/24	Additions/reversal	Exchange rate and scope	31/12/24
Provisions on accounts and notes receivable	(137.9)	(6.4)	13.3	(131.0)

The Group may assign trade receivables, mainly from the French State, and commercial paper. At December 31, 2024, outstanding derecognized receivables amounted to €93.6 million (€145.4 million at December 31, 2023). Since these assignments are without recourse in case of debtor default, the receivables in question are subject to "de-recognition" of the asset.

The Group has implemented a reverse factoring program primarily aimed at securing its strategic supplies and supporting its suppliers by providing them with a pre-financing solution. The outstanding amount of supplier invoices included in the reverse factoring program as of December 31, 2024, stands at €35 million (classified under the item 'Suppliers and other current liabilities' on the balance sheet).

10.5 Commitments linked to commercial contracts

The Group's contractual commitments towards its counterparties (mainly its customers) can be subject to three types of guarantees or warranties:

a) Bank guarantees

- **Bid bonds**: In the ordinary course of its activities, the Group regularly responds to invitations to tender. When requested by the customer, bid bonds are delivered in order to demonstrate the definitive nature of the bid and to indemnify the customer if the Group fails to meet its commitments. At December 31, 2024, bid bonds issued amounted to €52.6 million (€17.9 million at December 31, 2023).
- **Performance bonds**: From the signature of a contract up until its completion, the Group may also issue performance bonds for its customers, with a bank acting as an intermediary, in order to cover the payment of damages to the customer in the event that the Group does not meet its contractual commitments. At December 31, 2024, performance bonds amounted to €1,220.4 million (€1,322.4 million at December 31, 2023). Technical, operational and financial costs incurred by the Group in order to meet its obligations are valued on a contract-by-contract basis, and are included in the cost to completion of the contract. Where this is not the case, a provision is set aside in the consolidated financial statements for any potential risk, estimated on a contract-by-contract basis.
- **Advance payment bonds**: In order to finance contract execution, the Group may receive advance payments from its customers, in accordance with contractual terms, which are recognized in liabilities in the balance sheet. In order to guarantee reimbursement of these advance payments if the contractual obligations are not met, the Group may deliver, at the customer's request, an advance payment bond. At December 31, 2024, advance payment bonds amounted to €3,496.6 million (€3,126.9 million at December 31, 2023).
- **Warranty retention bonds**: The Group evaluates and sets aside provisions for warranty costs in order to guarantee the conformity of goods sold to the customer during the contractual warranty period. In many cases, the provisional withholding of payment contractually applying during this period can be replaced by a warranty retention bond using a bank as intermediary. At December 31, 2024, warranty retention bonds amount to €69.1 million (€83.3 million at December 31, 2023).

The maturity dates of these commitments are:

	< 1 year	1 to 5 years	> 5 years	31/12/24	31/12/23
Bid bonds	32.7	9.2	10.7	52.6	17.9
Performance bonds	336.5	558.1	325.8	1,220.4	1,322.4
Advance payment bonds	941.1	1,580.9	974.6	3,496.6	3,126.9
Warranty retention bonds	13.1	23.7	32.3	69.1	83.3
Other bank bonds	82.7	176.6	475.4	734.7	479.4
TOTAL	**1,406.1**	**2,348.5**	**1,818.8**	**5,573.4**	**5,029.9**

Guarantees are issued by Thales SA (parent company) in favor of customers aimed at guaranteeing the obligations of its subsidiaries mainly under commercial contracts. These internal guarantees, without bank intermediation, as reported in paragraph 19.1 of the accounts of Thales SA (parent company), are therefore not included in the consolidated data.

b) Offsetting commitments

The awarding of major contracts, particularly within the defence sector, may be subject to legal or regulatory offsetting of the execution of local obligations, which can take the form of direct offsetting, semi-direct offsetting or indirect offsetting.

The associated risks are described in section 3.1.3.a of the 2024 Universal Registration Document.

Note 11. Government, judicial or arbitration claims

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

In June 2024, several searches took place at various sites in France, the Netherlands, and Spain, as part of two preliminary investigations initiated by the Parquet National Financier (PNF).

In November 2024, the Parquet National Financier (PNF) in France and the Serious Fraud Office (SFO) in the United Kingdom initiated an investigation in relation to four Thales entities located in France and the UK, regarding the performance of a contract in Asia.

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.

Note 12. Subsequent events

The Group is not aware of any significant events subsequent to the closing date.

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Note 13. Accounting policies

a) Presentation of the financial statements

Consolidated profit and loss account

Expenses in the income statement are presented analytically by function.

Income from operations is equal to income of operating activities before taking into account:

- gains and losses on disposals of property, plant and equipment and intangible assets, businesses or investments;
- the impact of changes in scope on consolidated net income before tax (Note 13-b);
- the impact of the amendment, curtailment or settlement of pension plans and other long-term benefits;
- other operating items resulting from unusual events, with a material impact on the financial statements, including impairment of assets.

Consolidated balance sheet

A significant portion of the Group's activities in its different business segments have long-term operating cycles. Accordingly, assets (liabilities) that are usually realized (settled) within the entities' operating cycles (inventory, accounts receivable and payable, advance payments, reserves, etc.) are classified in the consolidated balance sheet as current assets and liabilities, with no distinction between the amounts due within one year and those due after one year.

Consolidated statement of cash flows

The statement of cash flows provides an analysis of the change in cash and cash equivalents, as presented in the balance sheet and defined in Note 13-i. The statement of cash flows is prepared using the indirect method based on consolidated net income and is broken down into three categories:

- net cash flow from operating activities, including interest. Income tax payments are included in this caption, except when directly associated to investing or financing activities;
- net cash flow used in investing activities, including net operating investments (acquisition and disposal of property, plant and equipment and intangible assets, capitalization of development costs) and net financial investments;
- net cash flow used in financing activities including dividends paid, capital subscriptions, the purchase/sale of treasury shares, the issuance and repayment of debt, and changes in bank overdrafts, etc.

The Group also discloses the changes in its net cash (debt), which is a non-GAAP measure. **Net cash (debt)** is the difference between the sum of "cash and cash equivalents" and "current financial assets" items and short and long-term borrowings, after deduction of interest rate derivatives. Changes in net cash (debt), as presented in Note 6.3, notably reflect **free operating cash flow**, defined as net cash flow from operating activities, *less* capital expenditures, less deficit payments on pensions in the United Kingdom, including the cash-out to Rothesay as part of the insurance coverage for the Thales UK Pension Scheme.

Segment information, Adjusted EBIT and Adjusted net income

The business segments presented by the Group are as follows:

- the Aerospace segment combines the "Avionics" and "Space" Global Business Units. They develop on-board systems and services for private sector customers (aircraft manufacturers, airlines, satellite operators, etc.) and for government/defence customers (national governments, space agencies and other semi-public organizations);
- the Defence & 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 infrastructure, mainly for a government/defence customer base;
- the Cyber & Digital sector includes cybersecurity and digital identity activities for businesses and administrations. They develop global products focused on data security and premium services, so as physical identities and their digital counterparts for payment, mobile network access, and government-issued identities (passports, ID cards, driver's licenses, etc,…).

The Transportation business segment has been considered as a discontinued operation as from the date of the signature of the put option agreement with Hitachi Rail. Consequently, financial data of this segment are excluded from segment information in Note 2.

In order to monitor and compare its operating and financial performances, the Group presents the following key indicators:

Adjusted EBIT corresponds to income from operations, plus the share of net income or loss of equity affiliates, less amortization of acquired assets (PPA) and expenses recorded in the income from operations that are directly related to business combinations.

Adjusted net income, as presented in the Group's management report, is the net income, less the following items, net of the corresponding tax effects:

- amortization of acquired assets (PPA);
- expenses recorded in "income from operations" or in "financial results" which are directly related to business combinations;
- impairment of assets;
- gains and losses on disposal of assets, changes in scope of consolidation and others;
- changes in the fair value of derivative instruments, recognized in "Other financial income and expenses";
- actuarial gains and losses on long-term employee benefits, included in "Finance costs on pensions and other employee benefits".

Earnings per share

Basic earnings per share are calculated by dividing the net income attributable to the shareholders of the parent company by the pro rata temporis weighted average number of shares outstanding during the period, excluding treasury shares.

Diluted earnings per share only take into account instruments with a dilutive effect on earnings per share. The dilutive effect of free shares and unit allotments is calculated using the treasury stock method, taking into account the average share price over the relevant period.

Off-balance sheet commitments

Disclosures regarding off-balance sheet commitments are presented in the following notes:

- Note 9.3-a: funding obligations in respect of pensions;
- Note 10.5: commitments linked to commercial contracts.

Related parties

The Group has identified the following related parties: shareholders of Thales SA (parent company), notably the French State and Dassault Aviation, companies controlled by these shareholders, companies under joint control or significant influence, Directors and Senior Corporate Officers.

Section 6.2.3.3 of the 2024 Universal Registration Document describes the main provisions concerning the shareholders agreement governing relations between the French State ("Public Sector") and Dassault Aviation ("Industrial Partner") within Thales, the convention on the protection of national strategic interests and the specific convention binding the State and Thales.

Information related to transactions with related parties is presented in the following notes:

- sales with the French State (mainly with the *Direction Générale de l'Armement*, the French defence procurement agency) in Note 6.6-b;
- transactions with equity affiliates in Note 5.3.

Transactions with these related parties take place within a recurring operating context. Transactions with other related parties are not material.

Expenses recognized in respect of compensation, benefits and social security contributions attributable to Directors and members of the Executive Committee are presented in Note 9.5.

b) Scope of consolidation and changes in scope

Scope of consolidation

The financial statements of material subsidiaries directly or indirectly controlled by Thales are fully consolidated. The financial statements of material subsidiaries jointly controlled by Thales (joint ventures) or in which the Group has significant influence (associates) are accounted for under the equity method.

The main consolidated companies are listed in Note 15.

The full list of affiliates outside of France is available on the Group's website (https://www.thalesgroup.com/en/global/corporate-responsibility/key-documents).

Business combinations

Business combinations are accounted for under the acquisition method as described in IFRS 3. Under this method, the Group recognizes identifiable assets acquired and liabilities assumed at fair value on their acquisition date. It also recognizes non-controlling interests in an acquiree on their acquisition date.

When taking the control of an entity previously accounted under the equity method, the share previously held is revalued at fair value through profit or loss.

Contractually agreed earn-outs/price adjustments are estimated at the date of acquisition/ disposal of businesses and recorded under "Other financial liabilities"/"Other financial assets".

Acquisition-related costs (valuation fees, consulting fees, etc.) are recognized under "other operating expenses" as incurred.

Negative goodwill is immediately recognized in "other operating income". Positive goodwill related to controlled companies is recognized in balance sheet assets under intangible assets. Positive goodwill related to equity affiliates is recognized under "investments in joint ventures/associates".

Goodwill is not amortized but is subject to impairment tests each year. Goodwill impairment is booked as an expense under "impairment" within "income from operations" and may not be reversed. Goodwill impairment related to equity affiliates is recognized in "share in net income of equity affiliates" and may be reversed.

c) Revenue

The Group's principles of revenue recognition are the following:

Unbundling of multiple performance obligations within a single contract

Some contracts include the supply to the customer of distinct goods and services (for instance contracts combining Build and Run activities). In such situations, the contract must be segmented into several components ("performance obligations"), each component being accounted for separately, with its own revenue recognition method and margin rate.

The contract price is allocated to each performance obligation in proportion to the specific selling price of the underlying goods and services. This allocation should reflect the share of the price to which Thales expects to be entitled in exchange for the supply of these goods or services.

Options notified by the customer for the supply of distinct additional goods or services are generally accounted for separately from the initial contract.

Evaluation of revenue allocated to performance obligations

Variable considerations included in the selling price are taken into account only to the extent that it is highly probable that a significant reversal in the amount of revenue already recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Penalties for late delivery or for the improper execution of a performance obligation are recognized as a deduction from revenue.

If the financing component is deemed significant, the selling price is adjusted to reflect a "cash" selling price for the goods and services provided. A financing component exists when parties have agreed to set up a financing to the advantage of one of them, through contractual terms.

Revenue includes income from claims only when it is highly probable that such claims will be accepted by the customer.

Contractual amendments negotiated with customers are included in the selling price only when they become legally enforceable.

Revenue allocation among performance obligations

Some contracts related to Cybersecurity activities (sale of licenses and associated services) contain multiple performance obligations. The associated revenue is allocated to each distinct performance obligation based on their specific selling price.
These prices are generally determined based on the observable prices of products or services sold separately to similar customers under comparable circumstances (including any price discounts granted), or following the residual approach if no observable prices exist.

Recognition of revenue over time or at a point in time

Revenue associated with each performance obligation identified within a contract is recognized when the obligation is satisfied, i.e., when the control of the promised goods or services is transferred to the customer.

To demonstrate that the transfer of goods is progressive and recognize revenue over time, the following cumulative criteria are required:

- the goods sold have no alternative use; and
- the Group has an irrevocable right to payment (corresponding to costs incurred, plus a reasonable profit margin) for the work performed to date, in the event of termination for reasons other than Thales' failure to perform as promised.

These criteria are fulfilled by the vast majority of Group contracts that include the design and delivery of complex goods.

Revenue from the sale of goods with an alternative use, and/or for which the Group has no enforceable right to payment in case of termination for convenience by the customer, is recognized when the goods are delivered to the customer. This essentially concerns equipment (mainly in civil avionics) and spare parts.

Revenue from service contracts is generally recognized over time, as the customer simultaneously receives and consumes the benefits of these services provided by Thales.

Percentage of completion method

The percentage of completion method generally used by the Group is expense-based: revenue is recognized based on costs incurred to date in relation to all the costs expected upon completion.

Margin recognition

Expected losses on contracts are fully recognized as soon as they are identified, pursuant to the provisions of IAS 37 on onerous contracts.

Order book

Order book (as disclosed in Note 2.1) corresponds to the amounts of the selling price allocated to the performance obligations not yet unsatisfied (or partially unsatisfied) at the closing date.

d) Operating assets and liabilities

Inventories and work in progress

Inventories and work in progress are carried at their production cost (determined using the FIFO or weighted-average cost method) and written down when their net sale value becomes lower than the production cost. Work in progress, semi-finished and finished goods are stated at direct cost of raw materials, production labor and subcontractor costs incurred during production, plus an appropriate portion of production overhead and any other costs that can be directly allocated to contracts.

When material, the cost of debt incurred during the construction period of a qualifying asset is incorporated in the value of this asset. If the funding is specific, the loan interest rate is used, otherwise the Group's financing rate is used.

Set-up costs

These costs cover preparatory work, not directly financed by the customer but necessary for the execution of the contract. They do not contribute to the determination of the percentage of completion of the contract. They are capitalized and amortized as and when the revenue is recognized.

Contract assets and liabilities

The cumulated amount of revenue accounted for, less progress payments and accounts receivable (presented on a dedicated line of the balance sheet) is determined on a contract-by-contract basis. If this amount is positive, the balance is recognized under "contract assets" in the balance sheet. If it is negative, the balance is recognized under "contract liabilities".

Customer receivables

A receivable is an unconditional right to payment by the customer.

Impairment losses are accounted for, based on a prospective assessment of the credit risk on the initiation of the receivable, and its deterioration over time. The changes in impairment are presented in Note 10.4.

The Group is authorized to assign trade receivables, mainly from the French State, and commercial paper. As these assignments, which are without recourse in case of default by the debtor, involve the transfer of substantially all corresponding risks and rewards (Thales holding the dilution risk), they are "derecognized." Thales' continued involvement (as this is defined by IFRS 7) in the transferred receivables corresponds to the keeping of the recovery mandate.

e) Research and development expenses

A significant share of research and development expenses is funded by customers and government agencies. Internally funded research and development expenses are charged to the profit and loss account as incurred, except for project development costs which meet the criteria of capitalization below:

- the product or process is clearly defined, and costs are separately identified and reliably measured;
- the technical feasibility of the product or project is clearly demonstrated, and the Group's experience in this area is established;
- adequate resources are available to complete the project successfully;
- a potential market for the products exists or their usefulness, in case of internal use, is demonstrated;
- the company intends to produce and market, or use the new product or process, and can demonstrate its profitability. Profitability is assessed on the basis of prudent commercial assumptions in order to reflect contingencies inherent to the long cycles of the Group's activities, in particular Aerospace. Minimum internal rates of return are required in the case of projects deemed risky.

Capitalized development costs mainly relate to the Group's Aerospace and Security activities, for which the developed products are relatively generic and can be sold to a large number of potential customers. By contrast, development costs linked to Defence activities are for more specific and restricted markets with a limited number of players: the specific features of the products developed make it harder to share development work and therefore harder to capitalize the associated costs.

Development costs are then amortized over the useful life of the product. The method of amortization is generally determined by reference to expected future quantities over the period in which future economic benefits will be earned. If the method cannot be determined reliably, straight-line amortization is adopted. The period of amortization depends on the type of activity.

Assets are also subjected to impairment loss tests. The terms and assumptions taken into account to conduct these tests are described in Note 4.1. These impairment losses can be reversed. Impairment loss reversal criteria are identical to those retained when first capitalizing development costs on a new project.

The Group receives tax credits related to research carried out by its subsidiaries. These tax credits are considered as operating grants and are therefore included in income from operations, when their award is not dependent on the generation of taxable income. Otherwise, they are recognized as a deduction from income tax expense.

f) Restructuring costs

Provisions for restructuring costs are accounted for when restructuring programs have been agreed and approved by a competent body and have been announced before the balance sheet date, resulting in an obligating event of the Group to the third parties in question, as long as the Group does not expect compensation for these costs.

These costs primarily relate to severance payments, costs for notice periods not worked and other costs linked to the closure of facilities such as write-offs of fixed assets. These costs and the costs directly linked to restructuring measures (removal costs, training costs of transferred employees, etc.) are recognized under "restructuring costs" in the profit and loss account.

g) Property, plant and equipment and intangible assets

Intangible assets

The Group's intangible assets mainly include:

- goodwill (Note 13-b);
- assets acquired in business combinations, primarily acquired technologies, customer relationships and the order book. These assets are recognized at fair value and amortized over their useful lives. The fair value of the assets is based on the market value. If no active market exists, the Group uses methods based on forecasts of the present value of the expected future operating cash flows (excess earnings method, royalty method, etc.);
- capitalized development costs (Note 13-e).

Intangible assets are submitted to impairment tests.

The amortization period of intangible assets recognized as part of a business combination (customer relationships, technologies, and trademarks) depends on the nature of the acquired business. It generally ranges from 4 to 22 years and is amortized on a straight-line basis. No intangible assets have been identified as having an indefinite useful life.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of any accumulated depreciation and accumulated impairment losses. Depreciation of property, plant and equipment is generally calculated on the basis of the following typical useful lives:

- 20 years for buildings;
- 1 to 10 years for technical facilities and industrial equipment and tooling;
- 5 to 10 years for other property, plant and equipment (vehicles, fixtures, etc.).

The depreciable amount takes into account the residual value of the asset. The various components of property, plant and equipment are recognized separately when their estimated useful lives or patterns of use, and thus the period over which they are depreciated or the depreciation methods applicable to them, are materially different.

Borrowing costs that are directly attributable to the acquisition or construction of an asset are capitalized as part of the cost of that asset.

h) Leases

Contracts defined as a lease according to IFRS 16 (that is to say contracts which give the lessee a right to control the use of an identified asset for a period of time in exchange for consideration) are accounted for in the balance sheet, with the exception of low value assets and contracts with a duration below 12 months (by simplification, as allowed by the standard). In the Group's financial statements, lease contracts accounted for in the balance sheet are mainly real estate contracts (offices and production sites) and, to a lesser extent, service vehicles and some IT equipment.

Leases are accrued on the balance sheet at the date when the underlying asset is made available to the lessee. The lease liability is accrued against a right to use the rent asset, and is equal to the committed future lease payments discounted over the duration of the lease, as well as the exercise price of the options when it is reasonably certain that they will be exercised. The right-of-use asset is adjusted, if applicable, by the payments made in advance to the lessor, the initial direct costs incurred net of the incentives received by the lessor, and dismantling costs when an obligation is identified.

In the case of real estate contracts, the initial lease term retained for the lease liability calculation corresponds to the contractual term which is usually non-cancellable, the Group accepting most of the time to renounce to early termination options in order to benefit from favorable economic conditions. For these contracts, renewal options are generally not taken into account as the contractual terms are long and the date of exercise of these options is too far for the Group to be able to judge their exercise reasonably certain.

The Group may reassess this duration in the course of a contract duration in the case where a significant event occurs, such as a reorganization plan or expensive leasehold improvements. In such situations, the Group pays attention to the consistency between the amortization duration of the leasehold improvements and the term retained for the calculation of the lease liability.

Besides, when the end date of a contract is close, and in the absence of a moving project, the lease term is re-estimated in order to reflect the Group's intention to renew the contract. In such a situation, as for open-end contracts (but cancellable anytime with termination notice by the lessee or the lessor) or for short-term contracts renewable without limitation by tacit agreement, the end date of the contract is estimated taking into account the applicable legal and contractual conditions, but also the particular context of each contract (fluidity of the local real estate market, relations with the lessor…) and economic conditions surrounding the lease (appreciation of the economic loss which represents, for the Group, the abandoning of improvements or constructions made on the leased asset…). This methodology is consistent with the IFRIC's position taken on November 2019.

For other types of lease, there is usually no early termination or extension options, the lease term retained therefore corresponds to the non-cancellable period.

Future lease payments are discounted using the incremental borrowing rate of the lessee. The latest is calculated taking into account the financing arrangements of the Group, that is to say it is based on both the risk-free rate of the lessee and the margin applicable to Thales SA for financing with a maturity corresponding to the duration of the commitment.

The right-of-use asset is presented within the tangible assets (Note 4.2). It is amortized on a straight-line basis over the useful life of the underlying asset. The amortization charge for the right of use is included in Adjusted EBIT.

The lease liability is presented in the balance sheet within the financial debt (Note 6.2). The interest charge is presented in the profit and loss account within the net interest income (Note 6.1).

Within the statement of cash flows:

- the interests paid are included within the net cash flow from operating activities;
- the reimbursement of the debt ("capital" portion of the rent paid) is presented in the financing cash flow on the line "repayment of debt". Thus, it is not included in the cash flow from operating activities;
- new lease liabilities have no effect on the cash flow statement insofar as they are balanced with a right of use recognized in the assets of the balance sheet.

i) Financial assets, financial liabilities and derivatives

Financial assets

IFRS 9 introduces a single approach to classification and measurement of financial assets, based on the characteristics of the financial instruments and on the Group's management intention. Thus:

- financial assets with expected cash flows that solely correspond to principal and interest payments are measured at amortized costs if managed only to collect these flows;
- in other cases, financial assets are measured at fair value through the income statement, except for equity investments not held for trading and whose changes in value affect optionally the Other Comprehensive Income (OCI).

These principles are reflected as follows on the assets presented in the Group's balance sheet:

- **Investments** are measured at fair value. Fair value corresponds to the market price for shares quoted on a regulated market. For other shares, fair value is usually determined using valuation models provided by independent third parties, or by reference to the share in net equity held by the Group.

  Changes in fair value are recognized either on the income statement or, subject to an irrevocable option, investment by investment, through OCI with no reclassification to the income statement. This latter option has been chosen by the Group for all non-consolidated investments at the end of 2021. Consequently, subsequent changes in fair value and gains (losses) on disposal will be directly accounted for through shareholders' equity, with no impact on the income statement. Only dividends must remain accounted for through the financial result.
- **Receivables and financial loans** are recognized at amortized cost. They are subject to impairment if an expected loss or an impairment indicator is identified. This impairment, recognized in "other financial income (expense)", may subsequently be reversed through profit and loss if the conditions so justify.
- **Deposits** that Thales intends to hold until maturity are recognized at amortized cost.
- **Other financial assets** (including mutual funds and equivalent products) are estimated at fair value through profit and loss.

Cash and cash equivalents

"Cash and cash equivalents" include cash at bank and in hand as well as cash equivalents (short-term and liquid investments that are easily converted into a known amount of cash and exposed to negligible risk of a change in value).

Financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate. Upon initial recognition, premiums, redemption and issuance costs are included in the calculation of the effective interest rate and are recognized in the profit and loss account on an actuarial basis over the life of the loan.

Derivatives

The Group uses financial instruments to manage and reduce its exposure to risks of changes in interest rates and foreign exchange rates.

Foreign exchange derivatives used to hedge commercial contracts, and eligible for hedge accounting are accounted for as follows:

- the effective portion of the change in fair value of the hedging instrument is recognized directly in equity until such time as the hedged flows affect profit and loss. The ineffective portion is recognized in profit and loss;
- the amount of the foreign currency denominated transaction is subsequently translated at the exchange rate prevailing at the date of inception of the hedge.

Changes in the fair value of premiums or discounts related to forward foreign currency contracts are recognized in "other financial income (expense)" as they are excluded from the hedging relationship.

The time value of foreign exchange options documented as hedges is considered as a cost of hedging: changes in fair value are accounted for through OCI, with reclassification to the financial result in line with the hedged item.

Concerning **foreign exchange derivatives subscribed to hedge financial assets/liabilities**, documented as fair value hedges, the swap point is spread over the duration of the financial asset/liability.

Interest-rate derivatives are used either as fair value hedges or cash flow hedges:

- a fair value hedge is a hedge of the exposure to changes in the value of assets and liabilities;
- a cash flow hedge is a hedge of the exposure to changes in the value of future cash flows (unknown future interest flows payable on existing variable-rate borrowings or on highly probable future borrowing issues, for example).

In the case of fair value hedge relationships, particularly for the portion of fixed-rate bond debt swapped for a variable rate, the financial liabilities hedged by the interest-rate derivatives are re-measured to the extent of risk hedged. Changes in the value of hedged items are recognized in profit and loss for the period and are offset by symmetrical adjustments in interest-rate derivatives.

In the case of cash flow hedging relationships, the effective portion of changes in fair value of interest-rate derivatives shown in the balance sheet is recognized directly in equity until such time as the hedged flows affect profit and loss.

Fair value of financial instruments

IFRS 13 requires a hierarchy of valuation techniques for each financial asset and liability. The categories are defined as follows:

- level 1: valuation is based on quoted (non-adjusted) prices in active markets for identical assets or liabilities;
- level 2: valuation is based on information other than quoted market prices that is observable for the asset or liability, either directly or indirectly;
- level 3: valuation is based on unobservable information.

The fair value of financial assets and liabilities recorded at amortized cost approximates their carrying amount, except for borrowings and debts.

The fair value of bond debt is based on quoted prices (level 1). The fair value of other borrowings and debt is determined for each loan by discounting the expected future cash flows at the Euribor interest rate at the closing date, adjusted for the Group's credit risk (level 2).

The fair value of monetary and non-monetary UCITS funds is measured based on the last known net asset value. The fair value of interest rate products (certificates of deposit, short-term deposits, negotiable medium-term notes, etc.) is based on the discounting of coupon flows (nominal and interest) over the remaining life of the product at the closing date. The discount rate used is the market rate corresponding to the maturity and product characteristics.

The fair value of derivatives is based on models commonly used to assess these financial instruments (models including observable market data). Counterparty default risk and credit risk have no material impact on the fair value of derivatives.

j) Deferred tax assets and liabilities

Thales recognizes deferred taxes when the tax value of an asset or liability differs from its book value.

Deferred tax assets are not recognized on the balance sheet if it is likely that the company concerned will not be able to recover them. To assess its ability to recover deferred tax assets, the Group takes into account forecast taxable income of the tax entities concerned, over a three to five year time-frame, the entity's tax loss history, non-recurring past events and tax strategies specific to each country.

k) Pensions and other long-term employee benefits

The Group's defined benefit plan commitments are measured by independent actuaries using the projected unit credit method on the basis of estimated salaries at the date of retirement. The calculations mainly take into account assumptions concerning discounting as well as inflation, mortality and staff turnover rates, etc.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between projected and actual results – give rise to actuarial gains and losses:

- actuarial gains and losses on post-employment benefits are recognized in full within other comprehensive income, and are not subsequently reclassified to profit and loss. Where appropriate, the same treatment is applied to adjustments linked to the ceiling on net assets for plans in surplus;
- actuarial gains and losses on other long-term benefits are recognized immediately in financial income (Note 9.3).

Past service cost, measured in cases of amendments or curtailments of plans, and plan settlements are recognized in full within other operating income (loss) in the period in which it is incurred.

Net interest expense, determined based on the discount rate of obligations, is recognized in financial income.

l) Share-based payment

Free share plans

Thales regularly grants performance shares to its employees. These allotments give rise to an expense representing the fair value of services received at the grant date. This payroll expense is recognized against equity.

The fair value of the services received is calculated by reference to the fair value of the shares at the grant date, less the present value of dividends forfeited by employees during the vesting period, taking into account the presence conditions.

Internal performance conditions are taken into account only by means of an adjustment in the projected number of instruments acquired by employees at the end of the vesting period. Therefore, they are not taken into account in the fair value estimate of the instruments granted, which is determined at the grant date.

The expense related to these plans is included in the income from operations with the consolidated reserves account as counterpart without impact on total equity. As the payment of compensation is subject to presence conditions, the corresponding expense is recorded over the vesting period on a straight-line basis. When appropriate, the expense is adjusted over the vesting period to reflect any losses of rights.

Phantom shares indexed to the value of Thales shares

As these are cash-settled plans, IFRS 2 requires an evaluation of vested services and the liability assumed at fair value. Until the payment of this liability, the debt is reassessed at the closing date and recognised in profit and loss. The reassessment of the debt takes into account the achievement of performance and/or presence conditions, as well as the change in value of the underlying shares.

m) Power Purchase Agreements

The Group has entered into agreements to procure clean energy providing for physical delivery of electricity.

An accounting analysis concluded that these contracts did not include any lease according to IFRS 16.

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Note 14. Fees paid to statutory auditors

Total fees paid to Thales' statutory auditors by the parent company and members of their consolidated networks for financial years 2024 and 2023 (including Transport segment) are shown below.

In 2024, the fees for the sustainability auditor were added.

Other services cover tasks required by law (e.g., interim dividend, capital increase, etc.) and other services compatible with the statutory auditors' role (certification of expenditures, agreed procedures engagements, services of a tax-related nature without material impact, etc.).

In € thousands	Forvis Mazars		EY		PwC	Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2024**	**2023**
Certification of accounts	**5,698**	**6,300**	**6,953**	**6,016**	**—**	**12,651**	**12,316**
• Issuer	857	930	424	414	—	1,281	1,344
• Subsidiaries	4,841	5,370	6,529	5,602	—	11,370	10,972
Certification of sustainability information	**—**	**—**	**—**	**—**	**788**	**788**	**—**
• Issuer	—	—	—	—	788	788	—
• Subsidiaries	—	—	—	—	—	—	—
Other services	**889**	**746**	**1,096**	**992**	**—**	**1,985**	**1,738**
• Issuer	176	266	120	108	—	296	374
• Subsidiaries	713	480	976	884	—	1,689	1,364
TOTAL	**6,587**	**7,046**	**8,049**	**7,008**	**788**	**15,424**	**14,054**

Note 15. List of main consolidated companies

(excluding Thales SA, the parent company)

Company name	Country	% Interest 31/12/24	% Interest 31/12/23
1. Consolidated subsidiaries [(a)]			
Advanced Acoustic Concepts, LLC	United States	100%	100%
Ground Transportation Systems Canada Inc	Canada	—%	100%
GTS Deutschland GmbH	Germany	—%	100%
GTS France SAS	France	—%	100%
Imperva, Inc.	United States	100%	100%
Thales Alenia Space France SAS	France	67%	67%
Thales Alenia Space Italia SpA	Italy	67%	67%
Thales Australia Ltd	Australia	100%	100%
Thales Avionics, Inc.	United States	100%	100%
Thales AVS France SAS	France	100%	100%
Thales Belgium SA	Belgium	100%	100%
Thales Canada Inc.	Canada	100%	100%
Thales Defense & Security, Inc.	United States	100%	100%
Thales Deutschland GmbH	Germany	100%	100%
Thales DIS Brasil Cartões e Soluções de Tecnologia Ltda	Brazil	100%	100%
Thales DIS CPL USA, Inc.	United States	100%	100%
Thales DIS France SAS	France	100%	100%
Thales DIS Mexico SA de CV	Mexico	100%	100%
Thales DIS (Singapore) Pte Ltd	Singapore	100%	100%
Thales DIS Technologies B.V	Netherlands	100%	100%
Thales DIS UK Ltd	United Kingdom	100%	100%
Thales DIS USA, Inc.	United States	100%	100%
Thales DMS France SAS	France	100%	100%
Thales Espana Grp, S.A.U.	Spain	—%	100%
Thales Ground Transportation Systems Ltd	United Kingdom	—%	100%
Thales LAS France SAS	France	100%	100%
Thales Nederland B.V.	Netherlands	99%	99%
Thales Security Solutions & Services Company	Saudi Arabia	—%	100%
Thales Services Numériques SAS	France	100%	100%
Thales SIX GTS France SAS	France	100%	100%
Thales Solutions Asia Pte Ltd	Singapore	100%	100%
Thales UK Ltd	United Kingdom	100%	100%
Trixell	France	51%	51%
2. Joint ventures & associates (equity method)			
Airtanker Ltd	United Kingdom	15%	15%
Arab International Optronics	Egypt	49%	49%
Aviation Communications & Surveillance Systems	United States	30%	30%
Diehl Aerospace GmbH	Germany	49%	49%
Lynred	France	50%	50%
Naval Group	France	35%	35%
Telespazio SpA	Italy	33%	33%
Telit Cinterion	United Kingdom	25%	25%

(a) Companies with sales representing more than 0.5% of consolidated sales.

Exemptions for subsidiaries publication:

Gemalto BV (previously Gemalto Holding BV) has been exempted from its obligation to publish consolidated financial statements since 2019, as Thales applies the exemption 408 in the Netherlands.

German entity Electronic Signalling Services (ESS) GmbH, located at 1 Thalesplatz, 71254 Ditzingen, has requested to be exempted from its obligation to publish statutory financial statements for the year 2024, pursuant to paragraph 3, subparagraph 264, of the German Commercial Code.

7.2 Parent company management report

7.2.1 Parent company management report

7.2.1.1 Activity and results

Operating income amounted to €890.3 million, compared with €882.3 million in 2023. Revenue amounted to €264.8 million compared with €248.4 million in 2023.

Activities are described by sector in the accompanying Notes.

Revenues mainly consist of rents and construction work re-invoiced to operating subsidiaries as well as sales of research chiefly conducted by the Thales Group's Central Research and Technology Department. The increase in revenues is primarily due to higher invoicing for rents and construction work in 2024.

Other operating income amounted to €596.4 million, compared with €609.6 million in 2023. This includes royalties paid by direct operating subsidiaries as well as expenses re-invoiced to those subsidiaries, including for general and specific centralized services provided by the parent company and for capitalized production.

Net operating loss amounted to €(101.2) million, compared with €(71.4) million in 2023.

Net financial income amounted to €1,182.5 million, compared with €1,363.3 million in 2023.

Provisions for equity investments and subsidiary risks totaled €(49.8) million in 2024, compared with €(29.7) million in 2023. Reversals of provisions for equity investments and subsidiary risks represented €40.5 million in 2024, compared with €3.3 million in 2023.

Income from investments amounted to €1,509.6 million in 2022, compared with €1,561.6 million in 2023.

Net non-recurring income amounted to €(1.4) million, compared with €(15.3) million in 2023. This consists mainly of restructuring costs related to salaries.

The company recorded a corporate income tax benefit of €114.1 million (€30.4 million in 2023). This represents the net total of (i) the amount to be received from fiscally-integrated profitable subsidiaries and (ii) the income tax expense payable to the State.

In 2024, nondeductible expenses (pursuant to Articles 223 and 39.4 of the French General Tax Code) amounted to €(0.4) million.

Net profit for the 2024 financial year amounted to €1,194.0 million, up compared with the result for financial year 2023 (€1,307.0 million).

7.2.1.2 Balance sheet as at December 31, 2024

The balance sheet total was €27,224.1 million at year-end 2024, in decrease €454.6 million from the balance sheet total at year-end 2023 of €27,678.7 million.

The total non-current assets of €20,263.2 million, compared with €20,937.0 million in 2023, were primarily composed of financial investments.

The €197.6 million increase in investments in subsidiaries and affiliates was primarily due to a net of disposals and acquisitions carried out in 2024.

Other financial assets decreased by €495.2m.

Current assets, at €6,960.9 million at the end of December 2024, increased by €219.1 million in connection with sight and fixed-term bank deposits or UCITS funds.

The balance of current accounts with respect to Group companies corresponded to a net debt of €9,632.1 million at year-end 2024, compared with €8,414.8 million at year-end 2023.

Financial debt amounted to €6,027.5 million at year-end 2024, compared with €7,446.5 million at year-end 2023. This included bond issues for a total amount of €4,500.0 million, commercial paper totaling €1,462.7 million, as well as foreign currency- and euro-denominated liabilities to Group subsidiaries and affiliates.

At year-end 2024, share capital stood at €617.8 million, while total equity totaled €8,229.2 million, compared with €8,329.3 million at year-end 2023.

Customer and Supplier payment schedules

Thales pays its suppliers 60 days after invoice date, in line with the maximum period allowed under the French law on the modernization of the economy [*Loi de Modernisation de l'Économie, LME*].

The table below presents the aging of receivables and payables by invoice date:

- **INVOICES RECEIVED AND ISSUED AS AT THE CLOSING DATE OF THE FINANCIAL YEAR WHICH HAS JUST ELAPSED (TABLE PROVIDED FOR IN Article D. 441-4, section I)**

	Article D. 441, section I (1): Invoices received and not settled at the closing date of the financial year just elapsed						Article D. 441, section 1 (2): invoices issued but not paid at the closing date of the financial year just elapsed					
	0 days (indicative)	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and more**	**Total (1 day or more)**	**0 days (indicative)**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days or more**	**Total (1 day or more)**
A. Late payment tranches												
Number of invoices concerned	870					115	507					304
Total value of invoices concerned *(in € million, incl. tax)*	93.7	1.8	0.5	0.3	0.7	3.3	59.5	14.1	0.8	0.5	4.0	19.4
Percentage of total purchases during the year *(incl. tax)*	12.14%	0.24%	0.06%	0.04%	0.09%	0.43%						
Percentage of total sales during the year *(incl. tax)*							6.42%	1.52%	0.09%	0.05%	0.43%	2.09%
B. Invoices excluded from A corresponding to payables and receivables in dispute or not posted												
Number of posted invoices in dispute *(incl. tax)*						38						–
Number of unposted invoices						440						–
Total value of posted invoices in dispute *(in € million, incl. tax)*						0.6						–
Total value of unposted invoices *(in € million, incl. tax)*						11.6						–
C. Reference payment periods used (contractual or legal periods - Articles L. 441-1 and following of the French Commercial Code)												
Payment periods used for calculating late payments	Contractual periods: 60 days from end of the month						Contractual periods: 45 days from end of the month					

7.2.1.3 Events after the reporting period

As at the date of publication of this document, no events that may have an impact on Thales' financial position have occurred since the reporting period.

7.2.1.4 Outlook for the current financial year

The Company results for 2025 are expected to reflect the dividends paid by certain subsidiaries for financial year 2024 as well as changes in provisions for the impairment of equity investments and subsidiary risks as a consequence of trends in their business and performance in 2025.

7.2.1.5 Proposed allocation of earnings and dividend policy

The Annual General Meeting, deliberating under the quorum and majority conditions required for Annual General Meetings, noted [1] that distributable earnings include:

net profit for fiscal year 2024	€1,193,976,685.92
less allocations to legal reserve [a]	€–
plus retained earnings as at December 31, 2024	€3,083,270,574.11
plus interim dividend in the amount of EUR 0.85 per share paid on December 5, 2024, and deducted from retained earnings	€174,165,935.85
FOR A TOTAL AMOUNT OF	**€4,451,413,195.88**

(a) The amount of legal reserve having reached the threshold of 10% of the share capital.

The Annual General Meeting decided [1] to allocate this distributable profit as follows:

)Distribution of a dividend of EUR [3.70] per share on 205 941 913 shares bearing rightd as at January 1, 2024 (of which the interim dividend of EUR 0.85 per share paid on December 5, 2024, charged to the 2024 dividend)	€761,985,078.10
Retained earnings after dividend	€3,689,428,117.78
TOTAL EQUIVALENT TO DISTRIBUTABLE EARNINGS	**€4,451,413,195.88**

The Annual General Meeting notes that, in view of this decision to distribute and pay an interim dividend of €0.85 per share paid on December 5, 2024 and deducted from retained earnings, the balance of the dividend to be paid amounts to [€2.85] per share.

The dividend will be detached on May 20, 2025 and paid on May 22, 2025.

The sums corresponding to the dividends which in accordance with the provisions of the fourth paragraph of Article L. 225-210 of the French Commercial Code have not been paid on treasury shares held by the Company will be reallocated as retained earnings.

For individuals domiciled in France who have not expressly irrevocably and globally opted to be subject to income tax on a progressive scale the dividend is subject to a flat tax rate (*prélèvement forfaitaire unique* or PFU) of the prevailing rate. For individuals domiciled in France who have exercised such an option, this dividend is subject to income tax on a progressive scale and is eligible for the allowance provided by Article 158.3.2° of the French General Tax Code.

In accordance with the law, the amounts of dividends paid out for the past three financial years are provided below:

Financial year	Dividend per share [a]	Total amount paid out
2021	€2.56	€543,570,552.92
2022	€2.94	€615,213,587.81
2023	**€3.40**	**€699,795,344.60**

(a) The dividend corresponds to all income distributed for the financial year. The full dividend amount was eligible for the tax relief provided for in Article 158, 3., 2° of the French General Tax Code.

(1) Subject to approval by the Annual General Meeting of May 16, 2025.

7.2.1.6 Parent company management report cross-reference table

In accordance with Articles L. 225-100, L. 232-1, L. 247.1 and R. 225-102 of the French Commercial Code, the parent company management report includes the following information contained in the 2024 Universal Registration Document:

Management report French Commercial Code	Section/Note	Pages
1. Information about our activities	**Section 2**	**25**
Presentation of the activities of the Company, its subsidiaries and controlled companies	Section 2.1	26
Information on the research and development activities	Section 2.2	38
Essential intangible resources	Not applicable	
Information on the use of financial instruments (supplementing the notes to the financial statements)	Section 7.1 Note 6, Section 3	274, 74
Information on the hedging objectives and policy for each main category of transactions	Section 7.1 Note 6, Section 3	278, 74
Injunctions or financial penalties for anti-competitive practices	Not applicable	–
2. Information provided in Thales (parent company) financial statements at December 31, 2024	**Section 7.2**	**308**
Table of subsidiaries and equity affiliates	Note 23	329
Table of investments made and shareholding disclosures in French companies	Note 23	330
Table showing the company's earnings in the last five financial years	Note 24	331
Table of outstanding stock purchase and subscription options at December 31	Note 15	321
Change in number and in value of the treasury shares of the Company	Note 14	320
Corporate income tax	Note 6	314
Information on existing branches	Note 24	331
3. Main risks and uncertainties		**59**
Description of the main risks and uncertainties	Section 3	59
Exposure to price, credit, liquidity and cash flow risks	Section 7.1 Note 6, Section 3	278, 74
4. Company and share capital	**Section 6**	**237**
Breakdown of shareholders and changes performed during the financial year	Section 6.2	239
Employee's stake in share capital	Section 6.2.3.7	249
Awards of free shares and performance units made during the financial year	Section 6.2.3.5	246
Description of the share repurchase program	Section 6.2.3.4	245
Transactions involving treasury shares during the financial year	Section 6.2.3.4.3.2	245
Exposure to price, credit, liquidity and cash flow risks	Section 6.2.3.3.3	243
Summary statement of transactions carried out during the financial year by directors, non-voting directors and related persons	Section 4.6	139
Thales share price trend over the past two financial years	Section 6.4.1	252
Loans to SMEs of less than 3 years authorized by Article L. 511-6,3bis al.2 of the French Monetary and Financial Code (none)	Not applicable	–
Mention of possible adjustments to securities giving access to the capital in the event of share buybacks or financial transactions	Not applicable	–
Cross-shareholdings	Not applicable	–
5. Corporate governance [(a)]	**Section 4**	**101**
6. Social and environmental responsibility, including	**Section 5**	**141**
Sustainability report	Section 5.1	142
Duty of Care Plan	Section 5.3	227
Impact of activities in the fight against tax evasion	Section 5.3	234
Actions to promote the link between the Nation and its armed forces and support commitment to the national guard reserves	Section 5.3	234

(a) Including the main risks and uncertainties.

7.2.2 Parent company financial statements

7.2.2.1 Income statement by nature

(in € millions)	Notes	2024	2023
Re-billing of rent and building work		232.9	217.3
Research		31.9	31.1
Sales		**264.8**	**248.4**
Royalties		310.8	296.7
Re-billing of expenses		285.6	312.9
Other operating income		**596.4**	**609.6**
Reversals of provisions		21.4	16.9
Transfer of expenses		7.7	7.4
TOTAL OPERATING INCOME		**890.3**	**882.3**
Purchases ands charges in inventories and work in progress		(82.5)	(76.1)
Other external charges		(563.1)	(571.4)
Taxes other than on income		(16.0)	(15.1)
Personnel expenses		(286.6)	(258.3)
Depreciation and amortisation		(14.1)	(16.7)
Increase in provisions for impairment		(29.2)	(16.1)
Total operating expenses		**(991.5)**	**(953.7)**
INCOME (LOSS) FROM OPERATIONS	Note 3	**(101.2)**	**(71.4)**
Net interest and finance costs		(328.4)	(173.5)
Income from investments		1,509.6	1,561.6
Other financial income		61.5	18.6
Other financial expenses		(60.2)	(43.4)
Financial income (expense)	Note 4	**1,182.5**	**1,363.3**
PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE INCOME TAX		**1,081.3**	**1,291.9**
Non-recurring income (expense)	Note 5	**(1.4)**	**(15.3)**
PROFIT (LOSS) BEFORE INCOME TAX		**1,079.9**	**1,276.6**
Income tax benefit (expense)	Note 6	**114.1**	**30.4**
PROFIT FOR YEAR		**1,194.0**	**1,307.0**

The Notes to the financial statements constitute an integral part of the parent company's financial statements.

7.2.2.2 Balance sheet

Assets

(in € millions)	Notes	31/12/24	31/12/23
Intangible assets and property, plant and equipment, net	Note 7	129.5	112.3
Equity investments	Note 8	19,729.4	19,531.8
Treasury shares not assigned to plans	Note 14	82.9	476.3
Other financial investments	Note 9	321.4	816.6
Total non-current assets		**20,263.2**	**20,937.0**
Inventories and work in progress		2.2	1.0
Advances to suppliers	Note 16	13.0	1.1
Trade receivables	Note 16	254.4	274.0
Other receivables	Note 16	300.7	321.6
Group company current account payables	Note 10	2,473.4	2,702.7
Investment securities	Note 11	5.0	100.0
Cash and cash equivalents	Note 11	3,912.3	3,341.3
Total current assets		**6,960.9**	**6,741.7**
TOTAL ASSETS		**27,224.1**	**27,678.7**

Shareholder equity and liabilities

(in € millions)	Notes	31/12/24	31/12/23
Share capital		617.8	630.6
Additional paid-in capital		3,132.6	3,705.6
Reserves and retained earnings		3,284.8	2,686.1
Profit for the year		1,194.0	1,307.0
Total shareholders' equity	Note 13	**8,229.2**	**8,329.3**
Reserves for contingencies	Note 17	**212.7**	**229.9**
Borrowings	Note 12	6,027.5	7,446.5
Group company current account payables	Note 10	12,105.4	11,117.5
Advances received on contracts in progress	Note 16	43.2	34.4
Trade payables	Note 16	144.2	213.7
Other payables	Note 16	461.9	307.4
Total liabilities		**18,782.2**	**19,119.5**
TOTAL SHAREHOLDERS' EQUITY AND LAIBILITIES		**27,224.1**	**27,678.7**

The Notes to the financial statements constitute an integral part of the parent company's financial statements.

7.2.2.3 Cash flows statement

(in € millions)	Notes	2024	2023
Net income		**1,194.0**	**1,307.0**
Add (deduct):			
Net depreciation, amortisation and impairment charges on intangible assets and property, plant and equipment	Note 7	14.1	16.7
Provisions for post-employment and other employee benefits	Note 17	(12.0)	12.1
Net provisions for impairment of investments and subsidiary risks	Note 4	9.2	26.4
Other items		9.7	(28.3)
Operating cash flow		**1,215.0**	**1,333.9**
Change in working capital and provisions for operating contingencies and losses		20.4	44.0
CASH FLOW FROM OPERATING ACTIVITIES	- I -	**1,235.4**	**1,377.9**
Payments for acquisitions of intangible assets and property, plant and equipment		(31.3)	(55.0)
Proceeds from disposal of intangible assets and property, plant and equipment		—	—
Net operating investment		**(31.3)**	**(55.0)**
Investments in subsidiaries and associates	Note 8	(2,080.4)	(5,279.4)
Disposals of subsidiaries and affiliates	Note 8	1,983.0	131.1
Decrease (increase) in other investments		100.0	100.0
Decrease (increase) in other financial investments and treasury shares		267.8	(662.6)
Decrease (increase) in current account receivables		300.4	92.4
Net financial investment		**570.8**	**(5,618.5)**
CASH FLOW USED IN INVESTING ACTIVITIES	- II -	**539.5**	**(5,673.5)**
Dividends distributions	Note 13	(708.4)	(633.5)
Increase in borrowings		44.8	3,571.7
Decrease in borrowings		(1,475.8)	(758.9)
Increase (decrease) in current account payables		925.1	1,344.9
CASH FLOW FROM/USED UN FINANCING ACTIVITIES	- III -	**(1,214.3)**	**3,524.2**
TRANSLATION ADJUSTMENT FOR ACCOUNTS DENOMINATED IN A FOREIGN CURRENCY	- IV -	**10.4**	**(7.0)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	I+II+III+IV	**571.0**	**(778.4)**
Cash and cash equivalents at the beginning of the period		3,341.3	4,119.7
Cash and cash equivalents at the end of the period		**3,912.3**	**3,341.3**

The Notes to the financial statements constitute an integral part of the parent company's financial statements.

7.2.2.4 Statement of changes in equity

(in € millions)	Number of shares outsanding *(in thousand)*	Share capital	Issue premiums	Retained earnings	Profit for the year	Total shareholders' equity
At 1 January 2023	**213,411**	**640.2**	**4,076.5**	**2,196.8**	**1,122.8**	**8,036.3**
Allocated of 2022 earnings	—	—	—	1,122.8	(1,122.8)	—
Dividends	—	—	—	(633.5)	—	(633.5)
Capital increase	(3,201)	(9.6)	(370.9)	—	—	(380.5)
2023 result	—	—	—	—	1,307.0	1,307.0
At 31 December 2023	**210,210**	**630.6**	**3,705.6**	**2,686.1**	**1,307.0**	**8,329.3**
Allocated of 2023 earnings	—	—	—	1,307.0	(1,307.0)	—
Dividends (see Note 13.2)	—	—	—	(708.4)	—	(708.4)
Capital decrease	(4,268)	(12.8)	(573.0)	—	—	(585.8)
2024 result	—	—	—	—	1,194.0	1,194.0
At 31 December 2024	**205,942**	**617.8**	**3,132.6**	**3,284.8**	**1,194.0**	**8,229.2**

The Notes to the financial statements constitute an integral part of the parent company's financial statements.

7.2.2.5 Notes to the parent company financial statements

Note 1. Accounting principles applied

Thales is a French public limited company *société anonyme* and the parent company of Thales Group.

Thales' annual financial statements have been prepared in accordance with accounting principles generally accepted in France and in accordance with the provisions of the French General Chart of Accounts, as defined in ANC regulation No. 2014-03 and its amending regulations. These principles are detailed in each Note hereafter.

Note 2. Change in Thales' directly owned investments

2024

In April 2024, Thales acquired Thales Aerospace Communication for €941.3 million.

In May 2024, Thales subscribed to the capital increase of Thales Holdings UK Plc for €992.4 million and Centelec UK Ltd was sold for €1,935.9 million to Hitachi Rail.

In July 2024, Thales susbcribed to the capital increase of Thales Global Services for €90 million, and of Thales Digital Factory for €40 million.

2023

In February and July 2023, Thales subscribed to the capital increase of Centelec UK Ltd for €1,810.0 million in connection with the reclassification of the GTS subsidiaries under a holding company to be sold to Hitachi Rail.

In September 2023, Thales subscribed to the capital increase of Thales SESO SAS Cloud Secure for €4.1 million.

In October 2023, Thales Avionics Electrical Systems SAS was sold for €131.1million to Safran Electrical & Power.

In December 2023, Thales subscribed to the capital increase of Thales USA Inc for €3,462.7 million within the framework of the financing of Imperva acquisition.

Note 3. Operating profit/loss

In addition to its functions as a holding company (holding equity investments and managing central support functions and cash flow) the parent company manages the real estate of its French operating subsidiaries and carries out its own research activity in France.

3.1 Operating income

Consequently, operating income includes:

- rents re-invoiced to operating subsidiaries and sales of research, which represent the revenues (€264.8 million in 2024, compared with €248.4 million in 2023), primarily generated in France;
- royalties paid by subsidiaries for shared services and re-invoiced expenses for general and specific services provided to the subsidiaries by the parent company.

3.2 Operating expenses

Operating expenses mainly comprise personnel expenses (employees of the Thales parent company and directors), real estate rents and related services, and other external services, including those provided by Thales Global Services SAS, which incorporates the Group's shared services.

Note 4. Financial income

4.1 Accounting principles

The financial income mainly includes:

- interest expenses and finance costs on net debt;
- income and expenses related to Thales' directly owned investments (dividends and depreciation, see Note 8);
- the financial component of the increase in provisions for post-employment and other employee benefits (see Note 17);
- foreign exchange gains and losses (see Note 20).

4.2 Breakdown of financial income

	Notes	2024	2023
NET INTEREST AND FINANCE COSTS		**(328.4)**	**(173.5)**
Interest and financial income on financial receivables		**272.2**	**256.9**
Interest on Group company current account receivables and loans to subsidiaries and associates		163.5	130.8
Interest on cash and cash equivalents [a]		108.7	126.1
Interest and financial expenses		**(582.3)**	**(412.3)**
Interest on Group company current account payables and borrowings from subsidiaries and associates		(401.7)	(333.2)
Interest on bonds and other borrowings		(180.6)	(79.1)
Interest on interest rate swaps hedging borrowings		**(1.2)**	**(3.3)**
Interest on foreign exchange swaps hedging subsidiary financing		**(17.1)**	**(14.8)**
INCOME FROM INVESTMENTS	Note 23	**1,509.6**	**1,561.6**
OTHER FINANCIAL INCOME		**61.5**	**18.6**
Reversal of provisions related to associate [b]		40.5	3.3
Reversal of provisions for termination payments and others benefits	Note 17	9.2	–
Foreign exchange gains		11.2	14.8
Other		0.6	0.5
OTHER FINANCIAL EXPENSES		**(60.2)**	**(43.4)**
Increase in provisions related to associates [b]		(49.8)	(29.7)
Increase in provisions for impairment of treasury shares		(4.6)	–
Increase in provisions for termination payments and others benefits	Note 17	–	(10.9)
Other		(5.9)	(2.8)
FINANCIAL INCOME (EXPENSE)		**1,182.5**	**1,363.3**

(a) *Disposal of mutual funds held by Thales SA having the nature of cash equivalents, the gains and losses on disposal related to these investments have therefore been reclassified under "interest on cash and cash equivalents" at opening.*

(b) Provisions related to subsidiaries and associates	**2024**		**2023**	
	Reversal	**Increase**	**Reversal**	**Increase**
Provisions for impairment of equity investments	**25.3**	**(46.7)**	**0.6**	**(28.5)**
Avimo Group Ltd	–	(27.7)	–	(10.8)
Thales Seso SAS	–	–	–	(4.0)
Thales Security Solutions & Services Company	3.9	–	–	(3.9)
Thales Europe SAS	–	–	–	(3.0)
Thales Global Services SAS	21.1	–	–	(1.4)
Thales Digital Factory	–	(14.7)	–	–
Thales Corporate Venture	–	(3.2)	–	–
Thales Cloud Sécurisé	–	(0.9)	–	–
Others	0.3	(0.3)	0.6	(5.4)
Provision for subsidiary risks (see Note 17.2)	**15.3**	**(3.1)**	**2.7**	**(1.2)**
Thales Digital Factory SAS	15.3	–	–	(1.1)
Thales Seso SAS	–	(2.1)	2.7	–
Others	–	(1.0)	–	(0.1)
TOTAL	**40.5**	**(49.8)**	**3.3**	**(29.7)**

Note 5. Non-recurring income

5.1 Accounting principles

The non-recurring income includes:

- restructuring costs: these primarily relate to severance payments, redundancy payments, costs for notice periods not worked and other costs linked to the closure of facilities such as site rehabilitation or asset write-offs. All these costs and the costs directly linked to restructuring measures (removal costs, training costs for transferred employees etc.) are recognized as 'restructuring costs' in the income statement;
- capital gains or losses on the disposal of assets, in particular businesses or equity investments. As an exception to the guidelines of the French General Chart of Accounts and in order to give a more accurate presentation of these transactions, reversals of provisions for impairment of equity investments and reversals of provisions for subsidiary risks are included in income from disposals;
- other income and expenses arising on events that are unusual as regards their frequency, nature or amount.

5.2 Breakdown of non-recurring income

	2024	2023
Restructuring costs	(5.1)	(9.0)
Increase/reversal in provisions	6.7	(14.5)
Litigation [a]	–	(2.7)
Others	(2.9)	10.9
NON-RECURRING INCOME (EXPENSE)	**(1.4)**	**(15.3)**

(a) Compensation received as a result of a settlement agreement relating to a former dispute.

Note 6. Corporate income tax

6.1 General framework and accounting principles

Since January 1, 1992, Thales has opted for the Group tax consolidation regime. Thales is the head of a tax consolidation group that includes the majority of its French subsidiaries, pursuant to the tax regime provided for by Article 223A of the French General Tax Code.

In accordance with the tax consolidation agreement entered into between Thales and its subsidiaries, each subsidiary in the tax group records the amount of tax it would have paid had they been taxed separately. Any tax savings arising from the use of the tax losses of subsidiaries are recorded by the parent company and recognized in the income statement. However, the parent company may have to record a corresponding tax expense if and when these subsidiaries return to profit and are able to deduct the losses as they would have done had they been taxed separately.

The corporate income tax rate for financial year 2024 was 25.83%, as in 2023, including the social contribution on profits.

The Company benefits from a tax credit related to the research efforts undertaken at its Palaiseau facility. This tax credit is recorded as a reduction in the corporate income tax charge.

6.2 Tax payable

The net corporate income tax breaks down as follows:

	2024	2023
Income tax benefit received from tax group subsidiaries	256.7	213.6
Income tax due do the French State	(152.9)	(170.0)
Income tax benefit resulting from tax consolidation	**103.8**	**43.6**
Research tax credit	5.8	6.7
Prior period adjustments and other taxes	4.5	(19.9)
INCOME TAX BENEFIT	**114.1**	**30.4**

6.3 Deferred tax situation

The Company has available future tax savings arising from timing differences between the tax and accounting treatment of income and expenses (€210.7 million as at December 31, 2024, compared with €217.8 million at year-end 2023). These mainly reflect provisions for contingencies and losses, in particular provisions for pensions which are not deductible for tax purposes. There were no tax losses carried forward as at December 31, 2024.

The corresponding deferred tax is not recognized.

Note 7. Property plant and equipment and intangible assets

7.1 Accounting principles

Intangible assets (mainly software and property plant and equipment) are recognized at their acquisition cost in the balance sheet. They are amortized or depreciated on a straight-line or declining balance basis over the period of their estimated useful lives (20 years for buildings and 3 to 10 years for other assets).

Fixed assets held under finance leases or hire purchase agreements are not recognized and are reported in off-balance sheet commitments.

7.2 Breakdown by type

	31/12/24			31/12/23		
	Gross value	Cumulative amort.and depr.	Net	Gros value	Cumulative amort. and depr.	Net
Intangible assets	**20.9**	**(20.8)**	**0.1**	**20.8**	**(20.8)**	**—**
Buildings	240.7	(170.9)	69.8	208.2	(161.1)	47.1
Industrial plant, equipment and machinery	66.9	(49.2)	17.7	60.8	(46.6)	14.2
Other	50.1	(8.0)	42.0	57.6	(6.6)	51.0
Property, plant and equipment	**357.6**	**(228.2)**	**129.5**	**326.6**	**(214.3)**	**112.3**
TOTAL	**378.5**	**(249.0)**	**129.5**	**347.4**	**(235.1)**	**112.3**

7.3 Change in net fixed assets

	Intangible assets	Property, plant and equipment	Total
Net value at 01/01/2023	**—**	**74.8**	**74.8**
Acquisitions	—	55.0	55.0
Net disposals	—	(0.8)	(0.8)
Depreciation and amortisation	—	(16.7)	(16.7)
Net value at 31/12/2023	**—**	**112.3**	**112.3**
Acquisitions	0.1	31.2	31.3
Disposals	—	(0.2)	(0.2)
Reversal of depreciation and amorisation	—	0.2	0.2
Depreciation and amortisation	—	(14.1)	(14.1)
NET VALUE AT 31/12/2024	**0.1**	**129.4**	**129.5**

Note 8. Equity investments

8.1 Accounting principles

Equity investments are recorded at historical cost. Acquisition-related transaction costs are recognized in the income statement. When inventory value falls below book value, an impairment loss is booked for the difference.

The inventory value is determined by means of profitability forecasts, the underlying assets, recent transactions or the market price of any listed securities.

Profitability forecasts are determined on the basis of discounted future operating cash flows over a three-year period and a terminal value. In certain specific cases (recent acquisitions, non-typical annual results etc.), the terminal value is determined based on forecasts over an appropriate period of time.

The cash flows used are based on a two-year forecasting exercise, drawn up in accordance with Group procedures and extended for a further year. These flows reflect management's best estimate in the current economic environment.

The assumptions used concern growth in sales and terminal values. They are based on reasonable estimations in line with specific data available for each business segment (terminal value is usually based on average income from operations over three years, with growth capped at 2%). The discount rate applied in 2024 is 8%, as in 2023.

8.2 Change in equity investments

A breakdown of equity investments is presented in Note 23. The changes therein are presented below:

	Notes	Gross value	Provisions	Net
VALUE AT 01/01/2023		**15,659.8**	**(1,259.9)**	**14,399.9**
Acquisitions/capital subscriptions ands transactions		**5,279.4**	**—**	**5,279.4**
Increase in capital of Thales USA Inc		3,462.7	–	3,462.7
Increase in capital of Centelec UK Ltd		1,810.0	–	1,810.0
Increase in capital of Thales Seso SAS		4.1	–	4.1
ACE Aéro partenaires fund subscription		2.6	–	2.6
Disposals/capital transactions		**(119.6)**	**—**	**(119.6)**
Disposal Thales Avionics Electrical Systems SAS		(119.6)	–	(119.6)
Increase in provisions of impairment	Note 4	**—**	**(28.5)**	**(28.5)**
Reversal of provisions for impairment	Note 4	**—**	**0.6**	**0.6**
VALUE AT 31/12/2023		**20,819.6**	**(1,287.8)**	**19,531.8**
Acquisitions/capital subscriptions and transactions (a)		**2,073.8**	**—**	**2,073.8**
Increase in capital of Thales Holdings UK		992.4		992.4
Acquisition of Thales Aerospace Communication		941.3		941.3
Increase in capital of Thales Global Services		90.0		90.0
Increase in capital of Thales Digital Factory		40.0		40.0
Increase in capital of Lynred		8.3		8.3
ACE Aéro partenaires fund subscription		1.7		1.7
Increase in capital of others entities		0.1		0.1
Disposals/capital transactions (b)		**(1,854.8)**	**—**	**(1,854.8)**
Disposal Centelec UK Ltd		(1,810.0)		(1,810.0)
Capital reduction of Avimo Group		(34.1)		(34.1)
Capital reduction of Thales Canada Inc		(9.4)		(9.4)
Disposal Sofema		(1.3)		(1.3)
Increase in provisions of impairment	Note 4	**—**	**(46.7)**	**(46.7)**
Reversal of provisions for impairment	Note 4	**—**	**25.3**	**25.3**
VALUE AT 31/12/2024		**21,038.6**	**(1,309.2)**	**19,729.4**

a) The amount of acquisitions/capital transactions does not take into account a repayment of €6.5 million on the sale price of Thales Avionics Electrical Systems SAS sold to Safran Electrical & Power in 2023.

(b) The difference between the sale price of Centelec UK to Hitachi Rail (€1,935.6 million) and the capital increase of Centelec UK carried out in 2023 (€1,810.0 million) must be paid back to the subsidiaries in 2025. At the end of 2024, this debt (€125.9 million) is recorded as part of "other debts" (Note 16).

Note 9. Other financial investments

9.1 Accounting principles

Other financial investments mainly include loan agreements signed by Thales with its direct or indirect subsidiaries and affiliates. These loans are presented separately from the current account agreements, which are used in the daily management of cash requirements or surpluses (see Note 10).

Other financial investments also include deposits paid as part of real estate commitments and other financial receivables.

An impairment loss is recognized according to the risk of non-recovery.

9.2 Breakdown by type

		31/12/24			31/12/23		
	Notes	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Loans to direct subsidiariues and associates	Note 23	8.4	—	8.4	515.2	—	515.2
Loans to other Group subsidiaries		291.5	—	291.5	280.7	—	280.7
Other Financial investments		21.5	—	21.5	20.7	—	20.7
TOTAL		**321.4**	**—**	**321.4**	**816.6**	**—**	**816.6**

9.3 Breakdown by maturity and by currency

Breakdown by maturity	**31/12/24**	**31/12/23**
Less than 1 year	72.4	610.0
From 1 to 5 years	31.7	12.9
More than 5 years	217.4	193.7
TOTAL	**321.4**	**816.6**

Breakdown by currency	**31/12/24**	**31/12/23**
Euro	78.6	86.2
Pound sterling	213.8	696.4
South Africa rand	11.7	10.3
Thai bath	17.4	23.7
TOTAL	**321.4**	**816.6**

Note 10. Current accounts of Group companies

10.1 General framework and accounting principles

The current accounts of Group companies presented in the Thales parent company balance sheet represent the receivables and payables between the parent company and its subsidiaries as part of the Group's cash management system.

Under this centralized system, the cash surpluses of subsidiaries are generally transferred to the Thales parent company. In return, the Thales parent company meets the cash flow requirements of the subsidiaries. Except in special cases, this system applies to all subsidiaries in which Thales has majority control.

The current account receivables and payables of Group companies are always recognized as due within one year.

10.2 Current account receivables

		31/12/24	31/12/23
Amounts due from direct subsidiaries and associates	Note 23	1,321.5	1,731.1
Amounts due from Thales Alenia Space (France and Italy)		772.6	457.9
Amounts due from other subsidiaries		379.2	513.6
TOTAL		**2,473.3**	**2,702.6**

10.3 Current account payables

		31/12/24	31/12/23
Amounts deposited by direct subsidiaries and associates	Note 23	9,193.6	7,966.6
Amounts deposited by Thales Alenia Space (France and Italy)		550.9	439.7
Amounts deposited by Thales Australia Ltd		162.8	254.7
Amounts deposited by other Group subsidiaries		2,198.1	2,456.5
TOTAL		**12,105.4**	**11,117.5**

Note 11. Cash and other investments

11.1 Accounting principles

Cash and cash equivalents include bank accounts and short-term liquid investments that are easily converted into a known amount of cash and exposed to negligible risk of a change in value.

Investment securities include deposits in term accounts held with leading banks with maturities of between 3 and 12 months.

11.2 Cash and cash equivalents

Cash and cash equivalents available for immediate use amounted to €3,912.3 million as at December 31, 2024, compared with €3,341.3 million at year-end 2023. These amounts include €3,372.9 million (€2,608.2 million at year-end 2023) in sight and fixed-term bank deposits or UCITS funds.

Note 12. Financial debt

12.1 Accounting principles

Bonds are recognized at their redemption value. Any issue or redemption premiums are recognized under the corresponding balance sheet heading and amortized pro rata temporis to the financial income. Bond issue expenses are recognized on a straight-line basis over the term of the bond.

12.2 Breakdown of borrowings

	Nominal rate	31/12/24	31/12/23
Bonds maturing in October 2031	Fixed 4,25%	600.0	600.0
Bonds maturing in June 2029	Fixed 3,625%	500.0	500.0
Bonds maturing in October 2028	Fixed 4,125%	600.0	600.0
Bonds maturing in May 2028	Fixed 1%	700.0	700.0
Bonds maturing in January 2027	Fixed 0,25%	500.0	500.0
Bonds maturing in March 2026	Fixed 0%	500.0	500.0
Bonds maturing in October 2025	Fixed 4%	600.0	600.0
Bonds maturing in January 2025	Fixed 0,75%	500.0	500.0
Bonds maturing in April 2024	Fixed 0,875%	–	500.0
Commercial paper		1,462.7	1,754.8
Others borrowings		30.4	651.7
Accrued interest		34.3	40.0
GROSS BORROWINGS		**6,027.5**	**7,446.5**

As at December 31, 2024, the Group has a confirmed bank credit line of €1.5 billion maturing in December 2028. This line does not include an early repayment clause.

12.3 Breakdown of borrowings by maturity and by currency

Breakdown by maturity	31/12/24	31/12/23
Less than 1 year	2,627.5	2,946.5
From 1 to 5 years	2,800.0	3,400.0
More than 5 years	600.0	1,100.0
TOTAL	**6,027.5**	**7,446.5**

Breakdown by currency	31/12/24	31/12/23
Euro	6,027.5	6,825.1
Pound sterling	–	621.4
TOTAL	**6,027.5**	**7,446.5**

Note 13. Shareholder equity

13.1 Share capital

Thales' share capital amounted to €617,825,739 and consists of 205,941,913 shares of €3 each as of December 31, 2024, compared to 210,210,140 shares as of December 31, 2023. The breakdown of share capital is set out below:

	31/12/24			31/12/23		
	Equities	% of capital	% of voting rights	Equities	% of capital	% of voting rights
T.S.A.	54,786,654	26.60%	36.37%	54,786,654	26.06%	36.09%
French state (including 1 golden share)	2,060	–	–	2,060	–	–
Public Sector [a]	54,788,714	26.60%	36.37%	54,788,714	26.06%	36.09%
Dassault Aviation [b]	54,750,000	26.59%	29.89%	54,750,000	26.05%	29.92%
Thales [c]	628,731	0.31%	–	3,541,786	1.68%	–
Employees [d]	6,558,307	3.18%	3.98%	6,109,028	2.91%	3.84%
Other shareholders	89,216,161	43.32%	29.76%	91,020,612	43.30%	30.15%
TOTAL (e)	**205,941,913**	**100.00%**	**100.00%**	**210,210,140**	**100.00%**	**100.00%**

(a) Under the terms of the shareholders' agreement with Dassault Aviation (the "Industrial Partner"), the "Public Sector" is represented by TSA, directly excluding the French State. All Thales shares held directly and indirectly by the French State have been in directly registered form for more than two years and thus have a double voting right as at December 31, 2024.

(b) As at December 31, 2024, 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 at December 31, 2024, and also holds 10,377,082 bearer shares.

(c) Treasury shares comprise 83,739 bearer shares held under a liquidity contract and 544,992 directly registered shares.

(d) This line shows total employee share ownership. For information purposes, since law No. 2019-486 of May 22, 2019, employee share ownership within the meaning of the French Commercial Code (Article L. 225-102) excludes shares granted free of charge under the LTI Plans prior to 2016 (in the absence of an amendment to the bylaws to include such shares) and amounted, as at December 31, 2024, to 5,226,564 shares and 9,499,845 voting rights, i.e., 2.54% of the capital stock and 3.15% of the exercisable voting rights, respectively.

As at December 31, 2024, there were no securities giving access to the Company's capital.

13.2 Reserves and retained earnings

	31/12/23	Allocation of 2023 earnings	Balance of 2023 dividend	Interim dividend 2024	31/12/24
Legal reserve	64.0	–	–	–	64.0
Blocked reserve	8.3	–	–	–	8.3
Ordinary reserve	128.9	–	–	–	128.9
Other reserve	0.3	–	–	–	0.3
Retained earnings	2,484.6	1,307.0	(534.2)	(174.2)	3,083.2
TOTAL	**2,686.1**	**1,307.0**	**(534.2)**	**(174.2)**	**3,284.8**

For financial year 2023, Thales distributed €699.8 million in dividends (or €3.40 per share), including €165.6 million in interim dividends in December 2023, and €534.2 million in the balance paid in May 2024.

For the financial year 2024, Thales distributed an interim dividend of €174.2 million in December 2024.

Note 14. Treasury shares

14.1 Accounting principles

Thales carries out transactions in its treasury shares in accordance with the authorizations granted to the Board of Directors by the Annual General Meeting.

At year-end, these shares are recorded and valued according to their allocation:

- treasury shares that have not been assigned are recorded under other financial investments at their acquisition cost. At year-end, an impairment loss is recorded if the book value is higher than the average market price for the month of December;
- treasury shares assigned to a free share plan and to employee share ownership are recorded under marketable securities either at their acquisition cost (if the shares were allocated from the beginning of the plan) or at their net carrying value at the reclassification date (if they were allocated after their acquisition).

These treasury shares are not measured at market value because they are set aside to be granted to employees. As a result:

- a provision for expenses is recorded in liabilities for shares granted to employees of Thales (the parent company) on a straight-line basis over the duration of the plan (i.e., 48 months). A provision is also recorded in liabilities for plans not covered by allocated shares;
- plans not covered by allocated shares are also covered by a provision recorded in liabilities. Shares allocated to other Group employees are maintained at cost price, as they will be re-invoiced to the relevant subsidiaries for the same amount.

14.2 Change in treasury shares

Change in the number of treasury shares

	2024			2023		
	Freely transferable treasury shares	Treasury shares assigned to plans	Total treasury shares	Freely transferable treasury shares	Treasury shares assigned to plans	Total treasury shares
At 1 January	**3,541,786**	**—**	**3,541,786**	**3,277,303**	**—**	**3,277,303**
Purchases under the liquidity contract	603,565	–	603,565	591,432	–	591,432
Disposals for liquidity purposes	(564,071)	–	(564,071)	(621,129)	–	(621,129)
Sale to employees (employee share plan)		(452,348)	(452,348)	–	–	–
Stock market purchases	1,520,757	600,000	2,120,757	3,713,535	–	3,713,535
Delivery of free shares	(352,731)	–	(352,731)	(218,186)	–	(218,186)
Capital decrease	(4,268,227)	–	(4,268,227)	(3,201,169)	–	(3,201,169)
Reclassified shares	114,935	(114,935)	–	–	–	–
Net change	**(2,945,772)**	**32,717**	**(2,913,055)**	**264,483**	**—**	**264,483**
At 31 December	**596,014**	**32,717**	**628,731**	**3,541,786**	**—**	**3,541,786**

Change in the value of treasury shares

Freely transferable treasury shares	**2024**	**2023**
At 1 January	**476.3**	**382.3**
Purchases under the liquidity contract	89.5	78.4
Disposals for liquidity purposes	(83.8)	(81.3)
Stock market purchases	217.9	496.0
Delivery of free shares	(44.2)	(18.5)
Capital decrease	(585.8)	(380.6)
Reclassified shares	17.6	–
At 31 December	**87.5**	**476.3**
Impairment	(4.6)	–
Net at 31 December	**82.9**	**476.3**
Average share price for December	€138.98	€135.97

Cost of outsanding plans (Thlaes SA share)	**2024**	**2023**
Provisions for contingencies and losses	(21.6)	(20.9)

Treasury shares assigned to plans	**2024**	**2023**
At 1 January	**—**	**—**
Stock market purchases (employee share plan)	89.9	–
Sale to employees (employee share plan)	(67.3)	–
Reclassified shares	(17.6)	–
At 31 December [(a)]	**5.0**	**—**

(a) Shares allocated to UK employees under the employee share ownership plan.

Note 15. Employee share/option plans

As at December 31, 2024, the following were outstanding:

- 1,072,914 free shares;
- 325,948 phantom shares, cash-settled at the end of a 4-year vesting period.

All these plans are subject to internal performance conditions over the three years following the assignment date. Their characteristics are described in chapter 6.2 of the 2024 Universal Registration Document.

There are no outstanding stock options as the last plan expired in September 2021.

15.1 Allotment of free shares

Date of Board decision	Vesting period	Share price at grant date	Number of free shares at 31/12/23 [(a)]	Shares allotted in 2024	Shares cancelled in 2024	Shares delivered in 2024	Number of free shares at 31/12/24
25/06/2024	25/06/2024 to 25/06/2028	€158.10	–	243,268	(326)	–	242,942
20/07/2023	20/07/2023 to 20/07/2027	€138.55	285,700	–	(1,670)	–	284,030
30/06/2022	30/06/2022 to 30/06/2026	€116.00	263,780	–	(1,740)	–	262,040
01/07/2021	01/07/2021 to 01/07/2025	€86.04	289,320	–	(2,120)	–	287,200
24/11/2020	24/11/2020 to 24/11/2024	€79.60	351,715	–	(1,875)	(349,840)	–
							1,076,212

(a) *After adjustments.*

15.2 Allotment of phantom shares indexed to the value of Thales shares

Date of Board decision	Vesting period	Number of phantom shares at 31/12/23 [(a)]	Phantom shares alloted in 2024	Phantom shares cancelled in 2024	Phantom shares delivered in 2023	Number of phantom shares at 31/12/24
25/06/2024	25/06/2024 to 25/06/2028	–	72,587	(157)	–	72,430
20/07/2023	20/07/2023 to 20/07/2027	87,085	–	(2,745)	–	84,340
30/06/2022	30/06/2022 to 30/06/2026	80,315	–	(2,580)	(195)	77,540
01/07/2021	01/07/2021 to 01/07/2025	96,220	–	(4,180)	–	92,040
24/11/2020	24/11/2020 to 24/11/2024	190,880	–	(9,940)	(180,940)	–
						326,350

(a) *After adjustments.*

Note 16. Inventories, receivables and payables

16.1 Inventories

At year-end 2024, inventories included work-in-progress in connection with the Company's real estate and research activities.

16.2 Receivables and payables – Accounting principles

Payables and receivables denominated in foreign currencies are revalued at the closing price.

Thales (the parent company) hedges foreign exchange risks related to contracts or normal commercial transactions on behalf of its subsidiaries.

Temporary cash flow differences between amounts received from/paid to subsidiaries and Thales' receipts/disbursements to banks in connection with the management of foreign exchange derivatives are recognized in the balance sheet under 'Translation adjustment', in accordance with the principle of symmetry applicable to hedging transactions.

16.3 Breakdown of receivables and payables

	31/12/24			31/12/23
	Gross	Provisions	Net	Net
Advances to suppliers	**13.0**	**—**	**13.0**	**1.1**
Trade receivables	**255.4**	**(1.1)**	**254.4**	**274.0**
Other receivables	**304.3**	**(3.6)**	**300.7**	**321.6**
French state, corporate income tax	79.1	–	79.1	94.2
Tax and social security receivables	41.5	–	41.5	42.7
Other [(a)]	183.6	(3.6)	180.1	184.7
TOTAL	**572.7**	**(4.6)**	**568.0**	**596.7**
Advances received on orders in progress	**43.2**	**—**	**43.2**	**34.4**
Trade payables	**144.2**	**—**	**144.2**	**213.7**
Other liabilities	**461.8**	**—**	**461.8**	**307.4**
Tax liabilities towards consolidated subsidiaries	92.7	–	92.7	69.1
Tax liabilities excluding corporate income tax and social security	127.2	–	127.2	117.4
Other [(b)]	241.9	–	241.9	120.9
TOTAL	**649.2**	**—**	**649.2**	**555.5**

(a) Including prepaid expenses (rent-free periods) and various transactions managed by the Group Treasury Department.
(b) Including rent-free periods and various transactions managed by the Group Treasury Department.

16.4 Breakdown of receivables and payables by maturity as at December 31, 2024

	Net	Maturity		
		< 1 year	1 to 5 years	> 5 years
Advances to suppliers	13.0	13.0		
Trade receivables	254.4	254.4		
Other receivables	300.7	288.6	10.8	1.3
TOTAL RECEIVABLES	**568.0**	**555.9**	**10.8**	**1.3**
Advances received on orders in progress	43.2	43.2		
Trade payables	144.2	144.2		
Other liabilities	461.8	407.7	47.5	6.7
TOTAL LIABILITIES	**649.2**	**595.0**	**47.5**	**6.7**

Note 17. Provisions for contingencies and losses

17.1 Accounting principles

The Group records a provision when it recognizes a legal or constructive obligation resulting from a past event for which an outflow of resources will be required and a reliable estimate of the amount can be made. Provisions are generally recorded for the following:

Provisions for post-employment and other employee benefits

The financing of pensions mainly involves statutory retirement schemes (social security supplementary schemes such as ARRCO and AGIRC, etc.) for which the recognized expense is equal to the contributions paid. These are recorded in the year in which they are incurred.

The Company grants its employees termination payments and other long-term benefits (long service awards and an additional week of annual leave during the employee's 35th year of service within the Group). Some senior executives are also eligible for a supplementary pension plan.

In accordance with ANC recommendation No. 2013-02, a provision is recognized for obligations that qualify as defined benefit plans. It is calculated on the basis of an actuarial valuation determined using the projected unit credit method and taking into account future salary levels. This method, which consists of assessing, for each employee, the present value of the benefits to which he or she will be entitled at the due date, incorporates assumptions concerning financial discounting, inflation, mortality and employees turnover.

These plans are recognized in the company's financial statements as follows:

- the service cost, corresponding to the increase in the obligation during the reporting period, is recognized in operating income/expense;
- the costs of unwinding the net obligation as well as actuarial gains and losses due to changes in assumptions and experience adjustments (difference between projected and actual) are recognized in financial income;
- the impact of plan amendments following renegotiations of employee benefits is recognized in non-recurring income.

Provisions for subsidiary risks

Equity investments held by Thales are measured at the end of each reporting period and an impairment loss is recorded if necessary. In the event that the investment is fully written down and Thales' share in the shareholder equity of the subsidiary or affiliate becomes negative, a provision for subsidiary risks may be recognized when necessary.

Provisions for restructuring

Provisions for restructuring costs are recorded when a restructuring program has been agreed with a third party, approved by company management and announced before the reporting date, resulting in an obligation to the third parties in question and for which the company does not expect any consideration for costs.

17.2 Breakdown of provisions

	31/12/23	Provisions	Reversal	31/12/24
Post-employement and other employees benefits (see Note 17.3)	112.3	12.1	(24.1)	100.3
Subsidiary risks	16.6	3.0	(15.2)	4.4
Restructuring	0.9	0.2	(0.2)	0.9
Free shares	20.9	9.3	(8.6)	21.6
Other	79.2	15.0	(8.7)	85.5
TOTAL	**229.9**	**39.6**	**(56.8)**	**212.7**

17.3 Post-employment and other employee benefits

The provisions in the balance sheet may be broken down as follows:

	2024		
	Pensions	Other benefits	Total
Provision as at December 31,2023	**(108.8)**	**(3.5)**	**(112.3)**
Net reversal of provisions, of which:	**12.2**	**(0.2)**	**12.0**
Current services cost	(4.5)	(0.3)	(4.8)
Financial expense:	9.3	(0.1)	9.2
• Net interest cost	(2.9)	(0.1)	(3.0)
• Actuarial gains/loses	12.2	–	12.2
Benefits and contributions paid	8.1	0.2	8.3
Plan amendment	–	–	–
Other	(0.7)	–	(0.7)
Provision as at December 31, 2024	**(96.6)**	**(3.7)**	**(100.3)**
Of which:			
• Commitments	(141.3)	(3.7)	(145.0)
• Investments	44.7	–	44.7

The actuarial assumptions used to estimate the commitments are the following:

	31/12/24	31/12/23
Discount rate	3.39%	3.12%
Inflation rate	2.03%	2.22%

Note 18. Government, judicial or arbitration claims

In June 2024, several searches took place at various sites in France, the Netherlands, and Spain, as part of two preliminary investigations initiated by the French Parquet National Financier (PNF).

In November 2024, the Parquet National Financier (PNF) in France and the Serious Fraud Office (SFO) in the United Kingdom initiated an investigation in relation to four Thales entities located in France and the UK, regarding the performance of a contract in Asia.

Thales denies the allegations brought to its knowledge and is fully cooperating with the judicial authorities. However, the outcome of these proceedings is not known at this time, including any potential financial consequences that may result from them.

At the date hereof, there is no other government, judicial or arbitration claim involving the Company, pending or threatened, which could have any significant effect on the financial position or profitability of the Company and/or the Group.

Note 19. Off-balance sheet commitments

19.1 Deposits and guarantees

Commitments given	31/12/24	31/12/23
Guarantees given by Thales under commercial contacts signed by operating entities (a)	8,642.0	11,496.9
Guarantees given to banks for facilities granted to subsidiaries	2,690.1	5,501.4
Counter-guarantee given to the trustees to cover Thales' pension obligations in the UK	85.0	88.0
Other guarantees given to Group subsidiaries	693.0	651.6
Other guarantees given	365.8	412.2
Total	**12,475.9**	**18,150.1**
Of which, relating to Thales direct subsidiaries (see Note 23)	3,562.4	4,351.7
Of which, related to other Group subsidiaries	8,855.8	13,557.9
Of which, related to direct and indirect affiliates	57.7	240.5

(a) *This amount includes at the level of 821,8 M€, guarantees related to contracts not nové within the framework of the transfer of Transportation activities to Hitachi, for whom, Thales benefits from one Hitachi counter-guarantee at the level of 308,6 M€.*

Thales has counter guaranteed, guarantees resumed by Hitachi in the date of transfer at the level of 1 992,4 M€, so undertaking to cover the risks previous to the transfer.

19.2 Property leasing commitments

	31/12/24	31/12/23
Operating leases	656.0	801.5
Less than 1 year	111.9	118.9
From 1 to 5 years	339.8	390.3
More than 5 years	204.3	292.3

Note 20. Market risks

20.1 Accounting principles

The Thales parent company's Treasury and Financing Department is active in the financial markets in order to reduce the interest rate and foreign exchange risks of the Group.

Interest rate derivatives

Thales uses interest rate derivatives to manage and reduce its exposure to interest rate fluctuations. When the derivatives are designated as hedging instruments, the gains and losses on the hedge are recognized in the same period as the hedged item.

Currency derivatives

Thales hedges foreign exchange risks arising on commercial offers entered into by its subsidiaries and denominated in currencies other than the main operating currency.

When the hedged item has a sufficient probability of occurrence, the foreign exchange derivatives subscribed by Thales with banking counterparties qualify for hedge accounting. Gains and losses on bank derivatives are then recognized in income at the same rate as the gains and losses realized on the guarantees offered to subsidiaries, in accordance with the principle of symmetry applicable to hedging transactions. Foreign exchange premiums are amortized in the income statement on a straight-line basis over the term of the hedge.

When hedged items do not have a sufficient probability of occurrence, the foreign exchange derivatives are deemed as isolated open positions. In this case, the market value of the derivative is recognized in the balance sheet as an offsetting entry in a suspense account (also in the balance sheet). A provision is recorded in the event of negative valuation. This valuation takes into account Thales' guarantee commitments to subsidiaries under these offers.

Thales hedges foreign exchange risks related to firm contracts and normal commercial transactions on behalf of its subsidiaries. As such, it guarantees its operating subsidiaries a specific exchange rate for each transaction and backs up its position by arranging currency derivatives with banking counterparts. Gains and losses on bank derivatives are then recognized in income at the same rate as the gains and losses realized on the guarantees offered to subsidiaries, in accordance with the principle of symmetry applicable to hedging transactions.

Thales hedges the foreign exchange risks related to its cash management system. The gains and losses on currency derivatives are offset by the gains and losses resulting from the revaluation of the hedged Group company current accounts and loans; however, gains or losses related to the derivatives' swap points are spread over the term of the hedge.

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20.2 Interest rate risk management

As at December 31, 2024 and 2023, the Company held the interest rate derivative instruments described below. All these instruments are qualified as hedges.

Interest rate derivatives	31/12/24		31/12/23	
	Nominal	Market value	Nominal	Market value
Fixed-for-flooting interest rate swaps				
• swaps related to treasury bills	670.0	0.2	1,700.0	(0.5)
Flooting-for-fixed interest rate swaps				
• pre-hedging swap related to bond maturing in 2024 [(a)]			—	(0.5)
• swaps backing a loan	50.0	—	—	—

(a) Swaps of €500 million put in place prior to the issue, returned on the issue date (April 2018).

20.3 Foreign exchange risk management

As at December 31, 2024 and 2023, the derivatives subscribed by Thales with bank counterparties were as follows:

	31/12/24					31/12/223	
	USD	GBP	Other	Total	Market value	Total	Market value
Hedges of commercial offers and transactions:							
Forward currency sales	4,175.6	1,261.9	1,825.2	7,262.7	(100.7)	6,348.0	19.5
Forward currency purchases	1,917.1	1,227.0	2,177.1	5,321.3		4,715.6	
Currency sales (call and put options)	14.4	94.5	29.9	138.8	0.7	—	1.3
Currency purchases (call and put options)	52.9	29.7	2.1	84.8		27.2	
Hedges related to cash management:							
Currency sales foreign exchange swaps	1,643.4	30.2	257.0	1,930.5	(115.7)	2,723.5	(55.9)
Currency purchases foreign exchange swaps	83.5	1,078.9	534.3	1,696.7		1,988.5	
Current financial liabilities:							
Currency sales foreign exchange swaps	—	—	—	—	—	—	(13.2)
Currency purchases foreign exchange swaps	—	—	—	—		411.8	
Derivatives documented as hedges	—	—	—	—	—	289.6	(4.8)
Derivatives not documented as hedges	—	—	—	—		1,556.6	

In addition, Thales has granted its operating subsidiaries "mirror" foreign exchange guarantees in relation to firm contracts or normal commercial operations.

Thales has also granted its operating subsidiaries foreign exchange guarantees on commercial offers, subject to the subsidiary winning the respective contract.

Note 21. Related parties

21.1 Definition

The Group's related parties are: the shareholders of the parent company Thales (notably the French State and Dassault Aviation), companies controlled by these same shareholders, companies under joint control, companies under significant influence, and management.

21.2 Agreements with Thales shareholders

Section 6.2.3.3 of the 2024 Universal Registration Document describes the main provisions relating to the shareholders' agreement governing the relationship between the French State (the "Public Sector") and Dassault Aviation (the "Industrial Partner") within Thales, the agreement on the protection of national strategic interests, and the specific agreement between the French State and Thales.

21.3 Agreements with Naval Group

Since December 2011, Thales has held a 35% stake in Naval Group, a subsidiary jointly controlled with the French government.

Thales and Naval Group have also signed an industrial and commercial cooperation agreement designed to optimize the two groups' activities in the naval sector (market access, R&D, procurement).

21.4 Executive compensation

The compensation, benefits, and social security contributions relating to the Directors and the Executive Committee break down as follows:

	2024	2023
Short-term benefits		
• Fixed remuneration	7.2	6.4
• Variable remuneration	6.2	7.8
• Employer's social security contributions	5.2	5.4
• Directors' fees	1.1	0.6
Other benefits		
• Pensions	3.6	2.4

In the event of joining or leaving the Comex during the year, the compensation taken into account in the table above is that corresponding to the period of membership of this body.

As at December 31, 2024, the share of pension liabilities for senior executives (see Note 17.3) amounted to €10.7 million.

Note 22. Events after the reporting period

The Group is not aware of any significant events occurring after the closing date.

Note 23. Subsidiaries and affiliate

(in millions)	Company data *(in local currency)*				
			Previous financial year sales, excluding tax	**Previous financial year earnings**	**Share capital**
A. Detailed information on subsidiaries and affiliates whose gross value exceeds 1% of the Company's share capital					
1. Subsidiaries	GEMALTO B.V	EUR	21.1	301.4	88.6
	TH. USA INC	USA	79.5	-394.2	4,107.4
	TH. HOLDING UK PLC	GBP	—	-13.0	1,576.8
	TH. AVS FRANCE - DPT AVIONICS	EUR	1,767.8	208.8	213.1
	THALES AEROSPACE COMMUNICATIONS FRANCE SAS	EUR	—	-8.3	31.0
	TH. DMS FRANCE SAS	EUR	2,359.9	445.7	122.2
	TH. LAS FRANCE - DPT AIR SYST, AIR OP & OPTRO GROUPING	EUR	2,402.7	238.7	199.8
	TH. ALENIA SPACE SAS	EUR	—	61.1	918.0
	THALES COMMUNICATION & SECURITE NUMERIQUES SA	EUR	—	285.8	669.5
	TH. DEUTSCHLAND GMBH - DPT OPERATIONAL UNITS	EUR	361.4	19.0	27.1
	TH. INTERNATIONAL SAS	EUR	—	93.8	313.0
	TH. SERVICES NUMERIQUES SAS - DPT CRITICAL INFORMATION SYSTEMS	EUR	627.9	41.6	1.5
	TH. NETHERLAND BV	EUR	749.7	49.7	29.5
	AVIMO GROUP Ltd	SGD	—	24.4	6.4
	THALES DIGITAL FACTORY	EUR	43.4	1.2	24.3
	TH. UNDERWATER SYST NV PAYS BAS	EUR	—	0.3	4.5
	TH. GLOBAL SERVICES SAS - DPT FRANCE SHARED SERVICES	EUR	999.8	10.5	90.5
	SIFELEC	EUR	—	0.9	38.3
	TH. EUROPE SAS	EUR	—	-45.7	23.2
	TH. HOLDING NORWAY AS	NOK	—	5.2	419.8
	TH. CORPORATE VENTURES SAS	EUR	—	2.3	15.0
	TH. CANADA INC	CAD	325.1	27.8	6.8
	THALES BELGIUM S.A.	EUR	231.7	17.8	31.9
	THALES SESO SAS	EUR	12.6	-1.2	0.4
	THALES IMMOBILIER GROUPE	EUR	—	2.3	20.0
	TH. SUISSE SA - DPT DEFENSE & HOMELAND SECURITY	CHF	29.6	-0.1	40.0
	CMT MEDICAL TECHNOLOGIES LTD	USD	12.7	-0.9	1.0
	THALES COMMUNICATIONS Ltda	BRL	—	—	—
Subsidiaries total					
2. Affiliates					
	NAVAL GROUP	EUR	4,354.6	265.7	563.0
	TELESPAZIO SpA	EUR	750.0	48.2	50.0
	LYNRED	EUR	196.5	2.6	22.5
	ELETTRONICA SPA	EUR	—	10.2	—
	UNITED MONOLITHIC SEMICONDUCTORS HOLDING	EUR	—	0.6	33.9
Affiliates total					
TOTAL (A)					
B. Detailed disclosures concerning other subsidiaries and affiliates					
1. Subsidiaries not listed in section A					
French subsidiaries					
Foreign subsidiaries					
Total					
2. Affiliates not listed in section A					
In French companies					
In foreign companies					
Total					
TOTAL (B)					
OVERALL TOTAL (A + B)					
Information concerning related companies					
Direct subsidiaries of Thales (A)					
Direct subsidiaries of Thales (B)					
Other Group subsidiaries					

Contribution of subsidiaries and affiliates to Thales' financial statements *(EUR)*								
Shareholders' equity, other than share capital	**Carrying amount (gross value)**	**Carrying amount (net value)**	**Share capital held**	**Loans and advances granted by Thales not yet paid**	**Receivables**	**Liabilities**	**Deposits and guarantees given by Thales**	**Dividends received by Thales during the financial year**
2,899.7	4,762.4	4,762.4	100 %	–	473.8	602.0	–	–
242.2	4,173.3	4,173.3	100 %	–	398.3	–	818.2	–
383.0	3,564.1	2,862.5	100 %	–	1.4	736.6	–	–
84.4	1,016.0	1,016.0	93 %	–	–	771.5	472.6	277.4
255.2	941.3	941.3	100 %	–	–	–	–	–
44.2	802.6	802.6	100 %	–	0.2	3,685.2	1,536.3	395.3
278.9	754.9	754.9	100 %	–	–	1,549.7	57.2	245.2
575.7	683.1	683.1	67 %	–	–	–	–	18.5
230.9	590.8	590.8	82 %	–	–	323.7	36.0	255.1
271.6	545.0	545.0	100 %	–	–	585.0	15.4	–
47.5	398.5	398.5	100 %	–	–	29.9	6.0	45.9
242.5	237.4	237.4	100 %	–	–	68.7	0.1	28.8
220.2	235.2	235.2	99 %	–	–	558.6	523.5	49.3
-23.6	216.6	40.5	100 %	–	–	1.4	–	17.9
47.3	195.7	25.3	100 %	–	–	19.7	–	–
4.3	129.2	9.1	100 %	–	–	–	–	–
30.4	123.4	117.2	100 %	–	6.6	–	0.3	–
5.3	113.8	113.8	100 %	–	–	33.8	–	–
91.8	88.2	85.2	100 %	–	259.8	–	–	–
-84.0	77.2	77.2	100 %	–	–	13.7	–	–
3.5	73.3	12.1	100 %	–	–	3.5	–	–
-109.1	54.2	54.2	100 %	–	26.8	68.5	89.7	91.3
3.0	53.2	53.2	100 %	–	0.7	102.5	159.3	9.3
8.8	40.5	–	100 %	–	10.7	–	–	–
13.4	40.0	35.7	100 %	–	96.8	–	–	2.5
43.7	26.4	26.4	100 %	–	2.7	2.9	63.7	–
20.9	21.8	20.3	100 %	–	0.9	–	–	–
–	11.0	–	100 %	–	–	–	–	–
	19,969.1	**18,673.2**		**–**	**1,278.7**	**9,156.9**	**3,778.4**	**1,436.5**
620.1	833.7	833.7	35 %	–	–	–	–	45.3
229.9	89.8	89.8	33 %	8.4	–	–	–	13.9
183.9	34.7	34.7	50 %	–	–	–	–	–
124.0	26.7	26.7	33 %	–	–	–	–	2.6
16.1	24.3	24.3	50 %	–	–	–	–	–
	1,009.2	**1,009.2**		**8.4**	**–**	**–**	**–**	**61.8**
	20,978.3	**19,682.4**		**8.4**	**1,278.7**	**9,156.9**	**3,778.4**	**1,498.3**
	12.4	6.1		–	42.8	5.8	–	0.9
	0.7	0.1		–	–	–	–	–
	13.1	6.2		–	42.8	5.8	–	0.9
	27.1	24.1		–	–	–	–	10.3
	20.1	16.7		–	–	30.9	348.0	0.1
	47.2	**40.8**		**–**	**–**	**30.9**	**348.0**	**10.4**
	60.3	**47.0**		**–**	**42.8**	**36.7**	**348.0**	**11.3**
	21,038.6	**19,729.4**		**8.4**	**1,321.5**	**9,193.6**	**4,126.4**	**1,509.6**
				8.4	1,278.7	9,156.9	3,778.4	1,498.3
				–	42.8	5.8	–	0.9
				–	42.8	36.7	348.0	11.3

Investments made and thresholds crossed in French companies in financial years 2023 and 2024

Percentage of investment owned	As at 12/31/23					As at 12/31/24				
	> 5%	> 20%	> 33%	> 50%	> 66%	> 5%	> 20%	> 33%	> 50%	> 66%
1. Increases										
Thales Aerospace Communication	—	—	—	—	—	—	—	—	—	100%
2. Decreases										
Sofema	—	—	—	—	—	100%	—	—	—	—%
197 Centelec SAS	—	—	—	—	—	—	—	—	—	100%
196 Centelec SAS	—	—	—	—	100%	—	—	—	—	—%
Thales Avionics Electrical Systems SAS	—	—	—	—	100%	—	—	—	—	—%

Note 24. Information on existing branches (Article L. 232-1 II of the French Commercial Code)

As at December 31, 2024, Thales had a secondary facility registered in France with the Companies Register and indicated on its Kbis company registration certificate.

7.2.2.6 Company financial summary for the last five years

	2020	2021	2022	2023	2024
1. Share capital at year-end					
Share capital	640.1	640.2	640.2	630.6	617.8
Number of ordinary shares outstanding	213,365,958	213,411,309	213,411,309	210,210,140	205,941,913
Maximum number of shares to be created in future by exercise of share subscription options	43,305	–	–	–	–
2. Operations and results for the year					
Revenues excluding tax	237.8	245.2	248.0	248.4	264.8
Earnings before tax, employee profit-sharing, depreciation, amortisation and provisions	462.7	450.3	1,046.2	1,345.5	1,090.5
Income tax benefit	78.9	50.3	7.0	30.4	114.1
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	509.3	452.2	1,122.8	1,307.0	1,194.0
Distributed net profit	374.7	543.6	615.2	699.8	174,2 [a]
3. Earnings per share					
Earnings after tax and employee profit-sharing but before amortisation, depreciation and provisions	2.54	2.35	4.93	6.55	5.85
Earnings after tax, employee profit-sharing, depreciation, amortisation and provisions	2.39	2.12	5.26	6.22	5.80
Net dividend per share	1.76	2.56	2.94	3.40	3.70
4. Employees					
Average headcount during the year, of which:	873	849	873	906	938
• Engineers and managers	792	779	812	848	877
• Technicians and supervisors	81	70	61	58	61
Personnel expenses, of which:	212.7	222.4	241.2	258.4	286.6
• Total payroll for the year	151.5	156.6	170.9	184.8	200.1
• Social security and other social welfare benefits paid during the year	61.2	65.8	70.3	73.6	86.6

2020: Capital increased from €639,312,243.0 to €640,097,874.0 following a capital increase.

2021: Capital increased from €640,097,874.0 to €640,233,927.0 following a capital increase.

2022: No change in capital compared to end 2021.

2023: Capital decreased from €640,233,927.0 to €630,630,420.0 following a capital reduction.

2024: Capital decreased from €630,630,420.0 to €617,825,739.0 following a capital reduction.

(a) *Interim dividend.*
(b) *Subject to approval by the Annual General Meeting of May 16, 2025.*

7.3 Statutory auditors' reports

7.3.1 Statutory auditors' report on the consolidated financial statements

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2024

To the Annual General Meeting of Thales,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying consolidated financial statements of Thales for the year ended December 31, 2024.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2024 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2024 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No. 537/2014.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests of cash-generating units (CGUs)

Risk identified	Our response
As at December 31, 2024, goodwill amounted to M€ 8,899.2 and other intangible assets and property, plant and equipment amounted to M€ 6,248.2. Goodwill is allocated to cash-generating units (CGUs) or groups of CGUs corresponding to your Group's global business units. Management performs impairment tests on your Group's CGUs. Substantially all intangible assets and other property, plant and equipment are tested at the CGU level. Both the methodology applied and the detailed assumptions used are described in Notes 1.4 "Main sources of estimates" and 4.1 b) "Impairment tests" to the consolidated financial statements. The valuation of the value in use of each CGU is determined on the basis of discounted future cash flows which rely on Management's assumptions, estimates or significant judgment. We considered impairment tests of cash-generating units (CGUs) to be a key audit matter.	With our valuation experts included in the audit team, our work notably consisted in: • reconciling the net carrying amount of assets tested for each CGU with the consolidated financial statements; • examining the implementation of these tests, the valuation methodology of the value in use and the arithmetical accuracy of the calculations performed; • assessing the cash flow forecasts in regard to the economic and financial environment of each business line, the consideration of action plans related to the impacts of climate-related matters and the financial performance in 2024; • assessing the reasonableness of the actuarial assumptions used, taking into account the economic context and in particular components such as inflation forecasts; • examining the consistency: – of the forecasts for the first two years with the budget submitted to the Board of Directors; – between the forecasts for the following years taken into account with Management's latest estimates; – and of all these forecasts with the past achievements; • assessing the consistency of the growth rate used to calculate future cash flows with the existing market analysis and analysts' consensus; • examining the different parameters used to calculate the weighted average cost of capital applied to future cash flows; • performing sensitivity analyzes on the CGUs' value in use determined by Management to changes on the discount rate, the long-term growth rate and the EBIT rate. Finally, we also assessed the appropriateness of the information provided in Note 4 "Property, plant and equipment and intangible assets" to the consolidated financial statements.

Recognition of revenue and of commercial contract costs, and assessment of the commitments related thereto

Risk identified

A significant part of your Group's revenue and current operating income stems from the recognition of various contracts. Regarding contracts whose transfer of control is gradual, revenue is recognized using the percentage of completion method (M€ 13,791.0 for the year ended December 31, 2024). Regarding contracts whose transfer of control is carried out at completion, revenue is recognized at the time of such completion (M€ 6,785.6 for the year ended December 31, 2024).

Your Group determines the order intake, revenue and the margin of the contracts in accordance with the terms and conditions described in Notes 1.4 "Main sources of estimates", 13-c "Accounting policies – Revenue", and 13-d "Accounting policies - Operating assets and liabilities".

Recognition of revenues and margin relating to those contracts primarily depends on:

- estimates of the revenue and margin at completion of each contract, and notably on the level of provisions for technical, contractual and commercial risks;
- costs incurred to date relating to total costs estimated at completion.

Estimates of costs at completion, as well as the achievement of technical milestones for these contracts whose transfer of control is gradual, are based on your Group's information systems and internal procedures, notably involving account managers. These estimates are reviewed regularly by the Operations and Financial departments, particularly at each closing date.

We considered the recognition of revenue and contract costs and the measurement of linked commitments to be a key audit matter, given the impact of these contracts on your Group's consolidated financial statements and the level of estimates required by Management to determine results at completion.

Our response

Our work notably consisted in:

- familiarizing ourselves with your Group's information systems and procedures used to book order intakes, to estimate revenue, costs at completion and costs incurred, as well as to measure cost progress and to test the design and application of key controls;
- reconciling the contract management data with the accounting data entered in the information systems;
- selecting contracts that are significant due to their financial impact and risk profile, and interviewing the account managers and the operations and financial departments of the global business units, about the progress made on these contracts, and their assessment of the risks in order to:
  - evaluate, with regard to these contracts, the analyzes performed by your Group which enabled it to come to a decision regarding the gradual transfer of control and the transfer of control at completion and, if where relevant, the identification of various performance obligations;
  - assess the reflection of the contractual clauses including price revision clauses in the accounts, particularly regarding revenue to be recognized under performance obligations not yet fulfilled. In particular, we familiarized ourselves with the contractual clauses of termination for convenience, legal notes and margin simulations carried out by your Group;
  - assess the reasonableness of the main assumptions for revenue recognition and costs at completion by corroborating them with contractual data and exchanges with the customer or its representatives, and the third parties involved in the completion of contracts. This work included the experience gained throughout the years on these contracts or similar contracts;
  - assess, for each selected contract, the consistency of the revenue and all the other items in the income statement and balance sheet with the contractual and operational provisions.

Lastly, we also assessed the appropriateness of the information provided in Note 13.c) "Accounting policies – Revenue", 13.d) "Accounting policies – Operating assets and liabilities", 10.2 "Contract assets and liabilities" to the consolidated financial statements.

Determination of the assets and liabilities recognized in connection with the acquisition of Imperva

Risk identified

On December 4, 2023, Thales completed the acquisition of Imperva for an amount of M€ 3,434.0. Hence, Imperva is consolidated into Thales' financial statements.

Your Group determined the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date, in accordance with IFRS 3.

The acquisition led to the recognition in the Group's consolidated financial statements of net assets amounting to M€ 832.0 and of a goodwill amounting to M€ 2,601.5, fully allocated to the Cyber & Digital CGU.

We considered the determination of the fair value of the assets and liabilities recognized in connection with the acquisition of Imperva to be a key audit matter, given the materiality of the amounts and estimates from the management of your group, required for the determination of the fair value of the technologies and commercial relations.

Our response

We familiarized ourselves with the legal documentation relating to the transaction as well as the extent of the work carried out by your Group to assess the fair value of the assets acquired and the liabilities assumed.

Imperva's consolidated opening balance sheet as at December 1, 2023 was subject to specific audit procedures covering the main entities included in the scope of consolidation and consisting notably in assessing the allocation of income items to the pre- and post-acquisition periods.

With our valuation experts integrated in the audit team, our work notably consisted in:

- examining the identification of liabilities, contingent liabilities and intangible assets acquired by corroborating them with (i) our discussions with Management and (ii) our understanding of the acquired entity's business;
- examining the valuation methodology used by Management to calculate the fair value of the assets and liabilities acquired;
- assessing the reasonableness of the valuation assumptions used, by comparing them to source and market data.

Lastly, we also assessed the appropriateness of the information provided in Note 3.1 to the consolidated financial statements.

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Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Board of Directors' Group management report.

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

Report on Other Legal and Regulatory Requirements

Format of preparation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman and Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018. Regarding consolidated financial statements, our work includes verifying that the tagging thereof complies with the format defined in the above-mentioned regulation.

On the basis of our work, we conclude that the preparation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

Furthermore, we have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Thales by the Annual General Meeting held on June 25, 1983 for FORVIS MAZARS SA and on May 15, 2003 for ERNST & YOUNG Audit.

As at December 31, 2024, FORVIS MAZARS SA was in the forty-second year and ERNST & YOUNG Audit in the twenty-second year of total uninterrupted engagements, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Accounts Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the consolidated financial statements.

- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit and Accounts Committee

We submit to the Audit and Accounts Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, April 2, 2025

The Statutory Auditors

French original signed by

FORVIS MAZARS SA	ERNST & YOUNG Audit
Jean-Marc Deslandes	Serge Pottiez
Ariane Mignon	Vincent Gauthier

7.3.2 Statutory auditors' report on the financial statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users. This statutory auditors' report includes information required by European regulations and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to the shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2024

To the Annual General Meeting of Thales,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Thales for the year ended December 31, 2024.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2024 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit and Accounts Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with the independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*) for the period from January 1, 2024 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014.

Justification of Assessments Key Audit Matters

In accordance with the requirements of Articles L. 821-53 and R. 821-180 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Valuation of Equity investments

Risk identified

Equity investments, recorded in the balance sheet as at December 31, 2024 for a net amount of M€19,729.4 represent a significant balance sheet item. They are recorded at the lowest of their acquisition cost or their value in use.

As stated in Note 8 "Equity investments" to the financial statements, the value in use is determined based on criteria related to profitability forecasts, the underlying assets, values from recent transactions or the market price of listed securities.

Impairment tests are carried out annually at the end of the year in order to bring this accounting period in line with the internal schedule for drawing up the Group's strategic plans. The value in use's estimate of these equity investments requires the exercise of Management's judgment in choosing the information to consider according to the investments concerned. Depending on the situation, this information may correspond to underlying asset information (shareholders' equity of the entities concerned) or forecast information (value of discounted future cash flows).

Therefore, we considered the valuation of equity investments to be a key audit matter.

Our response

In order to assess the equity investments' valuation, our work mainly consisted in:

- for valuations based on underlying asset information:
  - comparing the shareholders' equity used with the financial statements of each related entity which were subject to an audit or analytical procedures;
- for valuations based on forecast information, by including valuation experts in our audit team:
  - assessing the cash flow projections of the related entities with regard to the economic and financial context of each business, and the financial performance of the accounting period by comparing the consistency of:
    - the first two years of cash flow projections with the data used in the Group's budget submitted to your Board of Directors,
    - the cash flow projections of the following years with the most recent Management's estimates;
  - assessing the actuarial assumptions made, taking into account the economic context, and in particular components such as inflation forecasts;
  - assessing the actuarial assumptions used with regard to the risks that are likely to impair your Company's equity investments, such as those induced by climate-related matters;
  - analyzing the various parameters used to calculate the weighted average cost of capital applied to the cash flow projections;
  - evaluating the consistency of the growth rate used for the projected flows with the market analyses and consensuses observed.

Lastly, we also assessed the appropriateness of the information provided in Note 8 "Equity investments" to the financial statements.

Specific Verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents with respect to the financial position and the financial statements provided to the shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D. 441-6 of the French Commercial Code (*Code de commerce*).

Report on Corporate Governance

We attest that the Board of Directors' Report on Corporate Governance sets out the information required by Articles L. 225-37-4, L. 22-10-10 and L. 22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L. 22-10-9 of the French Commercial Code (*Code de commerce*) relating to the remuneration and benefits received by, or allocated to the directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlled thereby, included in the consolidation scope. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to Article L. 22-10-11 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Format of preparation of the financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by statutory auditors regarding the annual and consolidated financial statements prepared in the European single electronic format, that the preparation of the financial statements intended to be included in the annual financial report mentioned in Article L. 451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the Chairman and Chief Executive Officer's responsibility, complies with the single electronic format defined in Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018.

On the basis of our work, we conclude that the preparation of the financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF (*Autorité des marchés financiers*) agree with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Thales by your Annual General Meetings held on June 25, 1983 for FORVIS MAZARS SA and on May 15, 2003 for ERNST & YOUNG Audit.

As at December 31, 2024, FORVIS MAZARS was in the forty-second year and ERNST & YOUNG Audit in the twenty-second year of total uninterrupted engagement, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit and Accounts is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

As specified in Article L. 821-55 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management in the financial statements.
- Assesses the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit and Accounts Committee

We submit to the Audit and Accounts Committee a report which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report significant deficiencies, if any, in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit and Accounts Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit and Accounts Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France as set out in particular in Articles L. 821-27 to L. 821-34 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de commissaire aux comptes*). Where appropriate, we discuss with the Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, April 2, 2025

The Statutory Auditors

French original signed by

FORVIS MAZARS SA	**ERNST & YOUNG Audit**
Jean-Marc Deslandes	Serge Pottiez
Ariane Mignon	Vincent Gauthier

7.4 Statutory auditors

For the period covered by the historical financial information, Thales' statutory auditors were as follows:

7.4.1 Regular statutory auditors

FORVIS MAZARS SA

Tour Exaltis

61, rue Henri Regnault

92075 Paris-La Défense cedex

Represented by Jean-Marc Deslandes and Ariane Mignon.

Current term of office conferred by the Annual General Meeting of May 15, 2019, expiring with the audit of the financial statements for the year 2024.

ERNST & YOUNG Audit

Tour First

TSA 14444

92037 Paris-La Défense cedex

Represented by Serge Pottiez and Vincent Gauthier.

Current mandate conferred by the Annual General Meeting of May 6, 2021, expiring with the audit of the financial statements for the year 2026.

7.4.2 Honorary statutory auditors

The amount of fees paid to the statutory auditors of the Thales parent company and to the members of their networks and expensed over the years 2024 and 2023 is detailed in Note 14 of the Consolidated Financial Statements (page 302).

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THALES

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Appendices

8.1 Attestation of the person responsible for the Universal Registration Document including the annual financial report

I hereby declare that the information contained in this Universal Registration Document is, to the best of my knowledge, in accordance with the facts and contains no omission likely to affect its import.

I further declare that to the best of my knowledge, the financial and consolidated statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and the undertakings in the consolidation taken as a whole, and that the management report in this Universal Registration Document (the cross-reference table for which is shown in chapter 8.4) includes a fair review of the development of the business, the results of operations and the financial position of the Company and of all the undertakings in the consolidation taken as a whole, and also describes the main risks and uncertainties to which they are exposed and, that it is prepared in accordance with applicable sustainability reporting standards.

Meudon, April 8, 2025

Patrice Caine
Chairman and Chief Executive Officer

8.2 Changes to the structure of the 2024 Universal Registration Document

There are no significant changes in the structure of the 2023 Universal Registration Document as compared to the 2022 Universal Registration Document, except for chapter 5, whose content and structure have been modified to align with the requirements of the first sustainability report. In addition, a reorganization has been made between chapters 4.1 and 4.2 on the composition and functioning of the Board of Directors, in order to meet the CSRD's reporting obligations and also for greater clarity.

8.3 Historical financial information included by reference

Pursuant to Article 19 of European Commission Regulation 2017/1129, the following information is included by reference in this Universal Registration Document:

- the consolidated financial statements for the year ended December 31, 2023 and related audit reports on pages 254 to 296 and 324 to 331 of the 2023 Universal Registration Document, filed with the *Autorité des marchés financiers* (AMF) on April 4, 2024;
- the financial information, key figures, description of the main activities and presentation of the Group's results and situation on pages 7 to 15 and 39 to 49, respectively, of the 2022 Universal Registration Document filed with the *Autorité des marchés financiers* (AMF) on April 4, 2024;
- the consolidated financial statements for the year ended December 31, 2022 and related audit reports on pages 240 to 283 and 310 to 314 of the 2022 Universal Registration Document, filed with the *Autorité des marchés financiers* (AMF) on April 3, 2023;
- the financial information, key figures, description of the main activities and presentation of the Group's results and situation on pages 8 to 13 and 34 to 43, respectively, of the 2022 Universal Registration Document filed with the *Autorité des marchés financiers* (AMF) on April 3, 2023.

The parts of these documents which are not included by reference in this document are either not applicable to the investor or are covered by another part of the Universal Registration Document.

8.4 Cross-reference table for the annual financial report and the management report

The cross-reference table below identifies the information in this Registration Document that constitutes the annual financial report required by Articles L. 451-1- 2 of the French Monetary and Financial Code and 222-3 of the AMF General Regulation. It includes the information required for the annual management report to be prepared by the Board of Directors in accordance with Articles L. 225-100 *et seq.* of the French Commercial Code.

	Section of the 2024 Universal Registration Document	Page(s)
Annual financial report		
Annual Financial Statements	7.2.2	308
Statutory auditors' report on the Annual Financial Statements (including their assessment of the Board's Corporate Governance Report)	7.3.2	338
Consolidated Financial Statements	7.1	260
Statutory auditors' Report on the Consolidated Financial Statements	7.3.1	332
Declaration by the person responsible for the Universal Registration Document	8.1	344
Statutory auditors' report on the certification of sustainability information	5.2	223
Identities of the statutory auditors	7.4.1	341
Honorary statutory auditors	7.1.6, Note 14	302
Management report		
Article L. 232-1 and L. 233-26 of the French Commercial Code:		
Situation during financial year 2024	2.3	40
Analysis of the development of the business	1, 2.1, 2.2, 2.3	5, 26, 38, 40
Analysis of results	2.3	40
Analysis of the financial situation, including debt	2.3.7	51
Foreseeable evolution of the situation and future prospects	2.3.9	52
Significant events after the end of the 2024 financial year	7.1.6, Note 12, 7.2.2.5, Note 22	295, 327
Research and development activities	2.2	38
Existing branches	7.2.2.5, Note 24	331
Key financial performance indicators	1, 2.3	5, 40
Main risks and uncertainties	3	60
Objectives and policy with respect to the coverage of each major categories of transactions	3.1.2, 3.3.1, 7.1.6, Note 6	62, 74, 274
Exposure to price, credit, liquidity and cash risks	3.1.2, 3.3.1, 3.4, 7.1.6, Note 6	62, 74, 76, 274
Information on the use of financial instruments	3.3.1, 7.1.6, Note 6	74, 274
Information on essential intangible assets	1, 2.2	5, 38
Article L. 22-10-35 of the French Commercial Code:		
Impact of activities on combating tax evasion	5.3.2	234
Information of actions aimed at promoting the link between the nation and the armed forces	5.3.3	234
Article L. 225-102 of the French Commercial Code:		
Employee shareholding as of the last day of the fiscal year (proportion of capital represented)	1, 6.2.1.2, 6.2.3.1, 6.2.3.7, 7.2.2.5, Notes 14 and 15	5, 239, 241, 249, 320, 321
Article L. 233-6-3 of the French Commercial Code		
Sustainability report	5.1	142

	Section of the 2024 Universal Registration Document	Page(s)
Article L. 225-102-1 of the French Commercial Code:		
Vigilance plan	5.3.1	227
Art. L. 232-1-1 of the French Commercial Code:		
Information on "Seveso" classified sites	5.3.1.3.3	231
Article L. 233-6 of the French Commercial Code:		
Significant equity investments in companies headquartered in France	7.2.2.5, Note 23	328
Activities and results of Thales SA, the parent company	2.5.1.2, 2.5.1.3, 7.2	56, 304
Activities of Thales SA subsidiaries in financial year 2024	7.2.2.5, Note 23	328
Article L. 233-13 of the French Commercial Code:		
Identities of the principal shareholders and holders of voting rights at General Meetings, and changes during the financial year	6.2.1.2, 6.2.3.2	239, 241
Structure, changes in the Company's capital and crossing of thresholds in the Company in 2024	6.2.1.2, 6.2.3.3.3	239, 243
Name of controlled companies and shares held by them in Thales SA	N/A	N/A
Article R. 225-102 of the French Commercial Code:		
Table of results for the last 5 financial years	7.2 Note 24	331
Article L. 225-211 of the French Commercial Code:		
Acquisition and disposal by the Company of its own shares	6.2.3.4.3, 7.2.2.5, Note 14	245, 320
Articles L. 225-184 and L. 225-197-4 of the French Commercial Code:		
Reports on stock options and free shares	6.2.2.1, 6.2.2.2, 6.2.3.5.1, 7.1.6 Note 9.4, 7.2.2.5, Note 15	241, 246, 247, 290, 321
Articles L. 233-7 and L. 233-13 of the French Commercial Code:		
Shareholder information	6.2	239
Article R. 228-90 (1) of the French Commercial Code:		
Mention of possible adjustments for securities giving access to capital in the event of share buybacks or financial transactions	N/A	N/A
Article D. 441-6 of the French Commercial Code:		
Information on the payment terms of suppliers and customers	7.2.1.2	304
Articles L. 233-29, L. 233-30 and R. 233-19 of the French Commercial Code:		
Disposal of cross-holdings	N/A	N/A
Articles L. 511-6 and R. 511-2-1-3 of the French Monetary and Financial Code:		
Amount of loans with a maturity of less than three years granted to SMEs	N/A	N/A
Articles L. 621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF General Regulation:		
Information on transactions in the Company's shares by directors and related persons	4.6	139
Article 243a of the French General Tax Code:		
Dividends distributed for the last 3 financial years	6.4.1.4	254
Article 223c of the French General Tax Code:		
Amount of non-deductible expenses and charges and the resulting tax	7.2.2.5, Note 6	314
Article 464-2 of the French Commercial Code:		
Injunctions or financial penalties for anti-competitive practices	N/A	N/A
Law No. 2016/1691 of December 9, 2016 known as "Sapin II"		
Anti-corruption mechanism	5.1.4.1.3	210
Regulation (EU) 2020/852 of 18 June 2020 and Delegated Regulations (EU) 2021/2178 of 6 July 2021 and 2021/2139 of 4 June 2021		
"Environmental taxonomy" statement	5.1.2.6	174
Other Information:		
Parent company management report	7.2.1	304
Statutory auditors' report on related-party agreements	6.3.4	251

8.5 Cross-reference table for the Corporate Governance Report

On the recommendation of the Governance and Compensation Committee, the Board of Directors approved the Corporate Governance Report at its meeting of April 2, 2025, and instructed its Chairman to report to the Annual General Meeting of May 16, 2025 on the same. Before being submitted to the Governance and Compensation Committee, this report was prepared by representatives of the Company Secretary's Office, the Finance Department, and the Group Human Resources Department.

The following cross-reference table identifies, in this Registration Document and in order to facilitate the interpretation hereof, the information that constitutes the aforementioned Board's Corporate Governance Report, as provided for in Articles L. 225-37 last indent, L. 22-10-8 to L. 22-10-11, and L. 225-37-4 of the French Commercial Code.

Type of information	Section of the 2024 Universal Registration Document	Page(s)
Adherence to a Corporate Governance Code and application of the "comply or explain" principle	4.2	101
Composition and operation of the Board of Directors	4.1.2, 4.2.1	85, 102
Methods for the exercise of General Management	4.2.1	102
Balanced representation of women and men on the Board of Directors	4.2.3	104
Conditions for the preparation and organization of the work of the Board of Directors	4.2.1.1	102
Restrictions on the authority of the Chief Executive Officer	4.1.3	88
Diversity policy of the Board of Directors and its Committees	4.2.6.1	108
Gender balance in management bodies	4.2.6.4, 4.2.6.5	109
Special conditions for the participation of shareholders in the General Meeting	4.2.6.6	110
Elements likely to have an impact in the event of a takeover bid	4.2.6.7	110
Table summarizing current delegations of authority granted by the General Meeting of Shareholders to the Board of Directors to increase the share capital	4.2.6.8	110
Agreements Between an Executive or Significant shareholder and a Subsidiary	4.2.6.9	111
Procedure for the evaluation of current agreements – implementation	4.1.4	91
List of all offices and positions held in any company by each of the directors during the financial year	3.4	76
Compensation information:		
Compensation and benefits of any kind provided to the Directors and the Executive Director for the year 2024	4.4.1	113
Compensation policy for corporate officers	4.4.2	129
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How the vote of the most recent Ordinary General Meeting provided for in section II of Article L. 225-100 of the French Commercial Code was taken into account	4.4.2.1. B) a)	131
Deviation from the compensation policy implementation procedure and any derogations	N/A	N/A
Application of the provisions of Article L. 225-45 paragraph 2 of the French Commercial Code (suspension of payment of directors' fees in the event of non-compliance with the gender diversity requirement of the Board of Directors)	N/A	N/A
Allocation and retention of options by corporate officers	N/A	N/A
Allocation and retention of free shares to executive directors *	4.4.1.1 B), 4.4.1.4	115, 124

* *The conditions governing the obligation of retention by the Chairman and Chief Executive Officer of the free shares allocated to him in 2023 and 2024 are set out in the 2022 Universal Registration Document p. 117 and 2023 Universal Registration Document, p. 125-126.*

8.6 Cross-reference table – Annexes I and II of Commission Delegated Regulation (EU) 2019/980

To facilitate the reading of the Universal Registration Document, the following cross-reference table identifies the principal information required by Annexes I and II of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019 and refers to the pages of this Universal Registration Document where the information relating to each of these headings is mentioned.

No	Heading	Page(s)
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20.	**Material contracts**	**N/A**
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Notes

Notes

Design and production: Ruban Blanc.

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