



Investor meeting

March 2023

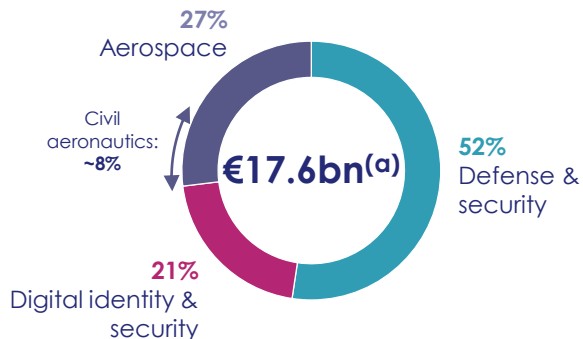


- **Introduction to Thales**
- Key priorities
- Outlook
- Sustainability: safer, greener, more inclusive
- Full-Year 2022 results

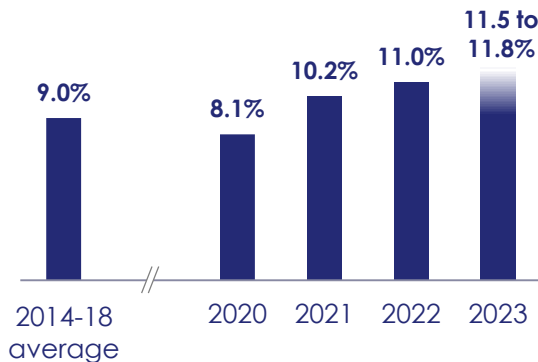


Thales today: a set of focused, technology-driven businesses

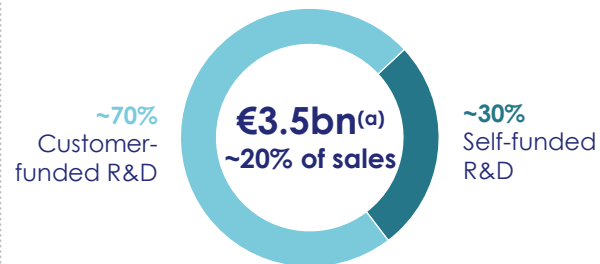
Sales by segment



EBIT margin



R&D total spend



Flight
avionics

#3
worldwide



Civil
satellites

#2
worldwide



Defense sensors
& mission systems

#1
in Europe



Air Traffic
Management

#1
worldwide



Data
protection

#1
worldwide



Smart cards
(EMV, SIM, eSIM)

#1
worldwide

(a) 2022. Excluding transport, treated as discontinued operations (IFRS5)

Portfolio focused on 3 leading and highly synergistic businesses



Thales builds on 4 key strengths

Top 100
Global
Innovator
2022

Clarivate™



nature

Cutting edge R&D

- €3.5bn+, ~20% of sales
- ~70% customer-funded
- 32,000 engineers
- Top 100 global innovator in 10 of past 12 years



Deep domain knowledge

- Top 3 globally or #1 in Europe across businesses
- Leverage across end markets with many technological similarities

Connectivity
Mobility



Big data
analytics

Cyber-
security



Artificial
intelligence

Large digital asset base

- Thales portfolio: digital “by nature”
- Significant organic and inorganic initiatives, targeting 4 key digital technologies
- Large integrated network of digital native talents



Global presence

- Presence in 50+ countries and sales in 100+ countries
- Proven ability to address complex markets and partnerships
- Capitalizing on 40+ year presence

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Key 2023 priorities

- 1 Ramp-up capacity to address strong demand
- 2 Sustain R&D investments to reinforce technology leadership
- 3 Take our sustainability performance to the next level
- 4 Leverage consistently high cash generation

1 Ramp-up staffing to address strong demand

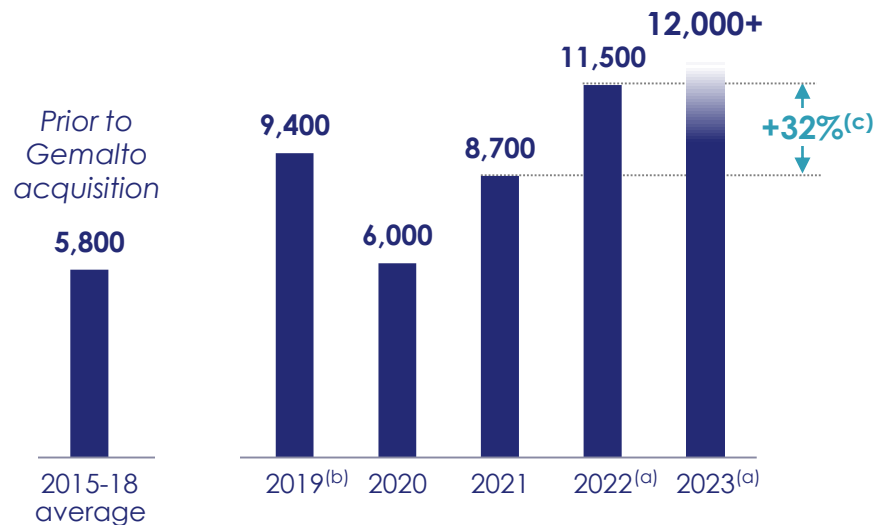
Step change in recruitment actions initiated in 2022

- Global talent acquisition function integrated and scaled up
- New employee value proposition
- Solid retention performance sustained
- 11,500 recruitments achieved in 2022^(a)

Recruitment efforts sustained in 2023

- Targeting 12,000+ recruitments^(a) in 2023
- Further development of engineering centers in Romania and India
- Make-or-Buy: leveraging partnerships with external engineering companies

Global recruitment volumes



(a) 2022 and 2023 data excluding Transport

(b) 2019 data with Gemalto over 12 months

(c) +49% at constant scope

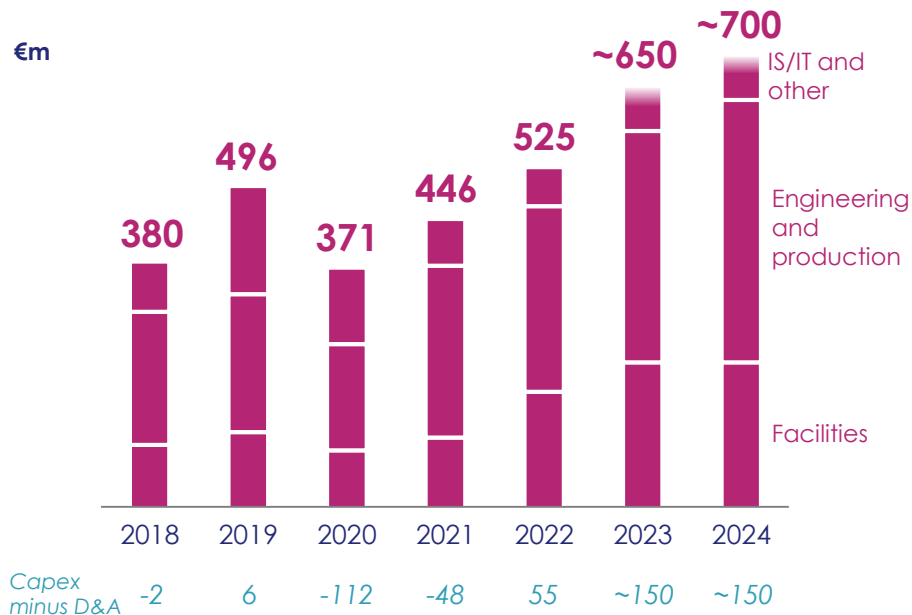
Large increase in capex over 2023 and 2024

- 14 site extension projects to be delivered by end 2024
- Large increase in engineering and production capacity

Broad action plan in place to secure supply chain ramp-up

- Anticipation: extension of firm orders, safety stocks
- Diversification: alternative sourcing channels, design changes...
- Optimization: internal lead times

Capex ramp-up plan



NB: 2020-2024: continued operations (excluding Transport)

More than ever at the forefront of research and technology

- Among Clarivate's "top 100 global innovators" in 10 of the past 12 years
- Algorithm selected by US NIST as new standard for post-quantum cryptography

Leveraging multiple funding sources

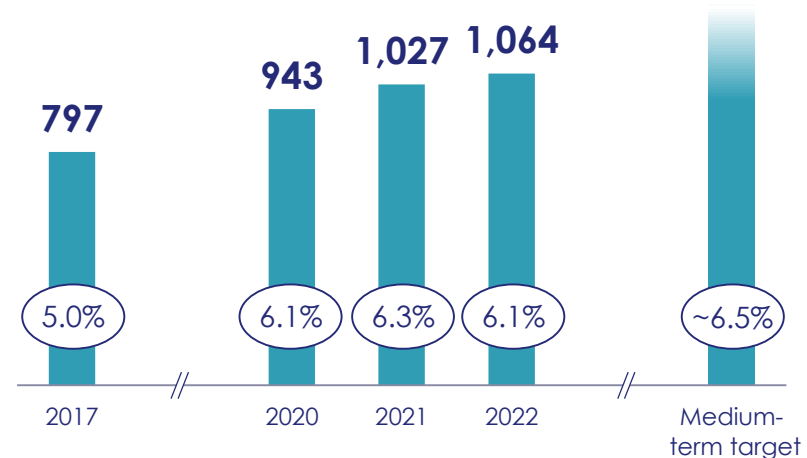
- €70m in collaborative R&D grants through European Defense Fund
- Robust 2022 performance on upstream research funding by French MoD

Accelerating R&D investment areas

- Quantum technologies
- Edge computing, open source hardware
- Brain computer interface
- 6G

Self-funded R&D

€m and % of sales



NB: 2020-2022 and medium-term: continued operations (excluding Transport)

Take our sustainability performance to the next level: 2023 priorities

Deliver on all key objectives

- Achieve all quantitative 2023 targets
- Accelerate low carbon strategy: focus on energy efficiency and suppliers
- Expand Diversity & Inclusion action plans

Define new medium-term roadmap

- Further embed sustainability in Thales's growth strategy
- Set ambitious new targets
- Drive cultural change across Group

Sustaining progress towards ESG leadership

4 Leverage consistently high cash generation

Balanced capital allocation to support sustainable value creation

- Continued investment in own business
- M&A
- Dividend
- Share buyback
- Pension de-risking



Updated M&A strategy

- Strategic focus on bolt-on acquisitions, ready to go above €500m enterprise value
- Priority areas:
 - Digital solutions/technologies, cybersecurity
 - Expanding geographical footprint
- No intention to diversify into markets other than those already served
- Rigorous assessment of financial criteria
 - Contribution to growth
 - Potential for synergies
 - Valuation

Thales cyber business focused on 3 leadership areas

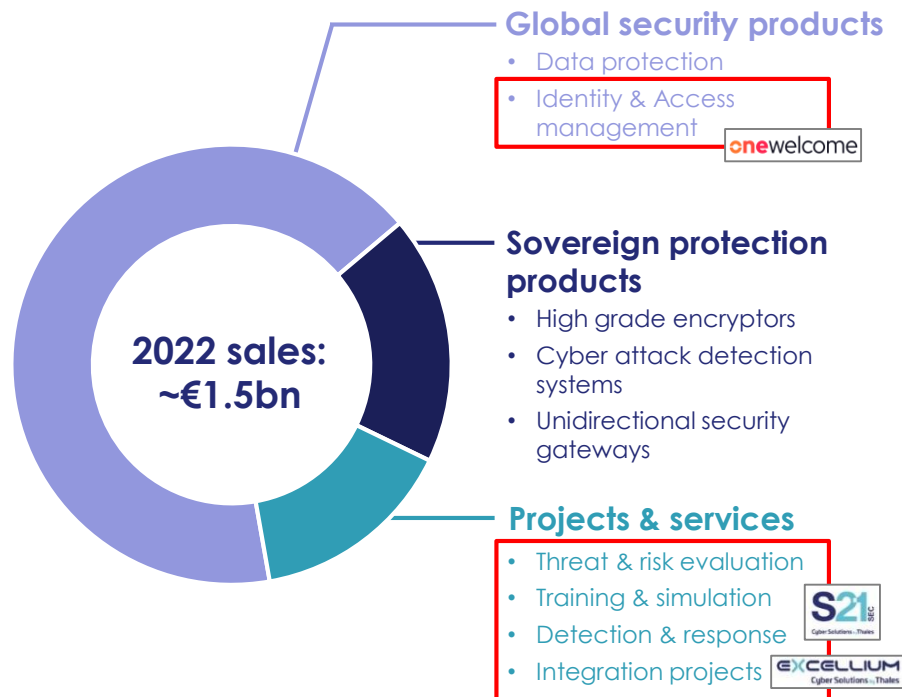
- Global security products: data protection, Identity & Access Management (IAM)
- Sovereign protection products
- Projects and services to critical enterprise customers in Europe

Two acquisitions closed in 2022

- OneWelcome, uniquely broadening global IAM business
- S21Sec and Excellium, adding 500+ cyber-experts for projects and services

Portfolio sustainably delivering double-digit sales growth

Thales cybersecurity portfolio



NB: €1bn reported within DIS and ~€500m in other segments

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Aerospace: robust growth over 2023 and 2024

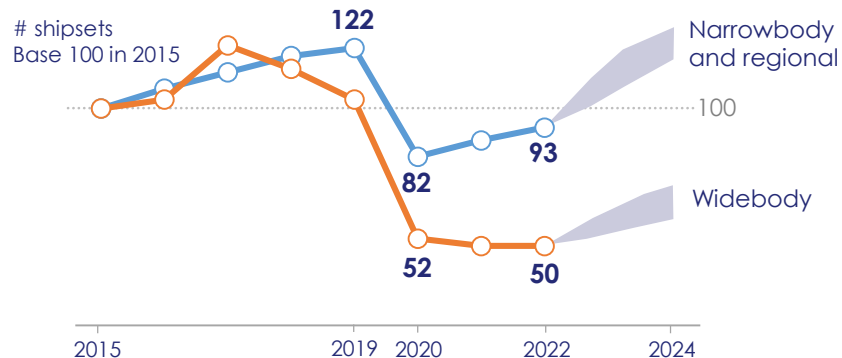
Multiple levers to support High-Single Digit organic sales growth over 2023/24

- Further recovery of air traffic and ramp-up of commercial aircraft production
- Robust demand for military avionics
- Space backlog, market growth and Thales product positioning
- Disposal of aeronautical electrical systems expected by mid 2023

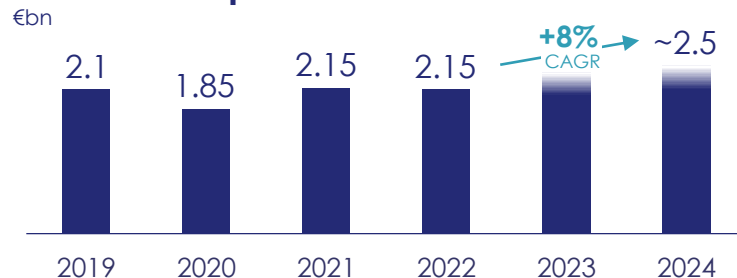
Margin on track to reach 8.5-9% in 2024, close to 2019 level

- Margin leverage on sales growth
- Sustained R&D investments

Avionics shipset deliveries by Thales



Space sales trend^(a)



(a) Trajectory does not assume the booking of a major telecom constellation

Defense & Security: ramping up to deliver on new record backlog and address sustained demand growth

Unique demand context

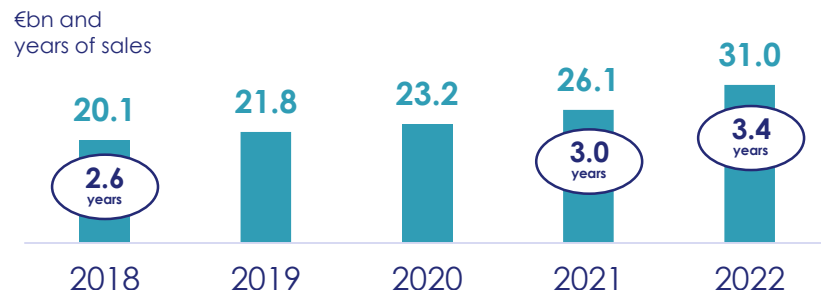
- Geopolitical situation driving sustained budget growth in main Thales geographies
- Leading portfolio on attractive market segments
- Record backlog

Sales growth to accelerate as operational bottlenecks are addressed

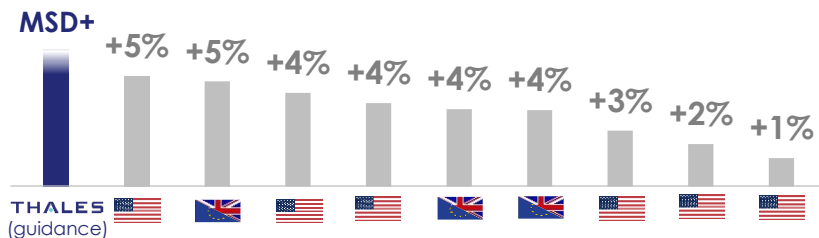
- Ramp-up of recruitment, Capex and supply chains
- Targeting Mid-Single-Digit organic sales growth in 2023, accelerating to Mid-Single-Digit+ in 2024

Sustaining industry-leading margins (~13%)

Defense & Security end-year backlog



Defense business 2023/24 sales growth vs peers^(a)



(a) 10 largest US/UK/EU listed defense companies. Defense segment for non pure defense companies. Sales CAGR based on Bloomberg consensus at 27 February 2023. MSD: Mid-Single Digit

DIS: global leader on digital identity and security market

Compelling positions on attractive, growing markets

- Cybersecurity leadership extended to Identity & Access Management (IAM)
- Profitable growth in biometrics
- Transition of legacy SIMs and banking cards to cloud-based business models
- Further development of revenue synergies

2023 and 2024: consolidating after exceptional 2022 performance

- Uncertain demand and supply chain contexts
- Margin sustained in 13.5-14.5% range^(a)

(a) Taking into account the deconsolidation of the IoT connectivity module business

Main ongoing revenue synergy opportunities



Sales of DIS biometric solutions through Thales global sales network



Drone management and surveillance



"Fly-to-gate" touchless passenger solutions



SENS: integration of cybersecurity products and improved go-to-market

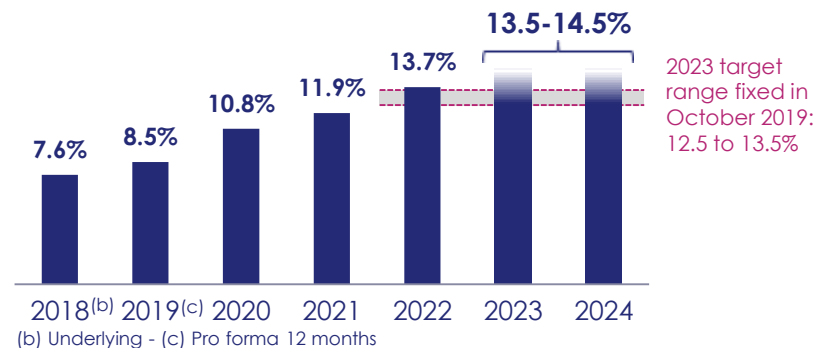


5G applications in civil and military markets



First integration of DIS technologies in defense solutions

DIS EBIT margin evolution



2019-2023 cash conversion target upgraded again

2022: second year of massive outperformance on free cash flow

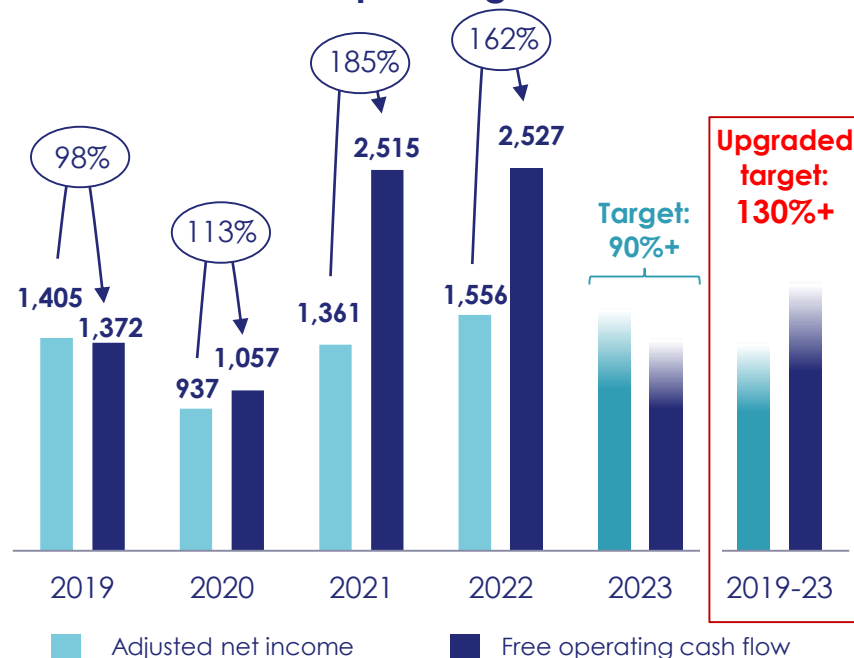
- Very strong order intake, especially in emerging markets
- Early payments from customers
- Internal CA\$H! initiative

Further upgrade to 2019-2023 cash conversion target

- Now targeting 130%+ on a reported basis^(a)
- Equivalent to ~€6.5bn free operating cash-flow over 2021-2023
- 2023: expecting 90%+ conversion ratio

(a) Previous target (March 2022): "115% on average over the 2019-2023 period, on a reported basis"

Adjusted net income conversion into Free operating cash flow



xx% Cash conversion ratio: Free operating cash flow / adjusted net income

2023 financial objectives

Order intake

Book-to-bill above 1

Sales

+4% to +7% organic growth^(a)
corresponding to €18.0 to €18.5 billion^(b)

EBIT margin^(c)

11.5% to 11.8%^(a)

(a) Assuming no new major disruptions of the health situation, of the economic context, and of global supply chains.

(b) Based on February 2023 scope and foreign exchange rates

(c) Non-GAAP measure: see definition in appendix

Summary

Focus on 3 leading high tech ESG-aligned businesses

- Simplified exposure to 3 long-term growth markets
- Able to sustainably deliver double-digit margins

2023-2024: accelerating growth

- Strong perspectives across all businesses
- Ramp-up of recruitment and capex plans
- Reinforcement of R&D
- Sustaining progress towards ESG leadership

Balanced capital allocation

- Disciplined M&A
- Cash returns to shareholders

AMBIT10n

Sustainable
value creation

- Introduction to Thales
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- **Sustainability: safer, greener, more inclusive**
- Full-Year 2022 results



Sustainability ambitions anchored in our purpose

Our purpose

*“Building a future
we can all trust”*



Our ambitions

**Maximize the sustainability impact
of our portfolio of solutions**

**Embed ambitious sustainability
commitments in all processes**

Working to make the world safer, greener and more inclusive

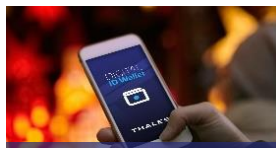
Sustaining progress towards ESG leadership

Safer: ~60%

Keep citizens safe in both physical and digital worlds



Air defense solutions for Ukraine



Almost ~€1.5bn in cybersecurity sales



Parade: system to protect big events against drones

Building
a future
we can
all trust

Greener: ~20%

Design solutions to observe and understand climate phenomena and to reduce the environmental impact of our customers



Major contributor to 5 Copernicus missions



New "Pureflyt" FMS selected by Airbus

More inclusive: ~20%

Grant universal access to fundamental rights: legal identity, bridging the digital divide, etc.



SATRIA satellite connecting 17,500 Indonesian islands



Voice Payment card for visually impaired people

Percentage based on 2022 sales (excluding Transport, as per IFRS5)

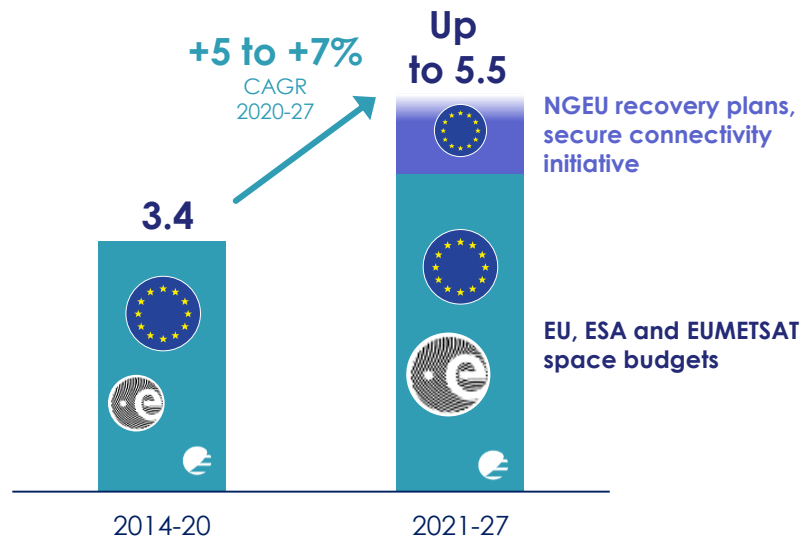
Sustainability: a strong space market growth driver, notably in Europe

Space projects at the heart of European Union political priorities, driving significant budget increases

- Unprecedented European Space Agency and EU budgets already secured
- Additional opportunities arising from new plans
 - 30% of Next Generation EU recovery plans to be dedicated to sustainability initiatives
 - "Secure connectivity initiative" under discussion, targeting space-based high-speed connectivity everywhere

Double-digit market growth forecasts for space-based commercial Internet connectivity market

Sustainability-focused European space budgets (€bn per year)



Sources: ESA Financial Obligations (ESA Stakeholders), EC MFF; estimates for NGEU recovery plans and EC's secure connectivity initiative; EUMETSAT; national agencies.
Scope: navigation, observation, telecom, space situational awareness

Optimization of aircraft operations: a major CO₂ reduction opportunity for aviation

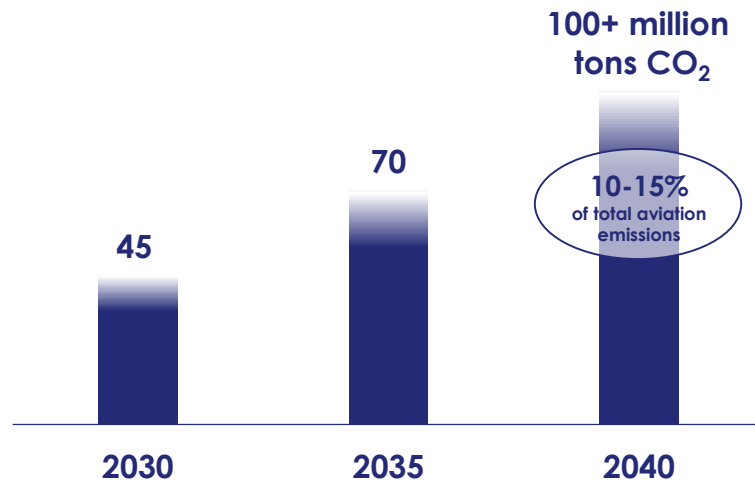
Major CO₂ emission reduction achievable through operations optimization

- > 10 to 15% CO₂ reduction
 - CO₂-optimized trajectories
 - Weather-related optimization ("windsurfing")
 - Other optimization levers: ground, fuel load
- > Non-CO₂-related benefits: condensation trails

Lever: combined digital transformation of avionics and Air Traffic Control systems

- > Development of breakthrough AI-based tools
- > Adoption of new flight and ATC procedures
- > Applicable to existing in-service aircrafts
- > Cumulative with other initiatives

Possible CO₂ emission reduction via aircraft operations optimization (avoided emissions, million tons of CO₂)



Thales is uniquely positioned to address this massive opportunity

Addressing aircraft operations optimization through continuous innovations in both avionics and Air Traffic Control



Purpose

- Improve flight trajectories (climb, cruise, descent) via end-to-end optimization functionalities/applications from both certified avionics and non-certified sources

Contributions

- Digitally-connected avionics & cloud-based services delivering up-to-date traffic and weather data
- Climate-based route design
- Certification and first sales expected in 2024



- Deliver civil Air Traffic Control solutions that promote safe, orderly and expeditious air traffic flow while minimizing environmental impacts

- Green airspace optimization solutions
- Collaborative optimization tools
- Secure digital air/ground data exchange
- First capabilities introduced in TopSky ATC One as of 2025

Capitalizing on Thales' capabilities to deliver on this opportunity

Defense is essential to safe, stable and prosperous societies



We live in a globalised and increasingly unpredictable world, facing emerging threats



Combining military capability, diplomacy and development assistance is necessary to achieve stability, resolve disputes non-violently and prevent conflicts



The protection offered by Defense to wider society provides the foundation for sustainability and protection of the planet

Thales supports nations around the world to achieve these aims and counter the physical and virtual threats they face

Thales: leading in one of the most regulated global industries

What we stand for

Operating ethically; selling our products and services responsibly

Strict compliance with laws of the countries and regions in which we operate

Core priority to **be proactive** with developing and sharing best practice; striving for continuous improvement



Strict export controls

Committed and certified to stringent export control regulations

Processes integrated in day-to-day business through training, audit, and focus on continuous improvement



Zero-tolerance on corruption

Clearly defined policy, shared with all employees and audited regularly

ISO 37001 certification



Involvement in nuclear and controversial weapons

White phosphorous fully phased out since June 2022

French nuclear missile program: < 0.1% of group sales



Making AI trustworthy

Transparent, Understandable, Ethical and Environmentally-friendly AI - putting humans at the center

Thales' solutions deliver both enhanced performance and reduced environmental footprint

Sales to defense customers by product type, 2020

Increasing mission performance whilst reducing size, weight, power and logistics



Sonoflash sonobuoy



Sophie Ultima thermal imager



Talios multi-function pod

Sensors
45%

Networks and C4ISR^(a) solutions
32%

Defense systems
23%

Increased efficiency through improved asset collaboration across all domains



Collaborative combat



Synaps-H radios

Lower fuel burn and resource consumption



Autonomous mine warfare



Synthetic training & flight simulators

(a) C4ISR: Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance

Cybersecurity: trusted digital identities and data privacy for all

Cybersecurity is key to sustainability

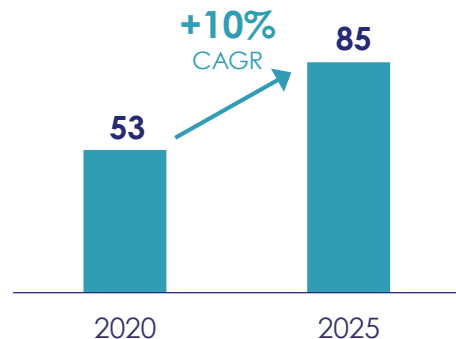
- Increasingly impacting identity thefts, data leaks, ransomware attacks undermine trust in digital transformation
- Privacy and sovereignty build trust

Thales: recognized global leader in data protection and identity & access management

- Total cybersecurity sales: ~€1.5bn in 2022
- 3,000+ cybersecurity engineers

Portfolio sustainably delivering double-digit sales growth

Cybersecurity product market growth (€bn)



Source: Gartner, IDC

NIST Cybersecurity framework



Sustainability: main targets

Strategy for a low-carbon future

Reduction of operational CO₂ emissions^(a)



2023



2030



2040

*Boosting product innovation
and eco-design across portfolio*

Robust engagement plan with supply chain

Action plan submitted to SBTi certification

Diversity & inclusion



2023

of management
committees with at
least 3 women^(b)



2023

of women
in senior
management^(c)

(b) 2026 target: 75% with at least 4 women (vs 42% at end 2021)

(c) Top 13% of global workforce. Percentage of women in total workforce: 27%. 2026 target: 22.5%

Ethics & compliance

Anticorruption



2022

of exposed
employees trained
every 2 years

*Extension of
ISO 37001 certification*

*New digital ethics
charter*

Health & safety at work

*Frequency rate of
accidents at work
with subsequent
lost work time^(d)*



2023

(d) Compared to 2018
frequency rate

(a) Scope 1 + Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto. Previous target: -20% by 2023 and -40% by 2030

60% of workforce incentivized on sustainability KPIs

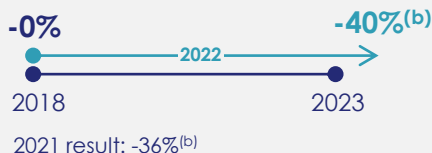
2022 key non-financial figures

Targets

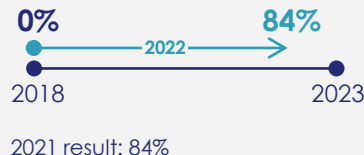


Strategy for a low-carbon future

35% reduction of operational CO₂ emissions^(a) by 2023

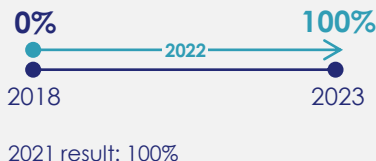


100% of new developments incorporating eco-design by 2023



Ethics & compliance

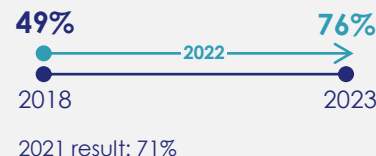
100% of exposed employees trained on anticorruption every 2 years



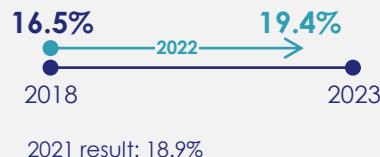
Diversity & inclusion

Targets

75% of management committees with at least 3 women by 2023

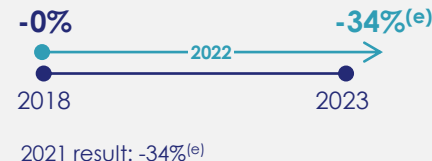


20% of women in senior management^(c) by 2023



Health & safety at work

30% reduction of frequency rate of accidents at work with subsequent lost work time^(d) by 2023



(a) Scope 1+ Scope 2 + Scope 3 business travel, target in absolute terms vs 2018 reference including Gemalto

(b) 2021 boosted by low level of business travel due to Covid-19 crisis, 2022 boosted by progressive recovery of business travel

(c) Top 13% of global workforce. Percentage of women in total workforce: 27%

(d) Compared to 2018 frequency rate

(e) 2021 boosted by high level of work-from-home due to Covid-19 crisis, 2022 partly boosted by work-from-home

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Full-Year 2022 highlights



Results

Strong commercial momentum across portfolio, driving new record order intake and backlog

Sales growth at top of guidance range

Record level of profitability, above 2019 in spite of operational headwinds

Significant outperformance on free operating cash-flow

Strategy

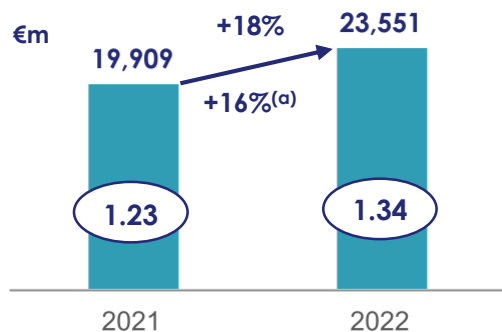
Active portfolio management

Accelerated capital deployment

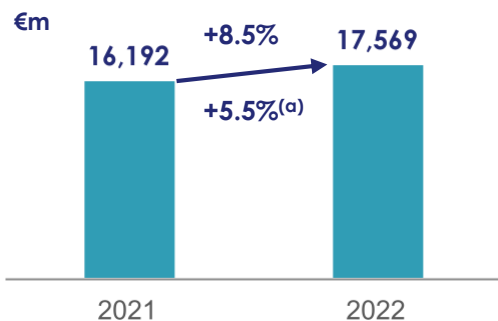
Solid progress towards ESG leadership

2022 key figures

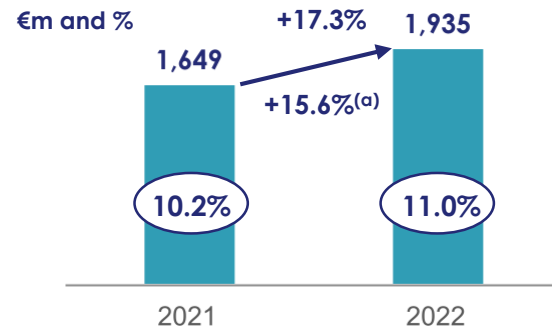
Order intake and book-to-bill



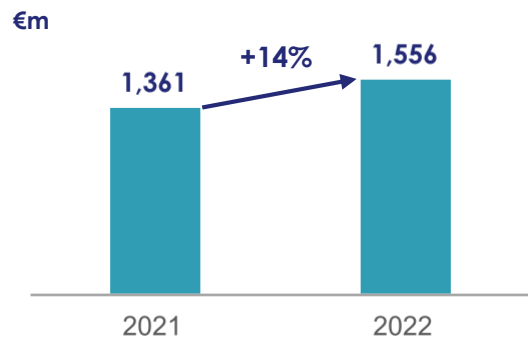
Sales



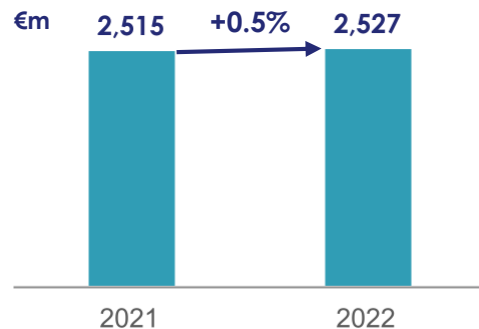
EBIT and EBIT margin^(b)



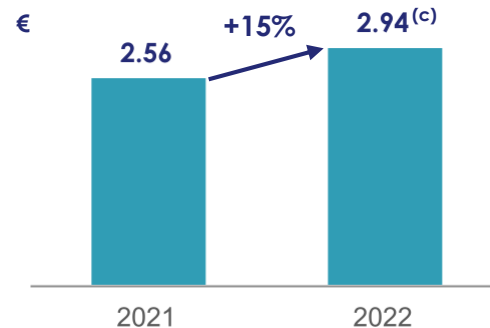
Adjusted net income^(b)



Free operating cash-flow^(b)



Dividend



(a) Organic: at constant scope and exchange rates

(b) The definition of all non-GAAP measures can be found in appendix

(c) Proposed to the 10th May 2023 Annual General Meeting

2022 order intake

Record-high order intake driven by very strong commercial activity along the year, including jumbo UAE Rafale order

- 13 large^(a) orders booked in Q4 2022
- 29 large^(a) orders booked in 2022 (vs. 21 in 2021)

2022 book-to-bill of 1.34, and 1.43 excluding DIS, whose book-to-bill is structurally equal to 1

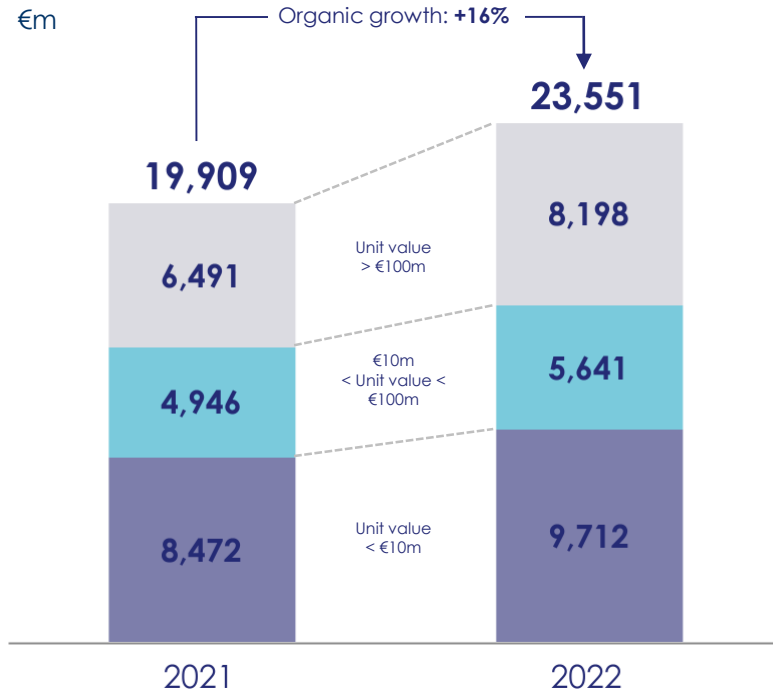
Strong performance in emerging markets, up +68% organically

Small orders^(b) up by 15%, growing across all 3 segments

(a) With a unit value over €100m

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

Order intake by contract unit value



2022 sales growth

Significant currency impact

- Q4: €82m, +1.7% of sales
- FY2022: €364m, +2.3% of sales

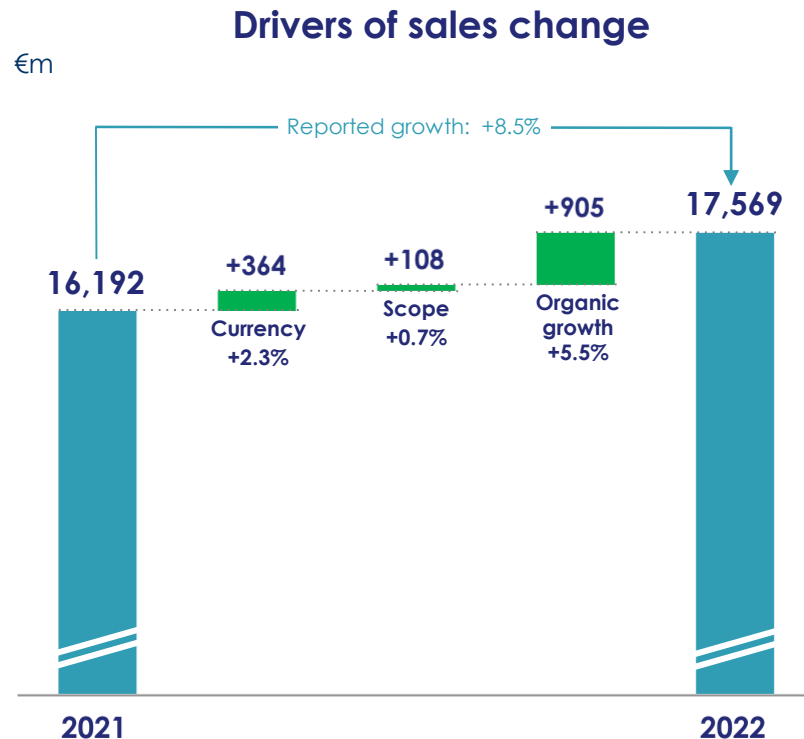
Scope effect due to acquisitions

Organic sales growth at top of guidance range

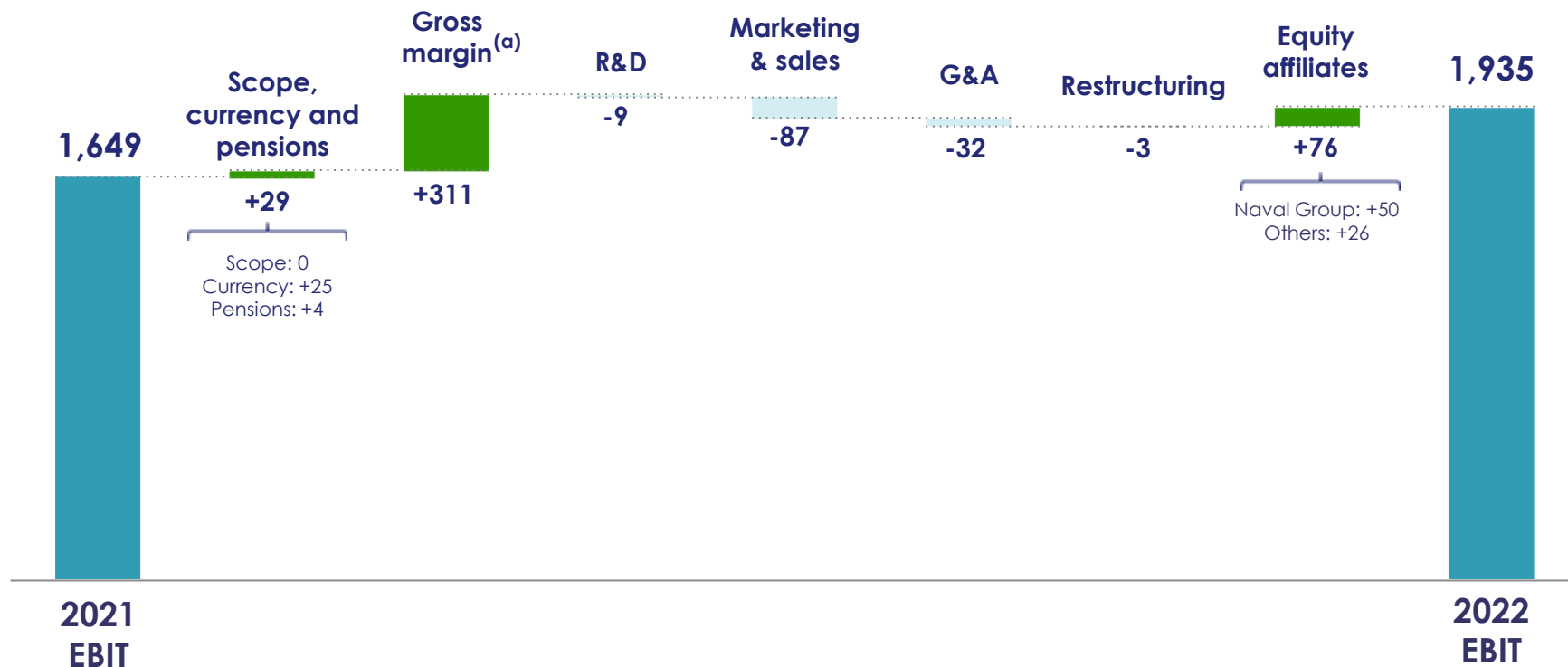
- Q4: all operating segments progressing vs. Q4 2021, including double-digit growth at DIS

Strong performance in mature markets, up by 6.3%

- Europe: +7.2%, North America: +9.4%



2021 to 2022 EBIT bridge



(a) Including €52m of non-recurring expenses due to the economic and trade sanctions imposed on Russia recorded in 2022



Aerospace: 2022 key figures



€m	2022	2021	Change	
			total	organic
Order intake	5,892	5,631	+5%	+3%
Sales	4,705	4,463	+5.4%	+2.4%
EBIT	235	202	+16.1%	+18.3%
in % of sales	5.0%	4.5%		

Order intake driven by strong rebound of Flight Avionics and In-Flight Entertainment

- Aeronautics: 2 large^(a) orders booked in 2022, civil aftermarket order intake up 32%
- Solid momentum in space: book-to-bill significantly above 1 thanks to 11 large^(a) orders

Sales growth impacted by Russia, high comps and softness of widebody market

- End of sales to Russia (~€80m impact)
- High comps in Space and microwave tubes (down 11% organically vs high level in 2021)
- Aeronautics sales up 9%, of which civil aftermarket up 23% organically

EBIT margin progression slowed down by Russian one-off and supply chain constraints

(a) With a unit value over €100m



Defense & Security: 2022 key figures



€m	2022	2021	Change	
			total	organic
Order intake	13,955	11,185	+25%	+23%
Sales	9,154	8,633	+6.0%	+3.8%
EBIT	1,179	1,111	+6.1%	+2.7%
in % of sales	12.9%	12.9%		

Fourth year record-high order intake with a backlog now at 3.4 years of revenues

- 16 large^(a) orders in 7 countries, including the jumbo Rafale contract in UAE
- Book-to-bill up from 1.30 in 2021 to 1.52 in 2022
- New record high backlog of €31bn, up 19% vs. 2021, providing solid visibility

Organic sales growth affected by operational headwinds

- Ongoing ramp-up of capacity to address strong demand
- Supply-chain tensions (total impact estimated at ~€100m over FY22)

EBIT margin confirmed in upper range of medium-term guidance range

(a) With a unit value over €100m



Digital Identity & Security (DIS): 2022 key figures



€m	2022	2021	Change	
			total	organic
Sales	3,618	2,995	+20.8%	+14.9%
EBIT	494	358	+38.2%	+37.9%
in % of sales	13.7%	11.9%		

Order intake structurally aligned with sales

Sales organically up by almost 15% despite persisting supply-chain tensions

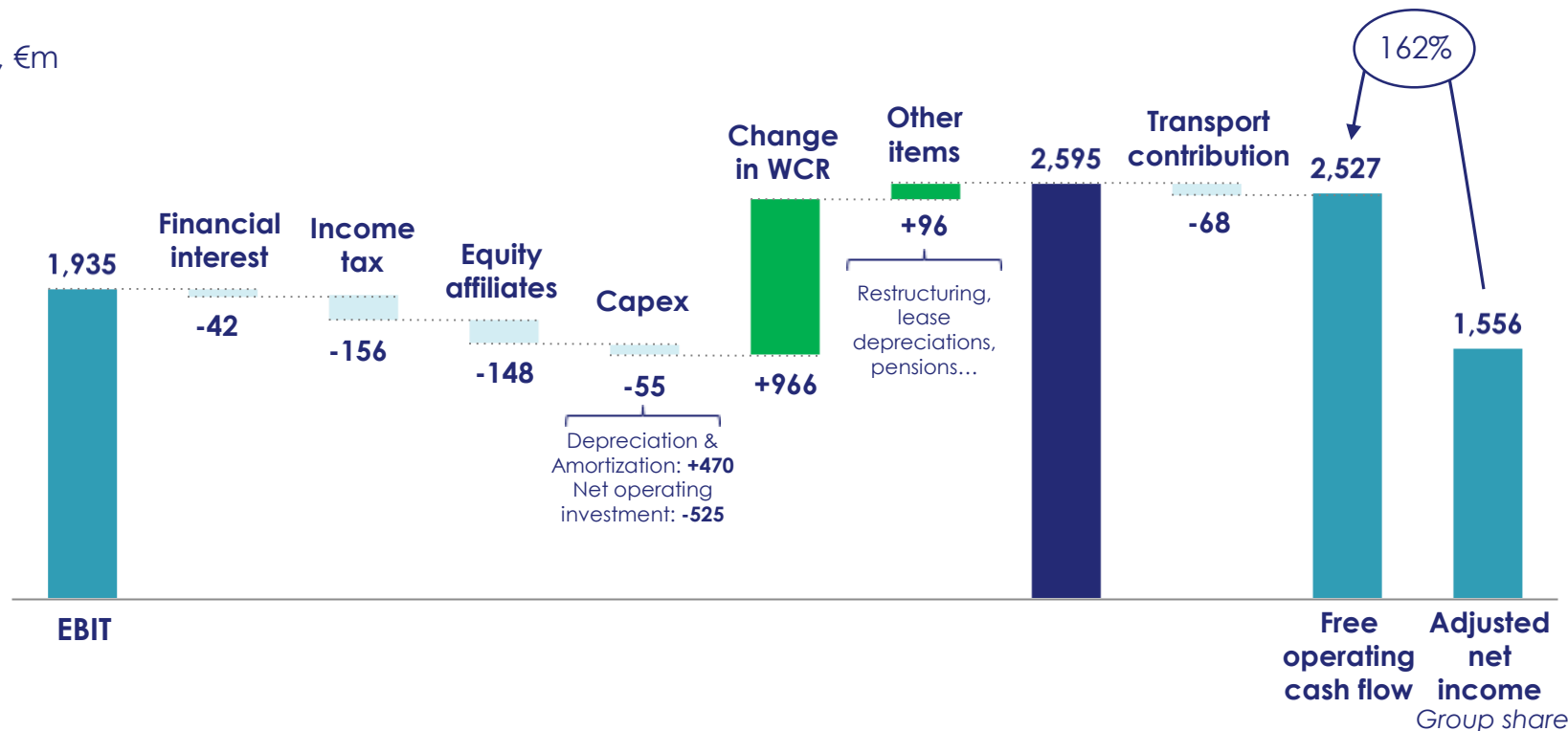
- Strong double digit growth in cybersecurity and Smart Cards, benefiting from pricing effect on higher purchasing costs
- Biometrics up high-single digit, on-going recovery despite supply-chain bottlenecks

Ongoing EBIT margin progression driven by operating leverage on strong top line growth, exceeding medium term EBIT margin target one year in advance

- Gross margin improvement across all businesses
- Leverage on higher cybersecurity and smart card sales

Cash conversion: from EBIT to Free Operating Cash Flow

2022, €m



Appendix



A strong set of focused businesses

Segment	Sub-segment		Civil	Military	2022 sales ^(a) (€m)	Market position
Aerospace <i>27% of 2022 sales^(a)</i>	Flight avionics including cockpit avionics, communications, electrical systems, training and simulation (of which civil: ~€1200m, military: ~€600m)				~1,800	#3 worldwide (flight avionics)
	Connected in-flight entertainment (IFE)				~300	#2 worldwide
	Microwave tubes for satellite, medical, scientific and military applications				~450	#1 worldwide
	Space solutions for telecom, observation, navigation and exploration				~2,150	#2 worldwide (civil satellites)
Defense & security <i>53% of 2022 sales^(a)</i>	Sensors and mission systems including radars, sonars, optronics, mission systems for aircraft, ships and submarines, missiles and armored military vehicles				~4,800	#1 in Europe
	Communications, command and control systems including military communications and networks, military command and control systems (C4I), cybersecurity, Air Traffic Management, and homeland security solutions				~4,300	#2 worldwide (military tactical communications)
Digital identity & security <i>19% of 2022 sales^(a)</i>	Digital identity and security solutions including data protection, Identity & Access Management, biometrics, mobile connectivity solutions (removable SIM, eSIMs and platforms) and EMV payment cards				~3,250	#1 worldwide

(a) Transport now treated as discontinued operations (IFRS5), DIS adjusted for deconsolidation of IoT connectivity module business (€360m)

Aerospace segment: identity card

2 Global Business Units

Avionics
Space

18,500 employees
in 31 countries

Main industrial footprint

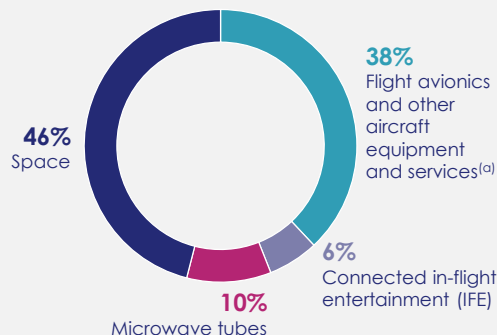
France, Italy, Spain, UK, USA,
Singapore

€4.7bn 2022 sales

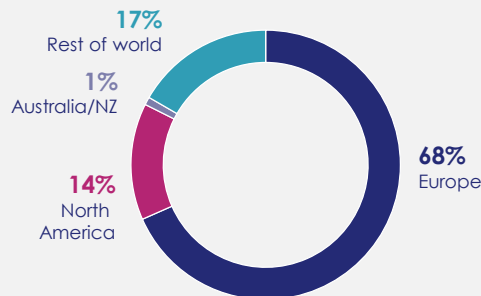
6.0% 2022 EBIT margin^(b)

2.0 years Dec 22 backlog

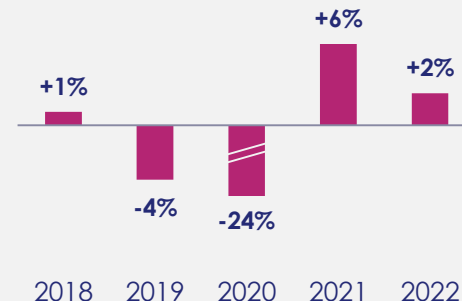
Sales by solutions



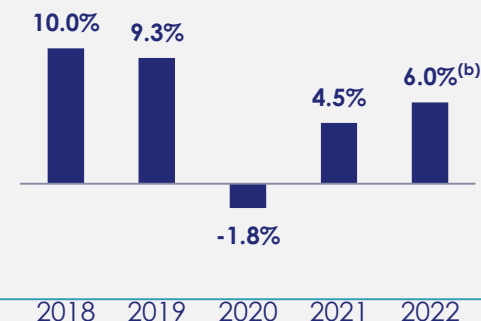
Sales by region



Organic sales growth



EBIT margin



(a) Includes electrical systems business (€124m sales in 2021), under exclusive negotiations to be sold to Safran.

(b) Excluding one-off expense linked to Russia

Defense & Security segment: identity card

3 Global Business Units

Land & Air Systems
Defense Mission Systems
Secure Communications &
Information Systems

33,000 employees
in 36 countries

Main industrial footprint

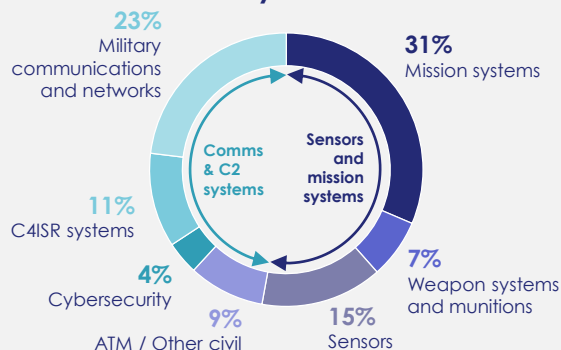
Australia, Canada, France,
Netherlands, UK

€9.2bn 2022 sales

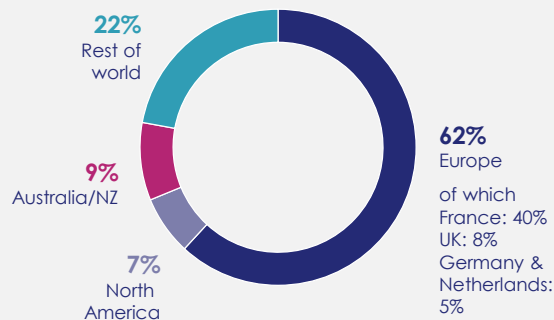
12.9% 2022 EBIT margin

3.4 years Dec 22 backlog

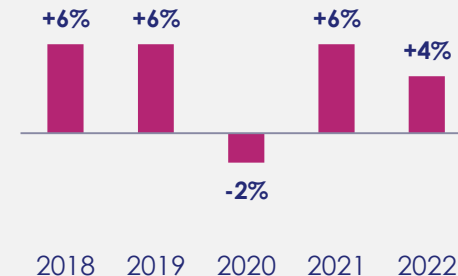
Sales by solutions



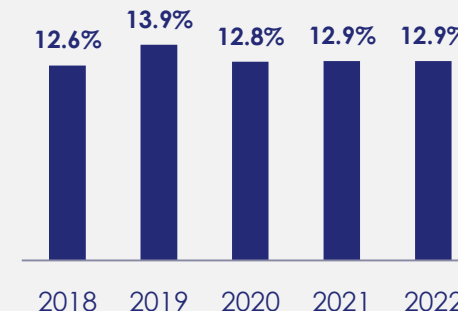
Sales by region



Organic sales growth



EBIT margin



Digital Identity & Security (DIS) segment: identity card

1 Global Business Unit
Digital Identity & Security

15,000 employees
in 53 countries

Main industrial footprint

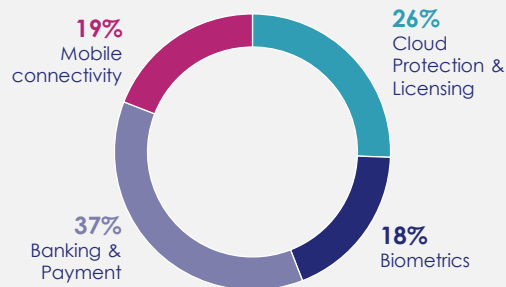
France, USA, Singapore,
Mexico

€3.3bn 2022 sales^(a)

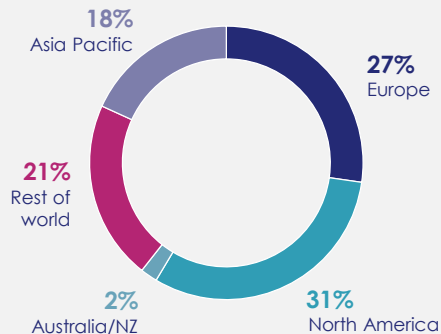
13.7% 2022 EBIT margin

NM Dec 22 backlog

Sales by solutions^(a)

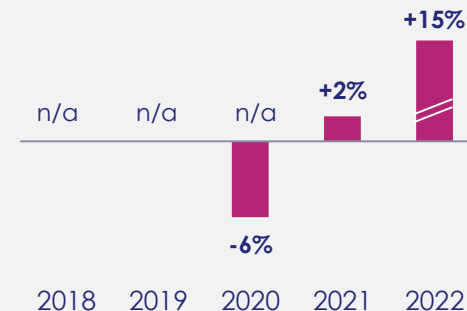


Sales by region

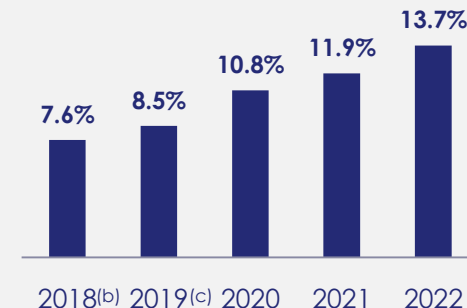


(a) Pro forma post deconsolidation of IoT connectivity module business (€360m)

Organic sales growth



EBIT margin

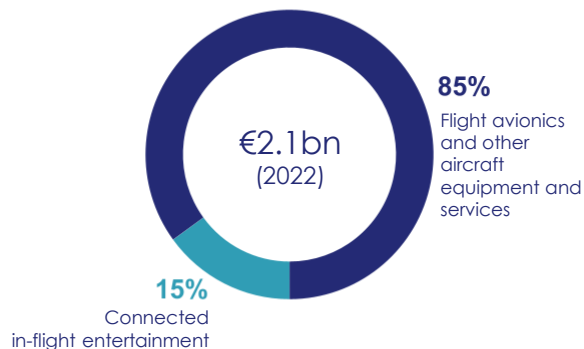


(b) Underlying
(c) Pro forma 12 months

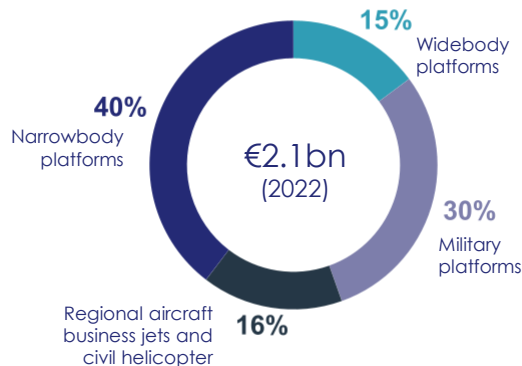
THALES
Building a future we can all trust

Global leader in flight avionics and connected in-flight entertainment

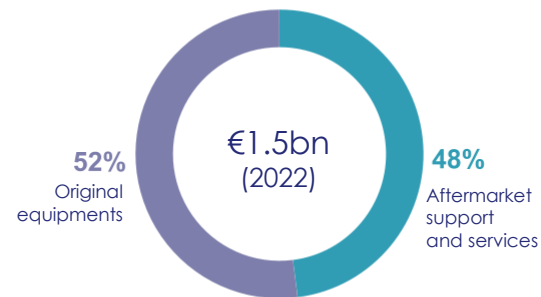
Sales by solutions



Sales by platform type



Commercial sales by activity type



Main avionics platforms



Air transport

A320 ATR
A330/340 Dash 8
A350 CRJ
B787 SSJ 100
B747



Business jets

Bombardier
Cessna
Dassault
Gulfstream



Helicopters

Airbus helicopters
Airbus Tiger
NHI NH90
Bell Cobra/Huey
Sikorsky



Military aircraft

Airbus 400M
Airbus MRTT
Boeing F/A-18
Dassault Rafale
Dassault Mirage 2000
LM F-16

Connected in-flight entertainment (IFE)

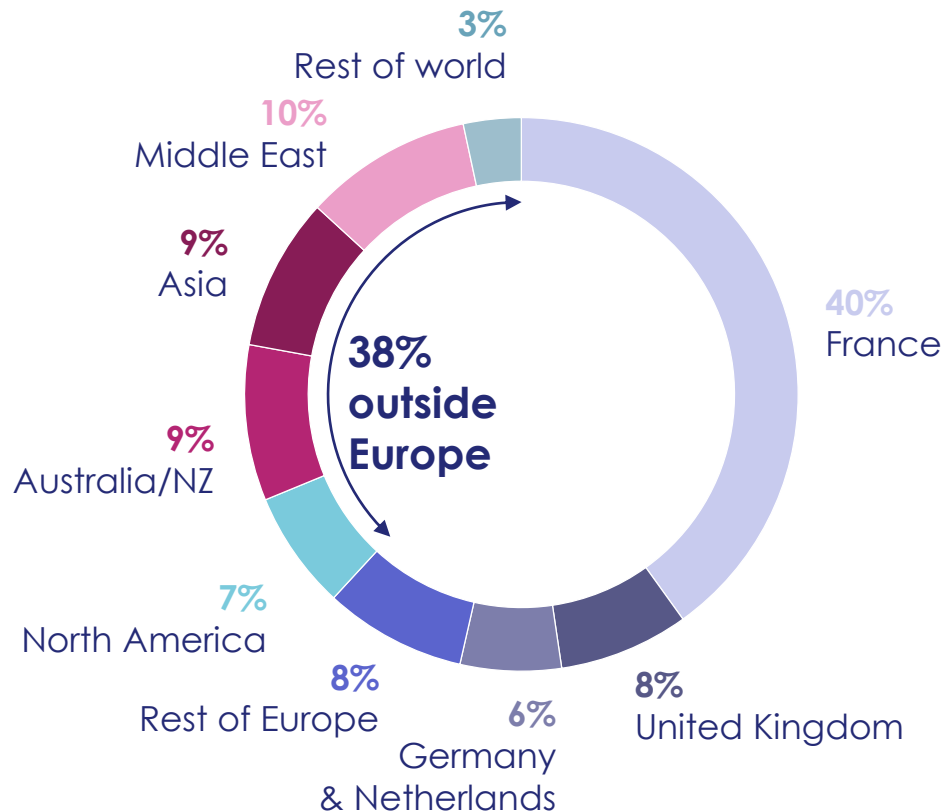


Main platforms

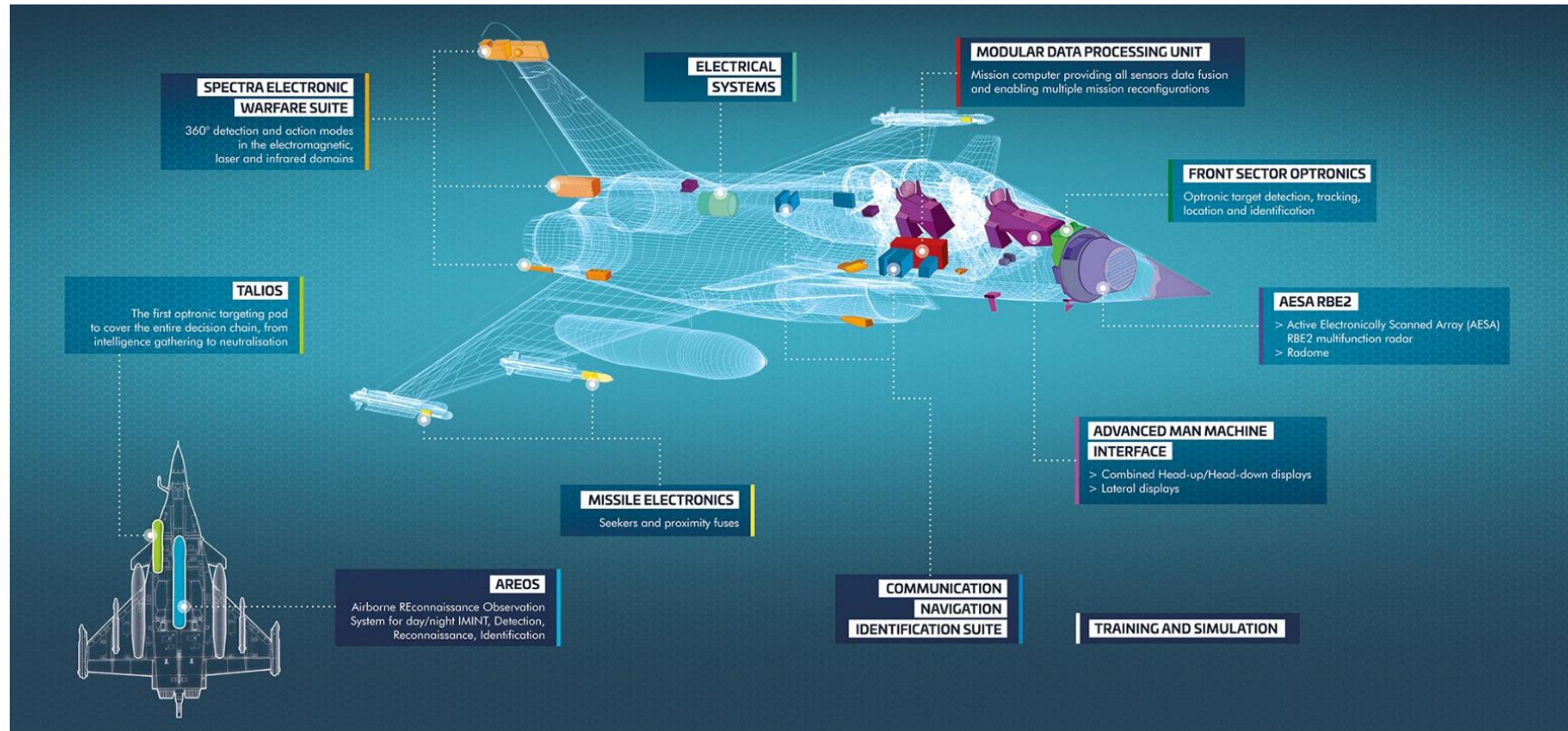
A330/A340 A320
A350 B737
B787
B777

Highly diversified Defense & Security customer base

Defense & Security sales by region, 2022

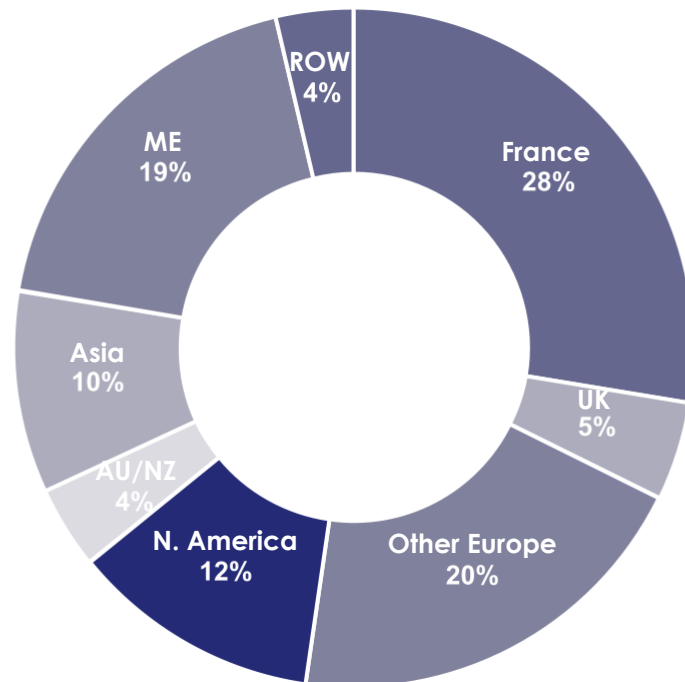


Thales on board the Rafale



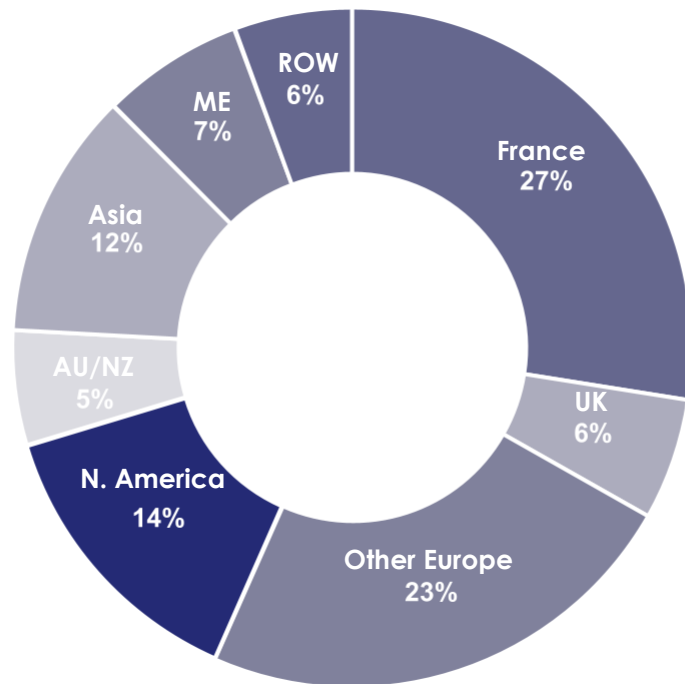
2022 order intake by destination

In € millions	FY	FY	Change	
	2022	2021	Total	Organic
France	6,504	6,455	+1%	+1%
United Kingdom	1,100	955	+15%	+14%
Rest of Europe	4,708	5,300	-11%	-12%
Europe	12,312	12,711	-3%	-4%
North America	2,794	2,230	+25%	+12%
Australia / NZ	927	586	+58%	+52%
Mature markets	16,034	15,527	+3%	+1%
Asia	2,263	1,829	+24%	+24%
Middle East	4,378	856	+411%	+389%
Rest of the world	875	1,696	-48%	-50%
Emerging markets	7,516	4,381	+72%	+68%
Total	23,551	19,909	+18%	+16%



2022 sales by destination

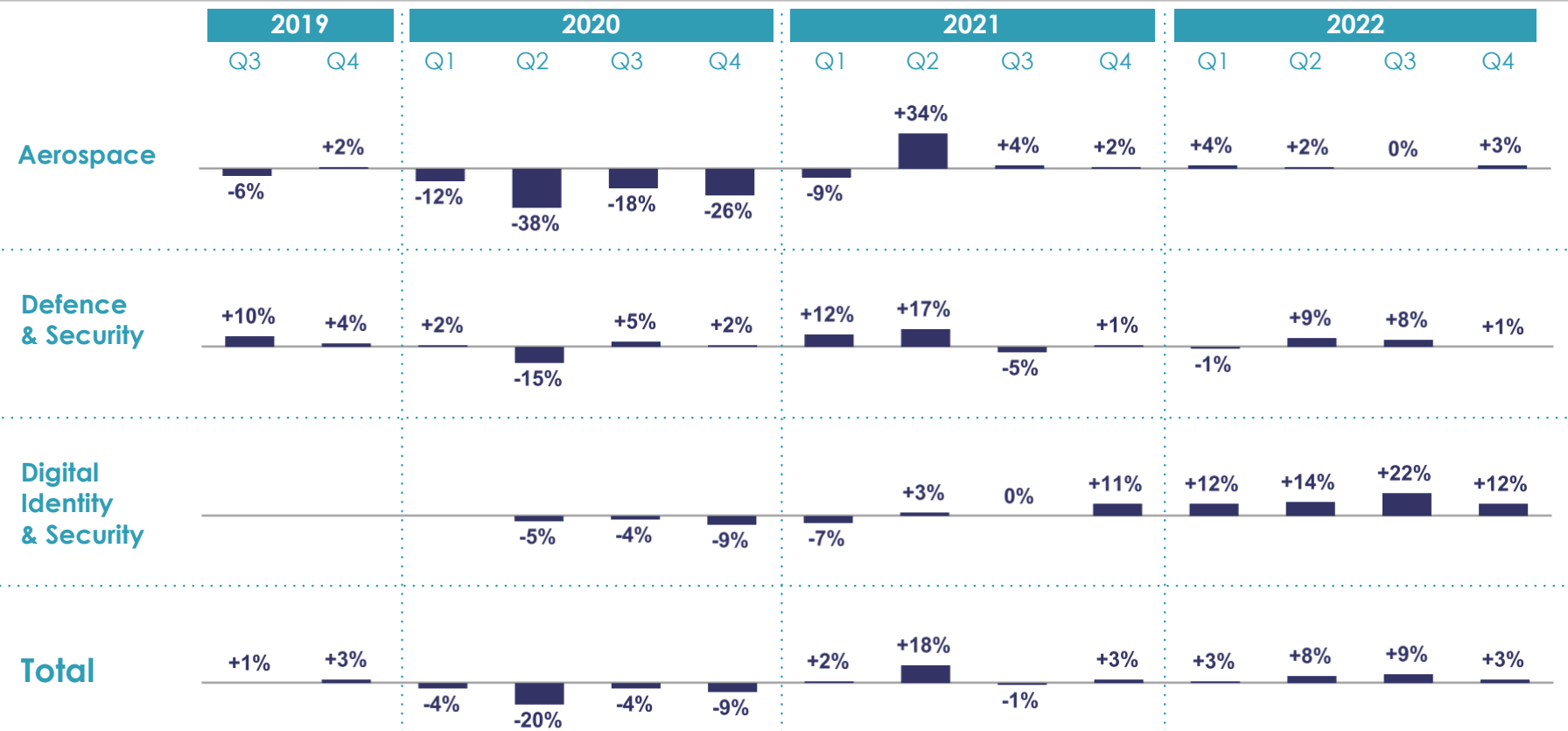
In € millions	FY	FY	Change	
	2022	2021	Total	Organic
France	4,827	4,545	+6.2%	+6.1%
United Kingdom	1,019	940	+8.4%	+7.8%
Rest of Europe	4,101	3,719	+10.3%	+8.3%
Europe	9,947	9,204	+8.1%	+7.2%
North America	2,415	1,952	+23.7%	+9.4%
Australia / NZ	958	994	-3.6%	-7.3%
Mature markets	13,320	12,150	+9.6%	+6.3%
Asia	2,068	2,057	+0.5%	+0.4%
Middle East	1,189	1,084	+9.7%	+6.3%
Rest of the world	991	901	+10.0%	+4.3%
Emerging markets	4,248	4,042	+5.1%	+2.9%
Total	17,569	16,192	+8.5%	+5.5%



EBIT by operating segment

€m / % of sales	2022		2021		Change	
					total	organic
Aerospace	235	5.0%	202	4.5%	+16.1%	+18.3%
Defence & Security	1,179	12.9%	1,111	12.9%	+6.1%	+2.7%
Digital Identity & Security	494	13.7%	358	11.9%	+38.2%	+37.9%
EBIT - operating segments	1,908	10.9%	1,671	10.4%	+14.2%	+12.4%
Other	-92		-91			
EBIT - excluding Naval Group	1,816	10.3%	1,580	9.8%	+14.9%	+13.2%
Naval Group	119		69			
EBIT - total	1,935	11.0%	1,649	10.2%	+17.3%	+15.6%

Organic sales growth per quarter



Summary adjusted P&L: from sales to EBIT

	2022		2021		Change	
	€m	% of sales	€m	% of sales	total	organic
Sales	17,569		16,192		+8.5%	+5.5%
Gross margin	4,836 ^(a)	27.5%	4,405	27.2%	+9.8%	+7.0%
Indirect costs	(3,013)	-17.1%	(2,797)	-17.3%	+7.7%	+4.4%
o/w R&D expenses	(1,064)	-6.1%	(1,027)	-6.3%	+3.6%	+0.8%
o/w Marketing & Sales expenses	(1,350)	-7.7%	(1,226)	-7.6%	+10.2%	+6.9%
o/w General & Administrative expenses	(599)	-3.4%	(545)	-3.4%	+9.8%	+5.7%
Restructuring costs	(99)		(91)		+8.2%	+2.8%
Share in net result of equity-accounted affiliates, excluding Naval Group	90		63			
EBIT, excluding Naval Group	1,816	10.3%	1,580	9.8%	+14.9%	+13.2%
Share in net result of Naval Group	119		69			
EBIT	1,935	11.0%	1,649	10.2%	+17.3%	+15.6%

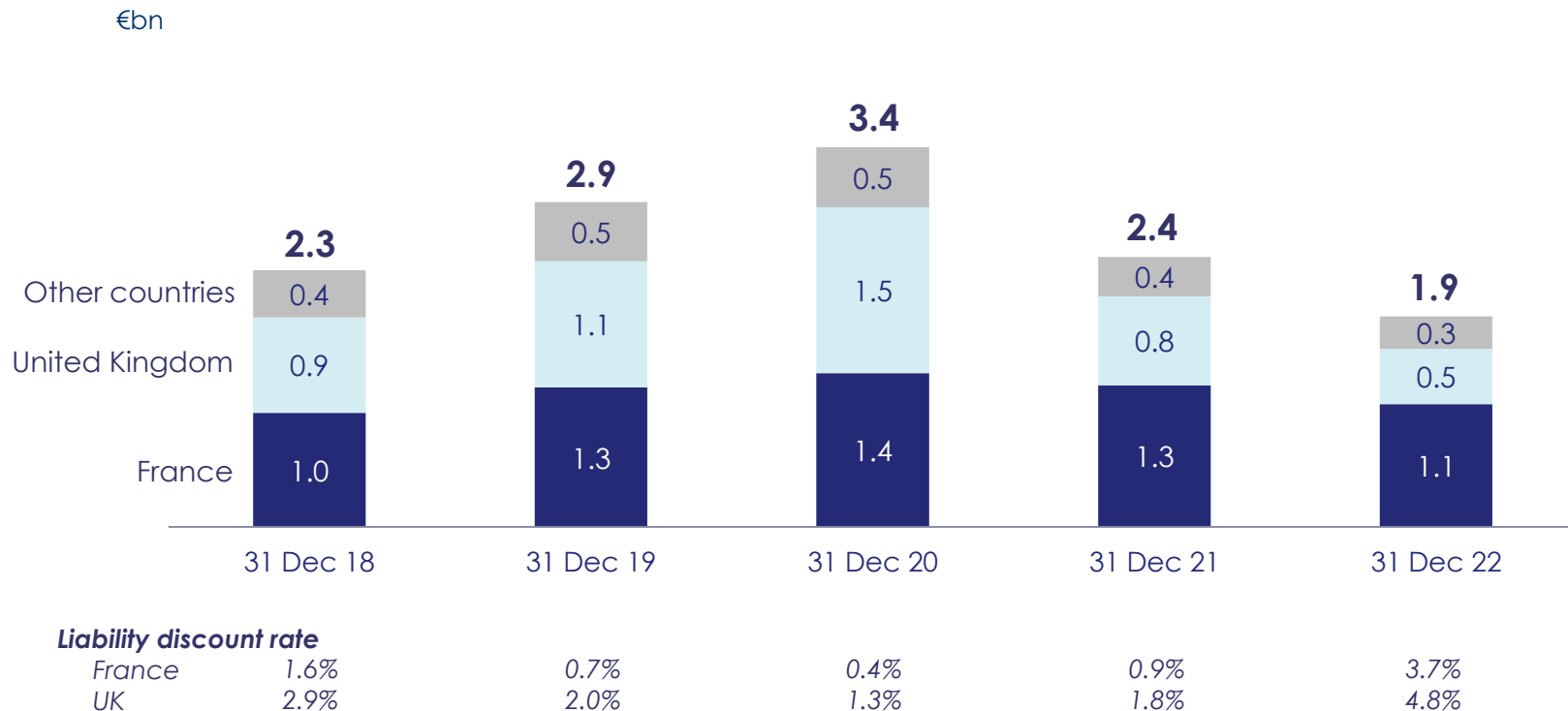
(a) Including €52m of non-recurring expenses due to the economic and trade sanctions imposed on Russia

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

€m	2022	2021
EBIT	1,935	1,649
Cost of net financial debt and other financial results	(84)	(78)
Finance costs on pensions and other employee benefits	(35)	(30)
Income tax	(331)	(244) ^(a)
<i>Effective tax rate</i>	20.6%	17.3%
Adjusted net income - discontinued operations	90	117
Adjusted net income	1,574	1,414
Minus, Minorities	(18)	(53)
Adjusted net income, Group share	1,556	1,361
EPS: Adjusted net income, Group share, per share (in €)	7.35	6.39

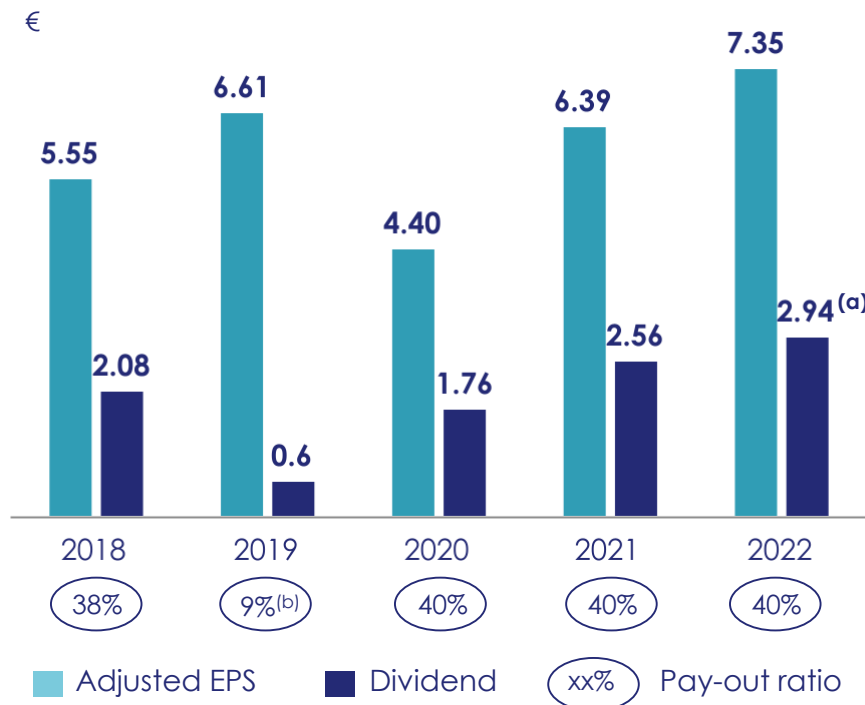
(a) Includes €46m non cash one-off items related to tax law changes in Italy and UK. Tax rate excluding one-offs: 20.6%

Evolution of net pension provision



Adjusted EPS and cash returns

Adjusted EPS and dividend per share



(a) Subject to approval by the 10th May 2023 Annual General Meeting

(b) Pay-out adjusted in April 2020 in the context of the Covid-19 crisis. Initial ratio: 38%

(c) Approximately 7.47 million shares

Adjusted EPS 11% above 2019

- Up 6% per year since 2018

Proposed 2022 dividend: €2.94 per share^(a)

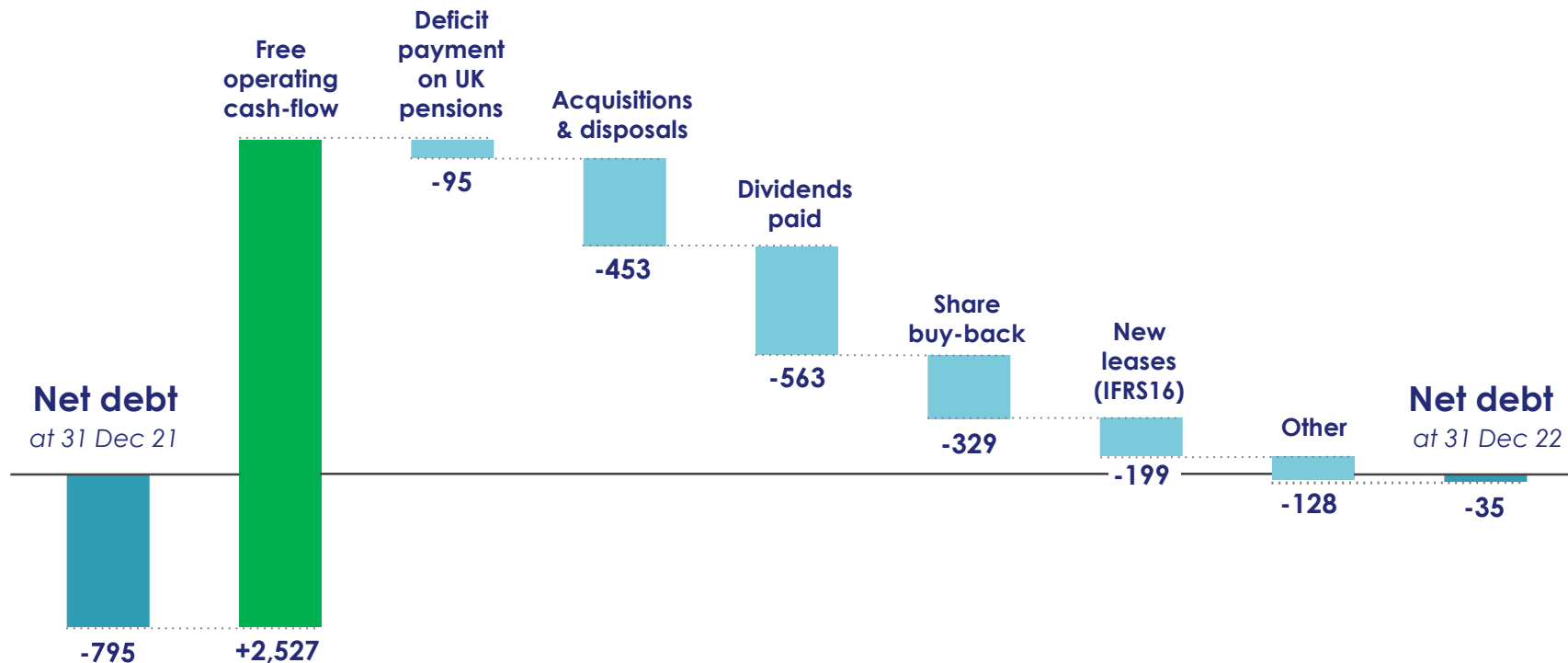
- Pay-out ratio confirmed at 40%
- Up 7% per year since 2018

Share buy back program on 3.5% of the share capital^(c)

- 3.3m shares repurchased at 28 February 2023 (38%+ of program)

Movement in net debt over 2022

€m



Definition of non-GAAP measures and other remarks

Rounding of amounts in euros

In the context of this presentation, the amounts expressed in millions of euros are rounded to the nearest million. As a result, the sums of the rounded amounts may differ very slightly from the reported totals. All ratios and variances are calculated based on underlying amounts, which feature in the consolidated financial statements.

Definitions

- **Organic:** at constant scope and exchange rates;
- **Book-to-bill ratio:** ratio of orders received to sales;
- **Mature markets:** All countries in Europe excluding Russia and Turkey, North America, Australia and New Zealand;
- **Emerging markets:** All other countries, i.e. Middle East, Asia, Latin America and Africa.

Non-GAAP measures

This presentation contains non-Generally Accepted Accounting Principles (GAAP) financial measures. Thales regards such non-GAAP financial measures as relevant operating and financial performance indicators for the Group, as they allow non-operating and non-recurring items to be excluded. Thales definitions for such measures may differ from similarly titled measures used by other companies or analysts.

- **EBIT:** income from operations; *plus* the share of net income or loss of equity affiliates *less:* amortization of acquired assets (PPA), expenses recorded in the income from operations that are directly related to business combinations. See also notes 13-a and 2 of the consolidated financial statements at 31 December 2021.
- **Adjusted net income:** net income, *less* the following elements, net of the corresponding tax effects: (i) amortization of acquired assets (PPA), (ii) expenses recorded in the income from operations or in "financial results" which are directly related to business combinations, which by their nature are unusual, (iii) disposal of assets, change in scope of consolidation and other, (iv) impairment of non-current assets, (v) changes in the fair value of derivative foreign exchange instruments (recognized under "other financial income and expenses" in the consolidated financial statements), (vi) actuarial gains or losses on long-term benefits (recognized under "finance costs on pensions and employee benefits" in the consolidated financial statements). See note 13-a of the consolidated financial statements at 31 December 2021. This definition implies the definition of several other adjusted financial measures, such as adjusted gross margin, adjusted tax, adjusted EPS See page 16 and 17 of the 2021 results press release for detailed calculation of these other indicators.
- **Free operating cash flow:** net cash flow from operating activities, *less:* capital expenditures, *less:* deficit payments on pensions in the United Kingdom. See notes 13-a, 6.3 (continued operations) and 1.4 of the consolidated financial statements at 31 December 2021.
- **Net cash (debt):** difference between the sum of "cash and cash equivalents" and "current financial assets" items and short and long-term borrowings, after deduction of interest rate derivatives. See note 6.2 of the consolidated financial statements at 31 December 2021.

Tour Carpe Diem

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This presentation contains certain forward-looking statements. Although Thales believes that its expectations are based on reasonable assumptions, actual results may differ significantly from these forward-looking statements due to various risks and uncertainties, as described in the Company's Universal Registration Document, which has been filed with the French financial markets authority (Autorité des marchés financiers – AMF).

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