EURONEXT CORPORATE SOLUTIONS

Exosens H1 2026 Results

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Operator: Welcome to Exosens 2026 Half-Year Results Presentation. For the first part of the conference call, the participants will be in listen-only mode. During the questions and answers session, participants are able to ask questions by dialling pound key five on their telephone keypad.

Now I will hand the conference over to Laurent Sfaxi, Head of Investor Relations, to begin today's call.

Laurent Sfaxi: Good morning, everyone, and thank you for joining us for Exosens' first-half 2026 results presentation. I am Laurent Sfaxi, Head of IR at Exosens. I am joined today by Jérôme Cerisier, our CEO, and Quynh-Boi Demey, our CFO. They will review our first-half business performance and strong financial results and also present our outlook for the year. This presentation will be followed by a Q&A session, so you will be able to ask your questions.

I will now hand over to Jérôme.

Jérôme Cerisier: Thank you, Laurent. Good morning, everyone, and thank you for joining us. Exosens delivered another strong performance in the first half of 2026, as we combined sustained double-digit growth, further margin expansion, robust cash generation and a sound balance sheet.

Let me start perhaps with four key messages. First, the revenues reached €253.1 million, an increase of 15.3% year-on-year and 11.4% on a like-for-like basis. Growth was broad-based across both segments. Amplification revenue increased by 11.6%, including a 10% like-for-like growth, while Detection & Imaging grew 24.3%, with a particularly strong like-for-like growth of 14.6%.

Second, profitability reached a new record level. Adjusted EBITDA increased by 18.3% to €83.6 million, and the EBITDA margin expanded to 33%. This performance reflects the strength of our technology positions, but also a favourable product mix, higher volumes and consistent operational execution across our industrial footprint.

Third, we continued to invest for future growth while preserving a strong cash generation and some financial flexibility. The free cash flow amounted to €31.4 million despite a significant acceleration in our growth CAPEX. Our leverage ratio is now 1.2 times adjusted EBITDA to be compared with 1.3 times at the end of 2025.

Fourth and finally, based on the strong first-half performance and our current visibility, we now expect the guidance to be towards the upper end of our 2026 revenue and adjusted EBITDA guidance ranges. I will come back to that at the end of the presentation.

Let us review the main developments across our businesses. On the Amplification market. Amplification continued to deliver strong execution, supported by commercial momentum, technology leadership and continued expansion of our industrial platform.

On the commercial side, a major milestone was actually achieved during this first half of the year with award of a contract linked to the US Army's, the BiNOD programme. This is programme of record is key to validates our in-country industrial strategy that will also strengthen our long-term position in the United States. And as you know, the US market represents approximately 45% of the global night vision market.

We also continued to win business across a broad range of European markets and NATO countries, as the sole sizable ITAR-free supplier.

On innovation, we are progressing with our Augmented Reality MicroDisplay, which brings digital information directly into the image of an image intensifier tube. This technology is fully from and fit compatible with existing goggles, so it allows real-time tactical information display while preserving the night performance, the core image quality, the identification performance that every single user continues to expect.

In parallel, we completed the integration of NVLS. As you know, NVLS expands our addressable market in high-end, man-portable night vision, particularly through its wide field-of-view expertise.

In the United States, we are preparing also the co-location of Photonis Defence headquarters in Sturbridge, Massachusetts, alongside our existing Detection business and so alongside our Image Intensifiers tube production facility being incepted. This co-location, this US hub, creates a more integrated US organisation, enables a closer engagement with customers and generates efficiencies through shared services for support functions.

We continue to invest into our production capacity as we continue to witness the strength of customer demand. Since 2020, we have successive and progressively implemented successive investment stages. Back in 2025, we announced two capacity or two stages of expansion for a total of €37 million investment, and this programme is now ongoing both for the Europe and the United States. I remind you, it is expected to increase image intensifier production capacity by about 40% by the end of 2027 if we compare it to 2024.

The first benefits of the European investments are expected in the second half of 2026 while the first deliveries of the US facility are expected in H1 2027. At the same time, given the acceleration in global demand and the market opportunities we see, we are actively evaluating further staggered capacity additions beyond the current programme to respond to this increasing demand. Our approach in capacity increase remains disciplined to invest in line with visibility on demand, while it’s important that we preserve our industrial mastership, our product quality, our efficiency and overall, our high yields. They command our ability to serve our customers and they command also our margins.

Most specifically on US facility, if I turn now to the rollout of our new Sturbridge production facility, it is progressing as planned. It’s, as you can see, located to our existing US Scientific and Photonis Defence operations. The key production equipment has been ordered. The project teams are on board. The first personnel have been trained or are being trained within our Europe’s facilities. I remind you that the initial facility is expected to represent 10% to 15% of the total image intensifier capacity by end 2027.

This facility provides us with an ITAR-controlled production capability to serve the US Department of Defence and law-enforcement markets. It is an important step. Actually, it’s a strategic step in accessing the US market as the US market requires a local production for its forces.

We are committed to serve this market in the short, in the medium, in the long term with this establishment.

Concerning Detection & Imaging. We delivered a significant acceleration in growth during the first half, supported by strong demand in Defence & Surveillance, continued commercial developments in our other verticals, and disciplined M&A execution.

In Defence & Surveillance, we are expanding our customer base among leading unmanned-system OEMs, autonomous-system developers, first tiers OEM in all types of applications, be it surface, be it ground, be it air.

During this half, we also secured our largest order to-date from a major European developer of autonomous air defence systems, which confirms the increasing role of advanced imaging in drone, in counter-drone and autonomous defence applications. In our commercial markets, we achieved several new design-in wins in high-performance mass spectrometry, electron microscopy and semiconductor detector applications, which will in turn nurture growth in the coming years. We are also seeing, by the way, in nuclear, a strong commercial momentum, especially in the US concerning small modular reactors.

Our innovation pipeline remains active. On the M&A side, we completed the integration of Phasics, so a leader in wavefront sensing technology, and we completed the acquisition of Emberion, which adds differentiated quantum dot-based SWIR capability to our portfolio.

I think we will come back to Emberion in our M&A section.

Let me perhaps give me a little bit more light on the Defence & Surveillance applications in Detection & Imaging. This is definitely, for the time being, one of the most attractive areas of growth for Exosens. We cover the whole spectrum from ultraviolet to visible light through near-, short, mid and long-wave infrared, which enables us to address a wide range of mission-critical applications.

We have identified three particularly attractive application areas. Platforms, with an expected mid-term growth of around 8%. Surveillance, with expected growth of around 10%, driven by the counter drone applications. And last but not least, the drone themselves, where drone imaging represents a mid-term growth rate of around 17% as per our estimates.

These markets require increasingly capable multi-spectral solutions for detection, identification, tracking, targeting and situational awareness. Exosens, as a Group, is very well positioned because we combine a broad technology field proven portfolio of technologies. We cover most usages with the ability to industrialise, to scale up, to deliver in quality, in quantity, reliable and high-performance products. It’s this combination that puts us in a good position on this market.

We wanted to also illustrate better our position. Our position is really in the value chain, is at the core of it. We operate in the critical sensing and imaging layers. We create data. We create information. We supply sensors and detectors that convert light or photonic radiations into an electrical signal or into images. So, we provide mission-critical data that are needed by our OEMs to integrate, to make decisions and to act at the system level.

Our customers, they integrate these technologies into payloads, into gimbals, into turrets, into sights, into complete mission systems, finally, for the benefit of our end users. This is what allows us to partner with a broad range of OEMs with a common platform, common sensors, common devices. We can serve all OEMs in their different applications.

That allows nevertheless us to remain focused on the areas where our technology and industrial know-how create the greatest value and with the right effort needed to master these technologies.

Defence & Surveillance is the fastest-growing defence segment for the time being. We see strong momentum across platforms, across surveillance and drone-related applications. If I want to dig a little bit more into the detail there.

On platforms, the European defence modernisation and the fast equipment paces are driving the procurement of advanced electro-optical or optronic systems in all types of medias. We continue to strengthen our relationships with leading defence primes, with OEMs in absolutely all domains.

Drones and counter-drone applications remain the fastest-growing market. The demand for advanced imaging combat qualified and proven solutions continues to increase, and we are strengthening our position with leading OEM, but also with autonomous system providers which are part of the new defence ecosystem.

In surveillance, investment is increasing in border protection, but more importantly in critical infrastructure and in counter-drone capabilities. This segment or this market requires particularly cooled infrared solutions for long-range detection and tracking of drones, again, across all medias, so that is air, land and sea. We are seeing our technologies being increasingly selected by OEMs for these demanding applications.

That has resulted for Exosens in the need to expand our capacity. This accelerating demand actually requires larger volumes of production at shorter time frames. For compact thermal imaging solution used in drone payloads and air-defence systems, we are tripling our capacity by the end of 2026. For cooled infrared cameras, we are doubling this capacity over the same period.

These investments have started. They are already underway. They are partially implemented. They will continue throughout the year, and they are designed to support the strong growth while maintaining the product performance and the industrial mastership of the quality and the delivery ability that is expected by all our customers.

Here again, we will continue to expand as the market demands and as the market commands. We see capacity expansions as a way to follow the requirements of our customers, and we are doing so in a disciplined yet rigorous way.

On commercial markets, the picture remains differentiated by vertical, but the long-term structural drivers are intact.

In Life Sciences, if I start with that one, the market conditions remain soft in the US scientific research and the microscopy. However, the mass spectrometry inventory correction has ended, which is allowing for a renewed increase in demand and a confirmed long trend towards higher-performance analytical systems, which is perfectly well supported by our technical leadership, especially in the time-of-flight programmes. That resulted in several design wins, not only in mass spectrometry but also in electronic microscopy.

These design for instruments will result in future growth when these instruments are launched, starting 2027 and more notably in 2028.

In Industrial Control, the market conditions are gradually improving. The deployment of artificial intelligence infrastructure is supporting renewed investments in all areas, especially in semiconductors, in industrial automation, or in advanced manufacturing. That creates for us a structural demand driving growth for machine vision applications and real-time process monitoring, which we are providing cameras to.

Finally, in Nuclear, we continue to see a strong momentum in the US small modular reactors. The Department of Energy's Reactors Pilot Programme that was launched last year is creating studies and prototype demand, which is now starting to be followed by near-term pre-series orders, all of that resulting in strong growth for our activities. The commercial opportunities we see are increasing.

Obviously, this is driven by the new quick close to usage point, alternative sources of electric power that are required or heat energy even. So, over the long-term, the growing electricity demand for AI centres, coupled with local production, seems to be a good outcome, let's say, for SMR market, as it saves basically the grid connection costs, and that seems to be fuelling significantly the demand for SMR market. We see this market as being growing at a fast pace for the coming years.

I will now hand over to Quynh-Boi, having finished the overview of the market, and Quynh-Boi will take you through the M&A strategy and our financial performance.

Quynh-Boi Demey: Thank you, Jérôme. As we said at the time of the IPO, our strategy combines strong organic growth with targeted bolt-on acquisitions. Our ambition is clear and is to become the leading consolidation platform in electro-optics while we remain highly disciplined in how we deploy capital.

First, we target companies with technology assets that complement our own portfolio. When developing a technology internally would take too long or involve significant execution risk, acquisitions allow us to accelerate innovation while reducing time-to-market.

Second, we focus on companies that operate within our four core end-markets, so Defence & Surveillance, Life Sciences, Industrial Control and Nuclear, that expand our addressable market and strengthen our competitive positioning.

Third, we prioritise businesses that have already reached industrial scale, with proven customer relationships and leadership positions in their respective niches. That said, we also remain open to early-stage companies when they offer strategically important technologies with strong long-term potential, which is typically the case of our latest acquisition, Emberion, that I will show you later.

What do we bring to these businesses? We provide global commercial platforms that accelerates market penetration, industrial excellence across manufacturing and supply chain, and a strong technology ecosystem supported by deep R&D capabilities and a robust IP portfolio. This creates value on multiple fronts: faster growth, broader market exposure and a more diversified, resilient business model.

Importantly, our acquisitions are not only growth-accretive, they also create value through operational synergies, margin expansion and stronger cash generation.

Emberion is a good example of our acquisition strategy. It is an innovative company specialising in short-wave infrared imaging, with operations in Finland and in the UK. The acquisition strengthens our position in SWIR technologies and it also opens new opportunities in defence applications, especially for drones and portable imaging systems, while it also allows us to broaden our offering in industrial control and semiconductor inspection.

Most importantly, Emberion is exactly the type of company we are looking for. It offers differentiated technology that can grow faster by leveraging Exosens' global commercial platform, industrial capabilities and technology expertise.

Now, let's have a look at what Jérôme explained earlier on the market trends, have translated into our financial performance for the first half of 2026.

We continue to deliver strong growth while also improving our margin. Revenue is up 15%, adding €33 million overall.

So, €18 million from Amplification, driven by solid defence investments, but also excellent execution with our factories that now run at full capacity. €15 million of the growth is coming from Detection & Imaging, mainly driven by the drone and counter-drone markets and also the addition of the newly acquired companies, Noxant and Phasics.

Our adjusted gross margin also grew by 17% to €129.9 million. As a percentage of sales, adjusted gross margin improved from 50.8% to 51.3%, and that's up 0.5 point compared to last year. This adds about €18 million in gross margin, with €11 million from Amplification and €7 million from D&I.

Let's dive into the details on the next slide by segment.

Let's start first with Amplification. Revenue grew by 11.6%, or 10.0% on a like-for-like basis, as NVLS Spain had a limited contribution during the first half. This strong organic performance was driven by three factors: sustained market demand, good operational execution and a favourable product mix.

On the demand side, growth continues to be fuelled by increasing deliveries of night vision goggles for land forces, which rely on our image intensifier tubes. The changing nature of modern warfare, particularly in Ukraine, continues to reinforce the importance of night vision capabilities and is driving sustained demand from armed forces, and especially in Europe with the threat of Russia.

Operationally, we are currently running our European production sites at full capacity. Despite ongoing expansion works, we maintained very high production yields through continuous process improvements, optimised production scheduling and excellent manufacturing execution, that finally results in limited scrap and rework.

Finally, we continue to benefit from a favourable product mix, with growing demand for our highest performance image intensifier tubes. As a result, Amplification gross margin increased by 110 basis points year-on-year to a 52.5%, which is a record level for the business.

Turning now to Detection & Imaging. Revenue increased by 24.3%, that includes a 14.6% like-for-like growth, that reflects both the contribution from the acquisitions that we completed in 2025 and the strong organic momentum.

Organic growth was primarily driven by continued strength in Defence & Surveillance, and particularly imaging solutions for drone, counter-drone and long-range surveillance applications, together with a sustained momentum in nuclear instrumentation, as commented earlier by Jérôme. These positive trends were partly offset by the continued softness in US scientific research and Life Sciences, where customers remain cautious with their investment spending.

On profitability, our gross margin reached 48.1%. They are broadly stable compared with the full year of 2025, but it's 60 basis points lower than in the first half of last year, and it's mainly the result of an unfavourable product mix due to the lower contribution from our higher-margin Scientific Research and Life Sciences activities.

Moving to profitability, adjusted EBITDA increased by 18% to €83.6 million. The adjusted EBITDA margin reached 33%, an improvement of 84 basis points year-on-year and it's a new record level for the Group.

Adjusted EBIT increased by 19% to €71.8 million, with the margin expanding by 93 basis points to 28.4%, which is also a new record for the Group.

The principal drivers of this performance were operational excellence, the favourable product mix in Amplification and the benefits of volume and scale. We continued to grow faster than our fixed-cost base, while maintaining discipline across the organisation and investing selectively in the capabilities required for future growth.

This performance flows down to the net income. Excluding the non-cash trademark impairment, net profit from continuing operations increased by 21% year-on-year to €35.9 million.

There are two points I'd like to highlight here. The first is our 2025 results, we still have a €1.7 million loss from the Microwave Amplifiers business, which we divested at the end of 2025. This business is therefore no longer part of our continuing operations.

Second, during the first half of 2026, we completed the transition to a single Exosens brand across the Group. As Exosens has become increasingly recognised since the IPO, moving to a single brand provides customers and partners with a clearer and more consistent identity. As part of this transition, we recognised a non-cash trademark impairment of approximately €21 million on a net basis, mainly related to the Photonis brand. This accounting adjustment has no impact on the Group's cash flow or underlying operating performance.

I'll skip the slide on R&D and CAPEX for the sake of time, so that we have enough time for the Q&A. Let's move directly to the free cash generation, slide 29.

Cash flow generation. We delivered a very solid performance in the first half. Free cash flow amounted to €31.4 million, is broadly in line with the strong level that we achieved in 2025, despite a significant increase in growth investments. Higher EBITDA, that you see, was partly offset by increased working capital requirements, which is a natural consequence of delivering more than 15% revenue growth. That said, disciplined working capital management, and especially on receivables, helped contain the increase.

At the same time, growth CAPEX almost doubled as we continued to invest in expanding our production capacity. Our capacity expansion programme is progressing on schedule. Construction is underway in France, the Netherlands, and the US to accommodate additional production equipment. In Europe, new machines have already been commissioned and qualified, with the first additional capacity expected to come on stream in the second half of 2026. In the US, the new facility remains on track to come on stream in mid-2027.

Finally, our CAPEX to sales. As we increase our CAPEX for growth, our CAPEX to sales ratio remained fully in line with our guidance of 9.2%.

Let me conclude with our balance sheet. At the time of the IPO, we significantly strengthened our financial profile through the refinancing of our debt, as we secured a €250 million Term Loan B and a €100 million of revolving credit facility, both maturing in 2029. In June, we further enhanced our financial flexibility by doubling the size of our RCF to €200 million and we also secured a new facility with the European Investment Bank for a total amount of €140 million. Both facilities remain fully undrawn today.

Our balance sheet remains very strong. Leverage decreased from 1.3 times at the end of 2025 to 1.2 times at the end of June, while we maintain a solid cash position. With strong cash generation, a conservative leverage profile and more than €340 million of undrawn committed financing, we are well-positioned to fund both our organic growth ambitions and our bolt-on disciplined acquisition strategy.

With that, I'll hand over to Jérôme, who will conclude today's presentation with our outlook for 2026 and the mid-term.

Jérôme Cerisier: Thank you, Quynh-Boi. Based on the strong first half performance and the continued momentum we are seeing across our businesses and our end-markets, we are now expecting both revenue and adjusted EBITDA to be towards the upper end of our guidance ranges for 2026.

As a reminder, they were given as for revenue between €520 million and €540 million, and for adjusted EBITDA between €168 million and €178 million.

As our capacity expansion programmes continues to progress as planned in both Europe and the US, we also reaffirm our guidance for industrial CAPEX of around 9% of sales, and R&D capitalisation of about 3% of sales.

Beyond 2026, our investment case remains unchanged and strong. We continue to target an average annual organic revenue growth of up to the mid-teens, while growing the adjusted EBITDA at more than 15% per year on average, supported by further margin expansion.

At the end of our current investment cycle, we expect industrial CAPEX to normalise to around 5% of sales while maintaining R&D capitalisation at about 3% of our sales.

As a conclusion, we are very pleased with the performance delivered in the first half. We achieved another period of double-digit growth, a further margin expansion, and a strong cash generation, while of course continuing to invest for the future.

We also see the structural drivers supporting our business, be it in Defence & Surveillance, in Life Sciences, in Industrial Control, in Nuclear, remain firmly in place. Our balance sheet gives us the flexibility to continue investing in both organic growth in the form of hard CAPEX, R&D, and working capital, and in targeted acquisitions.

Overall, we remain very confident in our outlook for the second half of 2026 and in our further ability to continue to creating value over the coming years until the mid-term.

That concludes, I think, our presentation of the results. With that, operator, I think we’re ready to take any questions.

Questions and Answers

Operator: Ladies and gentlemen, if you wish to ask a question, please dial pound five on your telephone keypad to enter the queue. If you wish to withdraw your question, please dial pound key six on your telephone keypad. The next question comes from Aleksander Peterc from Bernstein. Please go ahead.

Aleksander Peterc (Bernstein): Yes. Good morning, and thank you for taking my question. I just have two. The first one is on your potential further capacity increases. Could you help us understand if you see today that demand is very strong into the end of the decade? Why wouldn't you decide on this further capacity increase today? Or do you have more time you need to complete first the current cycle of this 40% increase and only then start putting in place the next stage? That would be my first question.

The second one is on M&A. Can you give us an idea of the pipeline of opportunities you have right now? How many companies you are looking at, and what kind of size of the targets? Are they effectively larger now that you have more firepower? Thank you.

Jérôme Cerisier: Okay. Thank you, Aleksander. On further capacity increase, as we stated, we constantly re-evaluate demand. We are in an active phase in really understanding what the demand is looking like, and the demand continues to strengthen. We will consider further capacity increase as soon as practically demand solidifies.

We don't necessarily need to wait until the current capacity increases are implemented before making this decision. We didn't do that, by the way, in the past, but as you know, capacity increase takes 18 to 24 months to be implemented. So as a matter of fact, we are not going to wait the mid-term before we decide to increase capacity further if the market and if the demand continues to strengthen earlier than that.

Quynh-Boi Demey: On the M&A, we don't change our strategy, which has always been to continuously screen the market and look for high-value technology assets. Most of the time they are of dual use, so we don't really mind whether it's for defence or non-defence. They have to be positioned in the four core verticals where we operate.

In terms of pipeline, we constantly have seven to eight companies that we screen, which is the case today. Our pipeline is quite rich. But as you know, with M&A, it always takes time.

And in terms of the size of our acquisitions, so far, we've always looked for companies which typically had sales above €10 million. But as you saw with Emberion, we also looked for assets which have long-term potential growth and differentiated technology, which is typically the case of Emberion with the quantum dots that would strengthen and would sway our portfolio.

Now what we can afford as well is to look for acquisitions which can be a little bit larger, so €50 million to €100 million of sales, typically. As you know, with M&A, it takes time. So, we'll see.

Aleksander Peterc: Thank you very much. Very clear.

Operator: The next question comes from Aurélien Sivignon from ODDO BHF. Please go ahead.

Aurélien Sivignon (ODDO BHF): Hi. Good morning. Thank you for taking my question. I have three. The first one on D&I. Could you give us a bit more colour on the Defence & Surveillance growth in H1? Since I guess it's pretty much above the 15% like solar growth reported at division level. Was it mainly driven by existing programme ramping up, or are you already starting to see some contribution from new platforms wins?

Then a follow-up maybe on the previous question regarding capacity increase. Can you just precise if you are looking at capacity additions in Europe, in the US or in a new location?

The last one on NVLS. Can you provide an update on the integration? And since the contribution was, I think, rather small in H1, should we expect the deliveries under the Spanish programme to start contributing more meaningfully, let's say, to revenue from H1 onwards? Thank you.

Jérôme Cerisier: Okay. So, concerning Detection & Imaging and the growth of the defence vertical in this market, the drones and counter-drones applications are definitely the fastest-growing applications in the Detection & Imaging segment so far. So yes, it is higher than the average growth for the segment, as the demand is there.

The typology of our customers is actually already quite spread, quite large, with both tier ones, but also newcomers. Newcomers in the sense that they are recent companies that are participating into the drone and counter-drone rally, and that are belonging and starting to form the new defence ecosystem. So, we have both of that.

As a matter of fact, the largest orders we are seeing and the most promising, let's say, orders we are seeing are coming from new OEM platforms.

As far as capacity increase is concerned, concerning D&I, we are really focusing on strengthening our supply chain, reducing our delivery times, securing our supply chain. The capacity increase that we have is in Europe as our production for Detection & Imaging is entirely in Europe. And that did not prevent us from being successful in exporting to countries that are outside of the continent, including North America. However, today it is in Europe.

Should the market expand further, and should the need arise? We could consider one day to produce in different continents. But as of today, we are talking and doing expansion in our current facilities in Europe.

Quynh-Boi Demey: With regards to your question on NVLS, indeed, in the first half had a limited contribution of NVLS, which we expect much higher in the second half.

Aurélien Sivignon: Okay. Thank you for the colour.

Operator: As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from Marie-Thérèse Grübner from Cantor Fitzgerald Europe. Please go ahead.

Marie-Thérèse Grübner (Cantor Fitzgerald): Yes. Good morning. Thank you for taking my questions. I have two, if I may. The first one pertains to assuming D&I is now growing faster, both organically and inorganically, considering the M&A pipeline and considering the strength of the Defence & Surveillance sub-segment in particular. I was wondering if you are considering moving to an adjusted EBITDA breakdown by divisions, not just the gross margin, but also the adjusted EBITDA sometime in the near future. That would be my first question.

Jérôme Cerisier: And your second question, if we may take them both together.

Marie-Thérèse Grübner: Yes, of course. The second question. I mean, I noticed that there is one domain that is currently not addressed or seemingly not addressed by Exosens, which is the space domain, and I can imagine that there are various applications that are possible for your competencies in the space domain. I was wondering if this is something that you are looking to address in the future as well.

Jérôme Cerisier: Okay.

Quynh-Boi Demey: On the first question about the D&I adjusted EBITDA by division. What we said at the time of the IPO, and this has not changed, is that, in our sites, the common resources are quite shared between the two divisions. So, splitting between the two doesn't make really sense because it will be pure allocation. This is the reason why at the time of the IPO, we decided to split only at the gross margin level.

Jérôme Cerisier: Actually, concerning space, this is definitely a domain that is not far from the verticals we are currently addressing. As a matter of fact, our overall strategy is to self-invest in products and to develop the best products for the different applications we target. And doing so, we are ready, and actually we are doing, we are proposing these products to our customers with little customisation.

When it comes to space, you have two sides to space. The traditional, let's say, space programmes, more referred to one-offs and to a programme type of industry, which is not what we are going to do in principle, since, again, we are putting and developing our products for a wide range of applications. However, in the new space, the usage of off-the-shelf products is more widespread. But so far, we haven't, let's say, identified the right fit between the technology and the exact applications these companies or these constellations, let's say, we're looking for.

We continue to be present on the space market in the form of scientific missions, which are scarce and rare, but where we provide critical technology more on a, let's say, technology that is already available to these space missions when it is about discovering the limits or, let's say, the envelopes or the physics in the universe. This is our space participation today.

Should we find an application or applications of our products that are in our portfolios, we would have absolutely no problem in working in space, of course.

Marie-Thérèse Grübner: Okay. Thank you very much for these clear answers.

Operator: The next question comes from Sriram Krishnan from Deutsche Bank. Please go ahead.

Sriram Krishnan (Deutsche Bank): Good morning. Thank you for the opportunity. I had just one question and probably two parts to that one. With regards to the capacity expansion coming from the D&I division, could you give us some idea about what's the kind of CAPEX spend which is happening, specifically on D&I on the back of the doubling of production capacity announced this morning? That's part one.

Then related note. You did reiterate that the counter-drone and the drone market is set to grow at 17% CAGR during the mid-term. Do you think your capacity plans currently, whatever you have announced, is sufficient to capture that kind of a demand, or do you think that's also a moving target, so to speak, where you will continue to assist in the coming quarters, so to speak? Thank you.

Jérôme Cerisier: Okay. Concerning our capacity expansions in Detection & Imaging, what is important to note is that the type of expansion is not of the same nature than in our

Amplification market. It's mainly about assembly expansion, which is much less CAPEX-intensive, but which requires much more coordination, management, programme management to coordinate the whole supply chain with all of our suppliers. It's more of a different nature.

The CAPEX intensity is embarked into or can be embarked in our normative CAPEX that we target on the mid-term. Further capacity expansions as a result, and because it has been our policy and it will remain our policy, they are decided based on demand.

Today, we consider that the doubling and the tripling of our capacity in the drone and counter-drone markets are serving the demand for the, let's say, the 12, 18 months to come. Should we see further expansion in demand? We would have no issue in deciding and investing more in the capacity expansion. Again, this is less a question of CAPEX than a question of supply chain, in that case, in Detection & Imaging.

Operator: As a reminder, if you wish to ask a question, please dial pound key five on your telephone keypad. The next question comes from David Perry from JP Morgan. Please go ahead.

David Perry (JP Morgan): Hi, Jérôme and Quynh-Boi. I apologise, I was on the Safran call, I missed a lot of your call. Sorry for that, and apologies if you've already answered this. I was just curious, what percent of D&I sales in H1 came from the defence end market, please?

Jérôme Cerisier: I'm sorry, David, we couldn't hear very well your question. Could you repeat, please?

Quynh-Boi Demey: How much of the Defence & Surveillance account for the D&I? Is that your question, David?

David Perry: Yes, please.

Quynh-Boi Demey: We usually don't report on a half year basis because it's not representative of the full year. As you know, the phasing of the Life Sciences businesses is more towards the end of the year. If we would calculate, this would be higher than the one-third that we reported at the end of 2025, but this is not representative at all of what the full year would look like.

David Perry: So, you still think about a third for the full year?

Quynh-Boi Demey: Yes.

Jérôme Cerisier: Yes.

David Perry: All right. Thank you. I'll read the transcript and see what I missed. Thanks a lot.

Operator: Thank you for your questions. I hand the conference back to the speakers for any closing comments.

Laurent Sfaxi: Thank you, everyone, for joining us for this call. We remain at your disposal if you have any further questions. We wish you a very good day, and a great summer holiday. Thank you all.

[END OF TRANSCRIPT]