CSG H1 2026 Results

Continued Strong Growth Across Core Markets; Position Developed in Advanced Technologies; Leadership Team Strengthened for Global Scale

FY 2026 Guidance Reaffirmed

This results statement provides a review of key financial and operational developments for the six months ended 30 June 2026.

Financial highlights

- Revenue of €3,251 million, up 17.2% year on year, driven by continued strong momentum across the Group's core Defence Systems businesses. Defence Systems revenue up 27.0%
- Total backlog and pipeline under negotiation up to €46bn (March 2026: €44bn), with Land Systems the largest contributor to backlog, underscoring the Group’s increasing diversification beyond ammunition.
- Operating EBIT up 12.7% year on year to €784 million with a margin of 24.1%, in line with guidance corridor. Defence Systems margin of 28.8%
- Pre-tax Operating Cashflow of €(411) million. As expected, higher working capital was driven by strategic pre-stocking of components primarily within the M/L ammunition segment; unwind expected in H2, primarily in Q4, with FY 2026 net working capital guidance of below 20% of revenue reaffirmed.
- Net Debt of €2,914 million; Net Debt to LTM Operating EBITDA of 1.6x reflecting the planned investment in net working capital; year-end guidance of less than 1.3x maintained.
- All FY 2026 and medium-term guidance reaffirmed

Michal Strnad, Chairman and CEO of CSG said:

“We delivered another period of strong performance in H1 2026, with revenue up more than 17% year on year. Demand for our products remains robust and we have taken further strategic steps to launch new products and systems, deepen our vertical integration and expand our presence in key international markets.

“The launch of CSG Land Systems North America, the establishment of our Washington, D.C. office and the start of construction of the Future Artillery Complex programme in Iowa position us to significantly expand our presence in the world's largest defence market and open a wider base of addressable revenue.

“We continued to strengthen our capabilities in advanced technologies, building on our position in air defence and propulsion for unmanned aerial systems. Our new US joint venture, Firecrest Aerospace will scale our drone and precision-strike propulsion offer to meet growing demand from US and allied customers. In addition, CSG’s strategic investment in North Vector Dynamics extends our capabilities in precision-guided missiles, counter-unmanned aerial systems, and next-generation hypersonic technologies.

“We also continued to strengthen our leadership team, welcoming experienced defence executives into senior roles across the Group. Our ability to attract talent of this calibre is a clear validation of the opportunity we see at CSG, and our position as a leading global defence group.

“The structural drivers of demand for CSG's solutions remain durable and are deepening. We reaffirm our full-year guidance and look to the second half with confidence.”

Strategic and operational highlights

H1 2026 saw continued progress across all segments, with further contract wins, international expansion and continued vertical integration. In Q1 2026, this included €550 million of large-calibre ammunition contracts, the launch of new counter-drone ammunition and technologies, the Hirtenberger and 4iG stakes, the Hellenic and ZVS/EURENCO joint ventures, and entry into Poland. The second quarter added the following developments:

M/L Ammunition vertical integration and own production ramp-up

- Continued to advance vertical integration in propellant and explosive inputs, with all projects on schedule and within budget. Lavrio in Greece is already producing 155mm ammunition, with TNT output on track for 2027. Germany nitrocellulose facility is progressing in parallel, also on target for 2027. Our propellant JV with EURENCO in Slovakia remains on schedule for 2028. Building on activities at Walsrode, this month CSG announced the acquisition of the Gnaschwitz industrial site, where it will make an initial investment of more than €100m to establish modern production capacities for nitroglycerin, ammunition and ammunition components. While further strengthening CSG's self-sufficiency in strategic energetic materials, the project will also create significant synergies across the Group, particularly between M/L Ammunition and AMMO+ divisions.
- Own production ramp-up continues to gain momentum, with output of own produced large-calibre ammunition firmly on track to reach approximately 850,000 rounds by year-end 2026, driven by working capital investments made to secure critical components. The Group’s production capacity of own produced large-calibre ammunition already reached 850,000 rounds by the end of the first half. This underpins the Group's trajectory toward capacity of 1.1 million rounds of own produced large-calibre ammunition by the end of 2027.
- Agreed with South Africa's Reunert to establish a new joint venture to manufacture electronic fuzes for large-calibre ammunition in Slovakia, making CSG one of the few electronic fuze manufacturers in the European Union.
- Secured two contracts for the supply of mechanical and electronic large-calibre ammunition fuzes with a combined value in the high tens of millions of euros, with customers in two NATO member countries.
- Commenced construction of the Future Artillery Complex in Iowa in July, with the facility scheduled to enter operation in 2029 as a long-term source of 155mm ammunition manufacturing capacity for the US Army.

Land Systems

- Launched CSG Land Systems North America, a new Michigan-headquartered subsidiary representing Excalibur Army, Tatra Defence and Tatra Trucks in the US market, to expand the Group's activities in self-propelled artillery systems and high-mobility tactical vehicles.
- Signed a framework agreement with Turkey's FNSS to establish Danube Defence Systems, a new joint venture headquartered in Slovakia, to produce medium-weight armoured vehicles including the CFL-120 Karpat medium tank.
- Secured a cooperation agreement with New Space Technologies to develop the Meander special-purpose military vehicle.
- Completed the acquisition of DOMAR MS, a Polish manufacturer of wiring harnesses and electrical connectors for defence systems.
- Unveiled the Tadeas 4x4 command vehicle, extending the existing Tadeas 6x6 platform family.

Aerospace, Defence Electronics and Advanced Systems

CSG is effectively expanding its existing capabilities and building new ones across air defence, including electronics and systems integration, alongside propulsion, unmanned systems and autonomous technologies:

- Secured a strategic partnership with Ukrainian Armor for the development and supply of advanced propulsion systems for Ukrainian guided missiles and unmanned platforms.
- Launched a new joint venture in the US, Firecrest Aerospace, to establish serial production of turbojet and turbofan engines for drones and other unmanned aerial systems, including target drones and loitering drones, with full-scale production targeted for 2027.
- Acquired a strategic minority position in Canadian technology company North Vector Dynamics, which develops advanced air defence technologies, precision-guided missiles, counter-unmanned aerial systems, and next-generation hypersonic technologies.
- Unveiled Trident, a new modular short-, medium- and long-range multi-layered air defence system, which includes a counter-UAS configuration for protection against drones. This builds on the Group's track record in complex air defence systems, including in Southeast Asia, where contracts valued at $2.5 billion were announced.
- Launched MAESTRO, a new digital remote air traffic control tower platform combining camera systems and artificial intelligence, extending the Group's radar and air traffic management portfolio.

Ammo+

- Volumes and profitability in the US commercial channel have been recovering steadily since late Q1, with H1 exit run-rate meaningfully ahead of Q1. Investment made into workforce and production capacity to meet that demand.
- Awarded contracts with total value of c.$100 million from the FBI and other law enforcement agencies. The FBI rifle ammunition contract, which covers all four requested product categories, is one of the largest law enforcement contracts in The Kinetic Group's history. Deliveries are expected to begin in the current year.
- Signed an agreement enabling the US Army to use Federal's patented Peak Alloy ammunition case technology across multiple cartridges and weapon systems.

Strengthening the Leadership Team

CSG continued to build a leadership team to match its scale as a global defence group, appointing a series of senior, experienced executives from leading international defence companies. The new hires directly support the Group's key strategic priorities: scaling up its Land Systems business, expanding in the US market, integrating advanced defence technologies, expanding ammunition production capacity and broadening its access to global customers.

- Benjamin Hudson joined as Chief Executive Officer of the CSG Land Systems division and Group Chief Technology Officer in June, from Hanwha, having previously held senior positions at Rheinmetall, BAE Systems and General Dynamics European Land Systems.
- David Jacobs was appointed President of CSG Defence North America in June, leading a new Washington, D.C. office to deepen the Group's relationships across the US defence industrial base. He joined from Northrop Grumman and Raytheon, with prior investment banking experience at Merrill Lynch.
- Jason Alejandro Monahan was appointed President of the newly established CSG Land Systems North America. He is a longtime US defence expert with more than two decades of industry experience including at General Dynamics.
- Matthew Harvey joined Excalibur Army as Chief Commercial Officer in May, bringing more than twenty years of experience from BAE Systems, Leonardo and Marshall Aerospace & Defence Group.
- Tom Winney joined Tatra Export as Chief Executive Officer in January, from KNDS and Rheinmetall/BAE Systems Land.

- Alexander Rüstig joined the Fiocchi Group at the start of the year, having previously led German ammunition company RWS and held senior positions at Schaeffler.
- Thomas Berge Nielsen joined as Group Chief Strategy Officer in April, after more than ten years at Rheinmetall leading international business activities and strategy, and prior experience at Kongsberg Defence & Aerospace.

Key Group financials

Six months ending 30 June 2026

€ m	**H1 26**	**H1 25**	**Change**
Revenue	3,251	2,775	17.2%
Operating EBITDA	863	774	11.5%
Operating EBIT	784	696	12.7%
Net Profit from Continuing Operations	572	309	84.8%
Pre-tax Operating cash flow	(411)	(494)	83
Cash Conversion	85.8%	88.7%	(190bps)
Capex Intensity	3.8%	3.1%	40bps
Net Working Capital	2,895	1,631	77.5%
Net Working Capital as % of LTM Revenue	40.1%	28.4%	1170bps

Q2 2026

Three months ending 30 June 2026

€ m	**Q2 26**	**Q2 25**	**Change**
Revenue	1,707	1,419	20.3%
Operating EBITDA	452	393	14.9%
Operating EBIT	413	355	16.5%
Net Profit from Continuing Operations	272	140	94.2%

Financial Outlook

The Group reaffirms its FY 2026 guidance. CSG continues to expect revenue in the range of €7.4 to €7.6bn, Operating EBIT margin of approximately 24–25%, capex intensity of approximately 8.5% of revenue, and net working capital below 20% of revenue. Revenue growth will be driven principally by the Group's Land Systems and M&L Ammo units, supported by improving conditions in US Ammo+. Group margin will reflect a higher mix contribution from Land Systems, while supported by the benefits of vertical integration and operating leverage from ongoing production capacity ramp-up. Net debt to EBITDA is expected to be below 1.3x at year end.

The Group's medium-term financial guidance is also reaffirmed.

Operational Outlook

By year-end 2026, the Group expects its own production of large-calibre ammunition to reach approximately 850,000 rounds, up from 550,000 in 2025, driven by the working capital investments made to effectively secure critical components and accelerate output. An additional 400,000 rounds of recommissioning production is anticipated in the year. In 2026, long-range ammunition is expected to represent about 60 percent of total revenue from large-calibre ammunition. While the long-range segment requires greater investment in critical components it offers a higher margin opportunity.

Presentation Notice

A management presentation and Q&A for analysts and investors will be held today, 7 August 2026 via live webcast and conference call beginning at 10:00 CET. A recording will be made available following the conclusion of the presentation. Registration for the webcast and conference call is available at the company's IR website, https://investors.csg.com/en. Participants who wish to ask questions during the presentation are encouraged to join via the conference call.

Third Quarter Trading Statement

The Group's trading statement for the period ending 30 September 2026 will be announced on 11 November 2026.

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Notes

The financial information contained in this announcement is unaudited.

This announcement includes certain alternative performance measures (APMs) that are not defined or specified under International Financial Reporting Standards (IFRS) as adopted by the European Union. These measures are used by management to provide additional insight into the underlying performance of the business and to enhance comparability between reporting periods by adjusting for items that may distort the view of the Group's ongoing operational performance. Cash Conversion means Operating EBITDA less Capex divided by Operating EBITDA. Pre-tax Operating Cash Flow means Operating EBITDA, less change in Working Capital less Capex.

H1 2025 Operating EBIT has been restated to reflect PPA-related depreciation charges, ensuring a like-for-like comparison with H1 2026. On a reported basis, H1 2025 Operating EBIT was €727m.

Group Performance Review

Market environment and demand

Demand across CSG's core markets remained strong through H1 2026, with the Group's pipeline continuing to build on the back of sustained commercial activity across European and international markets. In M&L Ammunition, Ukraine procurement continues to shift toward extended-range 155mm rounds, a category with few European producers and stronger unit economics, supporting a favourable product mix. In Land Systems, the Group continues to accelerate production ramp-up and meet growing demand for integrated solutions, including in new geographies. Governments continue to prioritise supply chain security and domestic production, areas where CSG's vertically integrated model, local partnerships and long-term customer relationships are well positioned.

In June 2026, Croatia joined the seven-year framework agreement between the Ministry of Defence of the Slovak Republic and ZVS holding for the supply of medium and large-calibre ammunition, worth up to €58 billion. Croatia's accession will be followed by specific ammunition orders based on the requirements of the Croatian Armed Forces, further demonstrating the growing interest of European partners in the agreement's cooperation model.

The European demand environment continues to be driven by stockpile replenishment, multi-year framework agreements and rising NATO defence budgets. Further momentum has been added by the unlocking of the EU's €90 billion loan facility to Ukraine, which expands the addressable funding pool.

Group revenue and profit

Group revenue for H1 2026 was €3,251 million, up 17.2% year on year. Growth was primarily driven by continued strong demand for M&L ammunition and progress in Land Systems ramp-up, with a further contribution from improving conditions in Ammo+.

Operating EBIT was €784 million, with margin of 24.1%. Margins reflect the evolving product mix, with Land Systems representing a proportionally larger share as expected, alongside continued investment in Ammo+ to support the recovery in US commercial demand. These factors are offset by increasing efficiency and vertical integration in M/L Ammunition, a higher-margin mix from long-range ammunition, and operating leverage, underpinning full-year guidance of 24-25%.

Order intake backlog and visibility

The Group monitors backlog and pipeline as key indicators of future revenue visibility. Order backlog was €17bn at period end, stable versus Q1, as approximately €1.6bn in new orders was largely offset by €1.4bn recognised as revenue. Pipeline under negotiation increased to €29bn (March 2026: €27bn), for a total opportunity of €46bn, providing strong multi-year revenue visibility.

The Land Systems business accounted for 46% of the Group's total backlog, followed by M&L Ammunition (38%), Ammo+ (14%), Aerospace & Defence Electronics (2%) and Advanced Systems (1%).

As of 30 June 2026	**€ billion**	**Backlog Coverage Ratio**
Fixed backlog	8	1.0x
Frame backlog	8	1.1x
Soft backlog	1	0.2x
Total backlog	17	2.4x
Pipeline under negotiation	29	4.1x

As of 30 June 2026	€ billion	Backlog Coverage Ratio
Total opportunity	46	6.4x

The Group categorises backlog orders as orders from signed and effective contracts, long-term framework agreements and contracts that are not yet fully finalised and effective but based on previous experience and the nature of negotiation, are counted towards forecasts as nearly certain. The Group's multistage backlog, comprising fixed (signed and effective), frame (long-term framework agreements for which the specific conditions of fulfilment are to be negotiated at later stages), and soft backlog (contracts that are not yet fully finalised and effective but based on previous experience and the nature of negotiations), provides high revenue visibility, with historically strong conversion rates from soft to frame and fixed backlog, underscoring the reliability of backlog as an indicator of future revenue.

Pipeline projects include projects in various stages of negotiation deemed reasonably achievable based on previous experience in the market and with customers.

Contract wins and order momentum

In Q1 2026, CSG announced major contracts including an armoured vehicle order in Southeast Asia ($300 million+), a multi-layer air defence system contract in Southeast Asia (c.$2.5 billion), and an artillery and mortar round supply contract with a Western European NATO member's Ministry of Defence. In addition to these, the Group went on to secure further orders and deals in the second quarter of the year:

- Two large-calibre ammunition contracts with European customers: a supply contract valued at nearly €300 million and a separate 155mm long-range artillery ammunition contract valued at nearly €250 million.
- Secured two contracts for large-calibre ammunition fuzes with a combined value in the high tens of millions of euros, from customers in two NATO member countries, with deliveries beginning this year.
- In the US, CSG's The Kinetic Group was awarded one of its largest law enforcement contracts to date: a $77 million FBI rifle ammunition contract, covering all four requested product categories across Duty, Training Reduced Lead, Non-Jacketed Frangible and Jacketed Frangible ammunition. Deliveries are expected to begin this year. Other US law enforcement contracts took the value to about $100 million.
- Signed an agreement enabling the US Army to use its patented Peak Alloy ammunition case technology across multiple cartridges and weapon systems, including 50-calibre and below, subject to delivery of 40 million cases featuring the technology.

These awards reflect the Group's growing ability to compete across a broad product spectrum, from ammunition and components to vehicles and air defence systems, and confirm its strengthening position with NATO governments, US customers and partner nations internationally.

Strategic acquisitions, joint ventures and partnerships

CSG continued to execute on its M&A and partnership agenda during H1 2026, with activity spanning acquisitions, new joint ventures and expanded industrial cooperation agreements. The emphasis remained on transactions that reinforce vertical integration, expand production capacity and deepen the Group's footprint in key defence markets.

- **United States.** The Group launched CSG Land Systems North America, a new Michigan-headquartered subsidiary representing Excalibur Army, Tatra Defence and Tatra Trucks, to expand the Group's activities in self-propelled artillery systems and high-mobility tactical vehicles in the US market. CSG also opened a new Washington, D.C. office to deepen relationships across the US defence industrial base.

  Subsequent to the period, the Group announced Firecrest Aerospace, a new joint venture between CSE USA and CSG's AviaNera Technologies to build serial production capability for turbojet and turbofan engines for unmanned systems at Stevens Point, Wisconsin, with an initial investment of up to $15 million and full-scale production targeted for 2027. Output is expected to scale from hundreds to thousands of units annually. The project extends CSG’s manufacturing network, which also spans Serbia, following the acquisition of a majority stake in MUST Solutions, and the Czech Republic, with further capabilities planned in India and the United Arab Emirates.

- **Ukraine.** CSG’s AviaNera Technologies signed a strategic partnership agreement with Ukrainian Armor for the supply of advanced propulsion systems for Ukrainian guided missiles and unmanned platforms, extending prior cooperation between the two companies and envisaging a future joint venture and localisation of production in Ukraine.
- **Poland.** CSG completed the acquisition of DOMAR MS, a manufacturer of wiring harnesses and specialist electrical connectors for defence systems, following the preliminary agreement announced at Q1 2026. This is CSG's first completed acquisition in Poland.
- **Turkey.** CSG and FNSS signed a framework agreement to establish Danube Defence Systems (51% CSG, 49% FNSS), headquartered in Trenčín, Slovakia, building on the strategic partnership between the two companies announced at Q1 2026. The partnership will produce medium-weight armoured vehicles for European and export markets, led by the CFL-120 Karpat medium tank.
- **Military technology.** CSG acquired a strategic minority position in Canadian technology company North Vector Dynamics, which develops advanced air defence technologies, precision-guided missiles, counter-unmanned aerial systems, and next-generation hypersonic technologies.
- **Ammunition fuzes.** CSG and South Africa's Reunert agreed to establish Fuchs Electronics Europe, a new joint venture (49% CSG, 51% Reunert) to manufacture electronic fuzes for large-calibre ammunition at the ZVS site in Dubnica nad Váhom, Slovakia. The business will be capital-efficient, supported by a binding launch order, and is expected to become self-sufficient within approximately three years.
- **Product innovation.** CSG unveiled Trident, a new modular multi-layered air defence system integrating capabilities from Excalibur International, Retia, Tatra and Turkey's Roketsan, and Atrak launched MAESTRO, a new AI-enabled digital remote air traffic control tower platform.
- **Vehicle development.** CSG signed a cooperation agreement with New Space Technologies to develop the Meander special-purpose military vehicle, based on the existing Kalan platform.

Segment Performance Review

The Group reports two core business segments: CSG Defence Systems and CSG Ammo+. Defence Systems brings together the Group's activities in military land systems, medium and large-calibre ammunition and related defence technologies. CSG Ammo+ represents the Group's global small-calibre ammunition platform.

Defence Systems

Defence Systems revenue was €2,620 million in H1 2026, up 27.0% year on year. It comprised 80.6% of Group revenue. Operating EBIT was €754 million, resulting in a margin of 28.8%. Execution remains the primary operational focus: order intake remains good, with continued effective management of supply chain lead times, logistics, and export licence timing to convert backlog into deliverable revenue.

In the M/L Ammunition business, development of CSG's energetics facilities is progressing on schedule to support vertical integration. In Greece, the Lavrio site is already producing 155mm ammunition, with base bleed production planned to start this year and TNT output on track for the end of 2027; the German nitrocellulose facility remains on target for the end of 2027, and the Group's propellant joint venture with EURENCO in Slovakia is expected to begin producing bimodular charges by 2028. Supply security through in-house production of propellants and explosives remains a key driver of margin expansion, supporting EBIT margin progression beyond the current operating level of approximately 31%. Energetics account for approximately 50%-60% of the production cost of a long-range 155mm round, and in-house production is expected to reduce propellant costs by up to 50% and explosive costs by up to 70% once fully ramped.

Market demand, together with supply constraints on critical components, continues to support sustained pricing power in M/L ammunition, with no meaningful pricing pressure visible in the current order book.

Land Systems maintained its order and production ramp-up trajectory, with order intake continuing to reflect growing demand from both NATO members and Southeast Asia. Operating EBIT margin in Land Systems has increased to approximately 17% yet remains weighted toward the production phase. Increasingly, the Group's land vehicles are serving as the critical foundation for a growing range of advanced defence capabilities, including air defence. The Group delivers fully integrated solutions built around its differentiated Tatra chassis, cabin, engine and transmission, combined with its radars and command-and-control systems, providing the platform onto which mission-specific effectors, including missiles, can be integrated. This reflects the reality that proven vehicle platforms and production capacity are essential enablers for deploying newer technologies at scale. By bringing together capabilities from across the Group, CSG is increasingly delivering complete, mission-ready solutions.

In response to evolving demand, the Group is expanding existing capabilities and building new ones across propulsion, unmanned systems, autonomous technologies, electronics and systems integration. Advanced Systems continued to build out its early-stage portfolio, deepening its partnership with Ukrainian Armor on propulsion systems for missiles and unmanned platforms, alongside its existing UAV and missile engine cooperation with PGZ. Demand from the Middle East and Asia has also become a growing driver for the segment, particularly for anti-drone capability and integrated air defence. More recently, CSG has added to its portfolio with a US joint venture to produce turbojet and turbofan engines for drones and other unmanned aerial systems, including target drones and loitering drones. The Group also acquired a strategic minority position in Canadian technology company North Vector Dynamics, which develops advanced air defence technologies, precision-guided missiles, counter-unmanned aerial systems, and next-generation hypersonic technologies.

Ammo+

Ammo+ revenue was €631 million in H1 2026. It comprised 19.4% of Group revenue. Operating EBIT was €51 million, with an improved margin of 8.1%. The segment benefited from improving demand and firmer pricing in the US commercial channel through H1, alongside continued investment in workforce and production capacity. In law enforcement, the Group's FBI ammunition supply relationship was further strengthened through the award of a $77 million rifle ammunition contract. The Group is the largest small-calibre ammunition producer in the Western world, and NATO certification of its US-produced brands was obtained in the first quarter of 2026, with certification of the full product portfolio to follow, which will support participation in European NATO small-calibre tenders.

Segment Revenue

€ m	**H1 26**	**H1 25**	**Change**
CSG Defence Systems	2,620	2,063	27.0%
CSG Ammo+	631	713	(11.5%)
Other	19	52	(64.3%)
Elimination of intersegment	(19)	(53)	(64.1%)

Defence Systems Revenue by subsegment

€ m	**H1 26**	**H1 25**	**Change**

€ m	H1 26	H1 25	Change
M/L Ammunition	2,120	1,773	19.6%
Land Systems	445	227	96.1%
Aerospace & Defence Electronics	58	71	(18.1%)
Advanced Systems	2	0	-

Segment Operating EBIT

€ m	H1 26	H1 25	Change
CSG Defence Systems	754	618	22.1%
CSG Ammo+	51	70	(26.7%)
Other	(19)	12	(261.7%)
Elimination of intersegment	(2)	(3)	(37.6%)

Revenues by geography

The Group maintains a strong presence within Europe and NATO, and approximately 69% of the Group's revenue was derived from NATO countries in H1 2026, underscoring the Group's positioning within NATO-aligned defence markets. The revenue contribution from Ukraine continued to reduce as CSG's growth expands in other markets, including the United States and Southeast Asia.

€ m	H1 26	% of Total Revenue
Europe excluding Ukraine	1,665	51%
Ukraine*	558	17%
United States	571	18%
Other	458	14%

** Includes purchases intended for the Ukrainian end-market paid for by another nation or party.*

Financial Review

€ m	H1 26	H1 25	Change
Revenues	3,251	2,775	17.2%
Raw materials and consumables	(1,735)	(1,398)	24.1%
External costs	(324)	(244)	32.6%
Employee benefits expense	(331)	(298)	11.0%
Depreciation and amortisation	(78)	(77)	1.1%
Other operating income	38	14	168.1%
Other operating expense	(38)	(76)	(50.0%)
Operating EBITDA	863	774	11.5%
Operating EBIT	784	696	12.7%

Raw materials and consumables items include consumed materials, movement in stock of products and work in progress, purchase costs of sold goods, change in allowance for inventory. External costs item includes administrative costs and other external costs, services and supply relating to production, transport and travel expenses, cost of energy, rental, repairs and maintenance.

Cost structure

Raw material and consumables costs were €1,735 million in H1 2026, 24.1% year on year, primarily reflecting higher sales volumes in line with revenue growth, as well as input costs for copper, propellants and other materials used in ammunition production. External costs were €324 million, 32.6% year on year, driven by the level of operational activity and production and delivery volumes in the period. Employee benefits expense was €331 million, reflecting continued payroll discipline and efficiencies gained through integration. Depreciation and amortisation was €78 million.

Cash Flow and Net Working Capital

Pre-tax Operating Cash Flow was €(411) million in H1 2026. Net working capital was €2,895 million (40.1% of LTM revenue). Consistent with the pattern described at Q1 2026, growth in net working capital reflects pre-stocking of key components, primarily within the M/L ammunition segment, through both direct inventory purchases and advances to suppliers. CSG also provided material advances to Tatra Trucks to secure chassis supply for the Land Systems segment. An unwind of net working capital is expected in H2 2026, with the majority of deliveries and corresponding cash release concentrated in Q4 2026.

The Company maintains its full year 2026 guidance for net working capital to be below 20% of revenue.

Capital expenditure

Capital expenditure amounted to €122 million. Capex intensity (capex as a proportion of revenue) was 3.8%. Investments continued to support the Group's strategy to modernise infrastructure, scale up production capacity and invest in technological upgrades that will sustain long-term operational competitiveness. The Company maintains its 2026 guidance for capital expenditure to equate to around 8.5% of revenue, with the majority of annual capital expenditure expected to be incurred in the second half of the year.

Tax and interest

Income tax expense was €157 million (H1 2025: €147 million), primarily reflecting the change in profit before tax. Net finance costs were €60 million.

Capital structure and liquidity

Net debt was €2,914 million at 30 June 2026, with Net Debt to LTM Operating EBITDA of 1.6x, reflecting increased investment in net working capital.

Debt structure of the Group

€ m	**As at 30 June 2026**	**As at 31 December 2025**
Loans and borrowings	1,817	1,824
Issued bonds	2,601	2,568
Liabilities from leases	113	118
Cash and cash equivalents	1,617	1,505
Gross debt	4,531	4,509

€ m	As at 30 June 2026	As at 31 December 2025
Net debt	2,914	3,004

Group Financial Statements

Consolidated Statement of Profit and Loss (1 Jan – 30 Jun 2026)		
€ m	**H1 2026**	**H1 2025**
Revenues	3,251	2,775
Operating EBITDA	863	774
Depreciation and amortisation expenses	(78)	(47)
Operating EBIT	784	727
Net financing activities	(61)	(266)
Share of profit/(loss) from associates & JVs, net	5	(6)
Profit before tax	728	455
Income tax	(157)	(146)
Total profit	571	305
Operating EBIT adjusted (PPA)	784	696

Consolidated Statement of Financial Position		
€ m	**As at December 2025**	**As at June 2026**
Goodwill	1,205	2,110
Intangible assets	807	294
Property, plant, equipment, and Investment property	1,028	728
Investments in associates and joint ventures	83	79
Loans and other financial assets	424	218
Net working capital	1,895	1,631
Net Debt (incl. Lease liabilities)	(3,004)	(2,975)
Other financial liabilities	(3)	(90)
Net tax	(358)	(236)
Net Assets	2,079	1,759

Consolidated Statement of Cash Flow (as defined by Group)		
€ m	**H1 2026**	**H1 2025**
Operating EBITDA - CapEx	740	686

Free Cash Flow	(742)	(686)

Consolidated Statement of Cash Flow (as derived from IFRS)		
€ m	**H1 2026**	**H1 2025**
Net cash from operating activities	(536)	(572)
Net cash (used in)/from investing activities	95	(240)
Net cash (used in)/from financing activities	555	551
Net increase/decrease in cash and cash equivalents	115	(261)
Cash and cash equivalents at beginning of year	1,505	1,248
Foreign exchange rate gains (+) / losses (-) from the translation of cash and cash equivalents	(2)	(19)
Cash and cash equivalents at end of period	1,617	968

Disclaimer

This communication contains information that qualifies as inside information within the meaning of Article 7(1) of the EU Market Abuse Regulation.

This announcement may include forward-looking statements, which are based on CSG's current expectations and projections about future events. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts and sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'outlook', 'guide', 'guidance', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. By their nature, forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors because they relate to events and depend on circumstances that will occur in the future whether or not outside the control of CSG. Such factors may cause actual results, performance or developments to differ materially from those expressed or implied by such forward-looking statements. Accordingly, CSG cannot give any assurance that forward-looking statements will prove correct and no undue reliance should be placed on any forward-looking statements. Such statements should be regarded as indicative and illustrative only, and CSG does not provide any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Forward-looking statements speak only as at the date at which they are made. CSG expressly disclaims any obligation or undertaking to update, review or revise any forward-looking statements contained in this announcement to reflect any change in its expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

CSG's FY2026 profit forecast reflects the forward-looking expectations of CSG which is based on a number of assumptions and estimates about future events and actions, including management's assessment of opportunities and risks. Forecasts are inherently uncertain because of events or combinations of events that cannot reasonably be foreseen including the actions of government, individuals, third parties and competitors and the data and assumptions used by CSG in calculating the FY2026 profit forecast are subject to change as a result of uncertainties due to the operational, economic, financial, accounting, competitive, regulatory and tax environments, among others, or as a result of other factors of which CSG is unaware. Should one or more of these assumptions prove to be inappropriate or incorrect, CSG's results could materially deviate from the FY2026 profit forecast. Additionally, the materialisation of certain risks could have an impact on CSG's operations, financial position, results or outlook and thus jeopardise the FY2026 profit forecast. CSG makes no undertaking and gives no assurance as to the achievement of the FY2026 profit forecast. Investors should treat this information with caution and should not place undue reliance on the FY2026 profit forecast. Operations carved out of CSG prior to the IPO are excluded from 2025 figures to provide a like-for-like comparison with FY25 current operations.

CSG's ability to achieve financial objectives is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond CSG's control, and upon assumptions with respect to future business decisions that are subject to change. As a result, CSG's actual results may vary from these financial objectives, and those variations may be material.