

BAE Systems – Trading update

7 May 2026

BAE Systems is providing the following market update ahead of its Annual General Meeting today.

Highlights:

- Strong operational and financial performance so far in 2026.
- Full year guidance maintained.
- Increased defence spending across all our key markets.
- Well positioned for growth over the medium term.

Charles Woodburn, BAE Systems Chief Executive, said:

“We’ve delivered a strong start to 2026, underpinning our full-year guidance. Our geographic breadth, proven multi-domain capabilities, and focus on operational excellence and innovation are enabling consistent delivery of critical programmes. We’re well positioned for both current and future opportunities in defence.”

Market update

The Group has traded well in the first four months of the year, delivering strong operational and financial performance. We remain on track to achieve our full year guidance.

Around the world, security threats continue to grow, leading governments to increase defence spending. Across our markets, sustained investment and deliberate positioning have resulted in a proven portfolio of capabilities that aligns with customer priorities and evolving future challenges.

The combination of increased defence spending with strong portfolio alignment, provides a supportive backdrop for growth over the medium term. We expect significant opportunities across our business, including space systems, missile and air defence systems, drones and counter drone technology, electronic warfare, combat aircraft, combat vehicles, frigates and submarines, among other customer priorities.

Guidance

We expect strong growth in sales, EBIT and EPS in 2026, alongside solid cash generation. Full-year guidance remains unchanged from the preliminary results announcement published on 18 February 2026.

- | | |
|--------------------------|----------------------------|
| • Sales | +7% to +9% (2025: £30.7bn) |
| • Underlying EBIT | +9% to +11% (2025: £3.3bn) |
| • Underlying EPS | +9% to +11% (2025: 75.2p) |
| • Free cash flow in 2026 | >£1.3bn |

Guidance is provided on a constant currency basis, using the average GBP:USD exchange rate in 2025 of 1.32. As a guide, a 5 cent movement in the GBP:USD exchange rate impacts sales by c.£500m, underlying EBIT by c.£70m and underlying EPS by c.1.4p.

Order intake

Notable awards received in the year to date include:

- **Air** – c.£2.5bn contract to provide training and support equipment and services for the Republic of Türkiye's recently ordered Eurofighter Typhoon aircraft.
- **Air** – c.£1.1bn of MBDA orders primarily from securing air defence orders, Aster, VL MICA and Mistral, with European customers.
- **Electronic Systems** – the Space & Mission Systems business received c.\$235m in incremental funding under the \$1.2bn Epoch 2 missile warning and tracking satellite programme and a c.\$325m order under a restricted national space programme.
- **Platforms & Services** – Bofors received a contract valued at over \$200m for ARCHER artillery systems and a c.\$180m contract for TRIDON Mk2 anti-aircraft systems for the Swedish Army for engaging a range of aerial threats including drones.
- **Platforms & Services** – Maritime Solutions received a US Navy contract worth over \$200m to maintain and upgrade the USS Iwo Jima shipboard systems to accommodate Joint Strike Fighter flight operations.

Balance sheet and capital allocation

Our strong financial position enables us to implement all parts of our capital allocation policy. We continue to prioritise investment in our business to support organic growth, pay dividends to our shareholders, explore value enhancing acquisition opportunities and execute our share buyback programme.

The 2025 final dividend of 22.8 pence per share will be paid, subject to shareholder approval, on 4 June 2026.

As at 6 May, we have repurchased £166m of shares in the year and have now completed £930m of the three-year £1.5bn share buyback programme, which commenced in July 2024.

Half year results

BAE Systems will announce its results for the six months ending 30 June 2026 on 30 July 2026.

For further information please contact:

Investors

Paul Checketts
Investor Relations Director
Telephone: +44 (0) 3300 46 6802
Email: investors@baesystems.com

Media

Kristina Anderson
Director, Media Relations
Telephone: +44 (0) 7540 628673
Email: Kristina.anderson@baesystems.com

Legal Entity Identifier (LEI): 8SVCSVKSGDWMW2QHOH83

Cautionary statement

All statements other than statements of historical fact included in this document, including, without limitation, those regarding the financial condition, results, operations and businesses of BAE Systems plc and its strategy, plans and objectives and the markets and economies in which it operates, are forward-looking statements. Such forward-looking statements, which reflect management's assumptions made on the basis of information available to it at this time, appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of BAE Systems plc concerning,

among other things, its results in relation to operations, financial condition, liquidity, prospects, growth, commitments and targets, strategies and the industry in which it operates. Forward-looking statements can be made in writing but may also be made verbally by directors, officers, and employees of BAE Systems plc (including during presentations) in connection with this document. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future.

Forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity of BAE Systems plc, the development of the industry in which it operates and the ability of BAE Systems plc to meet its commitments and targets may differ materially from those made in or suggested by the forward-looking statements contained in this document. In addition, even if results of operations, financial condition and liquidity of BAE Systems plc, the development of the industry in which it operates and/or performance against commitments and targets are consistent with the forward-looking statements contained in this document, those results, developments or performance may not be indicative of results, developments or performance in subsequent periods.

These forward-looking statements speak only as of the date of this document. Subject to the requirements of the Disclosure Guidance and Transparency Rules, the Market Abuse Regulation or applicable law, BAE Systems plc explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this document that may occur due to any change in its expectations or to reflect events or circumstances after the date of it. All subsequent written and oral forward-looking statements attributable to either BAE Systems plc or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to herein and contained elsewhere in this document.

BAE Systems plc and its directors accept no liability to third parties in respect of this document save as would arise under English law. Accordingly, any liability to a person who has demonstrated reliance on any untrue or misleading statement or omission shall be determined in accordance with Schedule 10A of the Financial Services and Markets Act 2000. It should be noted that Schedule 10A and Section 463 of the Companies Act 2006 contain limits on the liability of the directors of BAE Systems plc so that their liability is solely to BAE Systems plc.