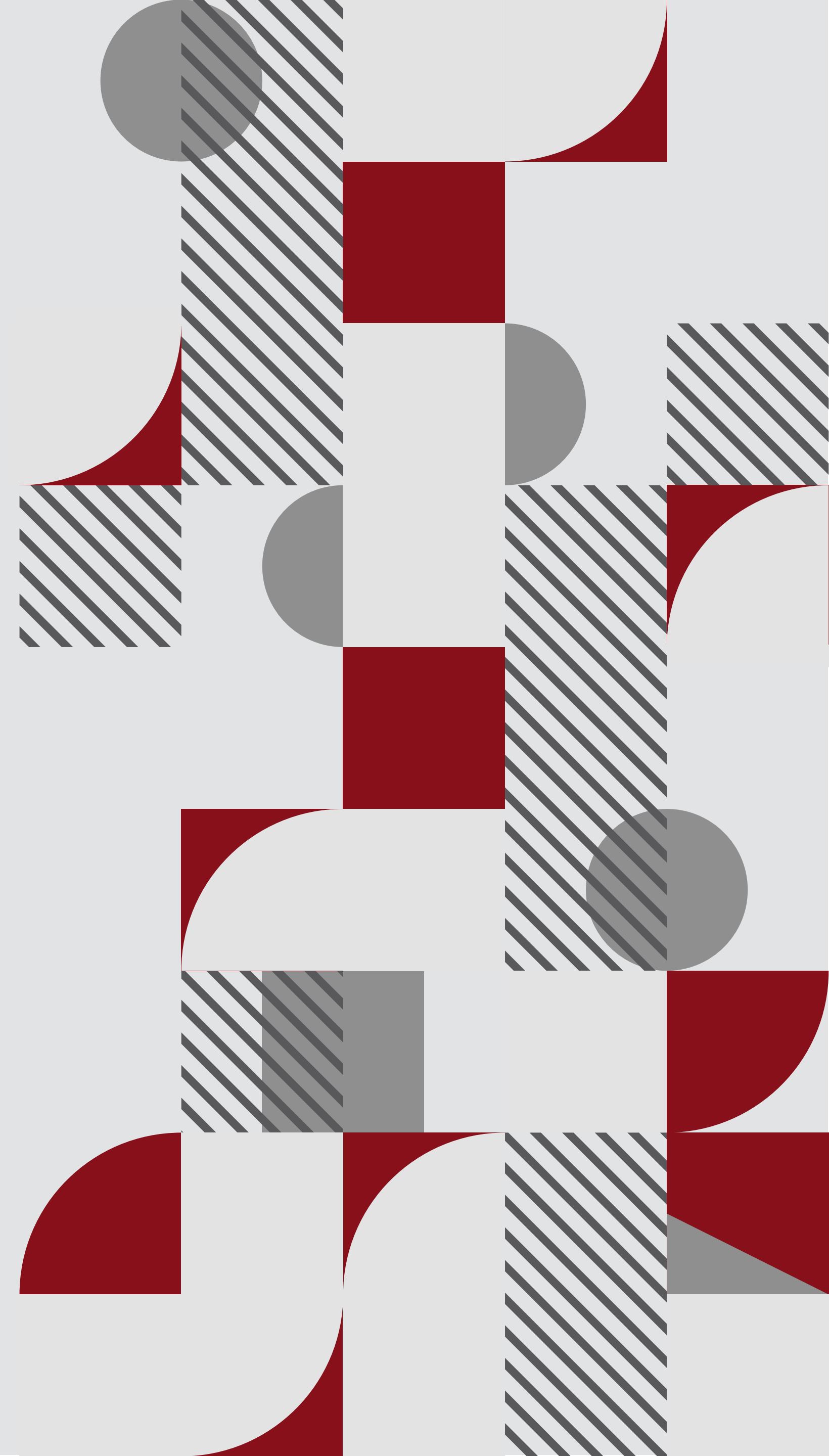


# Annual Report 2024

FOR THE YEAR ENDED 31 DECEMBER 2024





## KEY MILESTONES ACHIEVED DURING 2024:

Jan 24

### OCCAR signs 2nd amendment to night vision capability program with additional goggles for Germany and Belgium.

This adds 3,500 night vision goggles for Belgium, as well as 16,041 night vision goggles and 8,423 Head Mounting Systems for Germany. The contract also includes an option for up to 25,000 additional night vision goggles each for Belgium and Germany.

Feb 24

### Theon listed on Euronext Amsterdam.

15.4 million ordinary shares placed (including over-allotment), corresponding to 22% of the Company’s issued share capital. Gross proceeds amounted to €154 million.

Mar 24

### Theon included in FT’s Europe’s 1,000 fastest growing companies 2024.

Over the 4-year period 2019-2022, the Company grew at a c. 50%p.a. achieving very high profitability, recording a 2020-2022 CAGR of 64.9%, while achieving an EBIT margin of 27.8%, among the highest in the industry globally.

### Theon with Sunrock to supply the French ministry of interior with Argus night vision under a 4-year Framework Agreement.

Through this newly signed contract, the French National Police, the French National Gendarmerie, the French Customs and the Security & Defence Cooperation Directorate can procure up to 8,500 units.

Apr 24

### Theon to supply Estonian defence forces with Argus night vision monocular.

On 27th March, Theon delivered the first 2,000 ARGUS FS Mk2 night vision monocular systems to the Estonian Defense Forces as part of contract to equip 10,000 soldiers. Theon won an international tender in which 16 companies participated. The contract includes a fast delivery of more than 8,000 ARGUS FS Mk2 and an option to deliver several thousands, of c. €35 million and > €20 million, respectively.

Jun 24

### Theon joins Euronext tech leaders initiative for high-growth tech companies.

Launched in June 2022, the Euronext Tech Leaders initiative aims to recognize and support top-tier tech companies listed on Euronext markets. It features a segment of over 110 European high-growth and leading companies.

### Introduced A.R.M.E.D ecosystem of connected devices.

At Eurosatory in Paris, Theon introduced its A.R.M.E.D. (Augmented Reality Modular Ecosystem of Devices) ecosystem that addresses the modern soldiers’ requirements for enhanced situational awareness, fused imagery and interconnectivity. Theon displayed and presented its state-of-the-art Heads-Up Display “THEA”, its new fused binoculars “ORION”, as well as its Thermal Clip-On “IRIS-C”. Theon has already secured its first orders for the new A.R.M.E.D ecosystem products, and all three products have already received NATO stock numbers.

Sep 24

### Theon and Exosens sign longer-term commercial agreement.

Running from 2025-2026, with an option for 2027, the agreement covers both Theon’s existing orders with Exosens and the projected demand during that period. It allows better coordination of production and delivery schedules which not only secures supply but will also reduce lead times, further enhancing one of Theon’s major competitive advantages.

Nov 24

### Acquisition of Harder Digital.

Theon acquired a 60% controlling stake in Harder Digital, a specialised manufacturer of Image Intensifier Tubes (IIT) mainly operating in Germany, through a cash injection of €34 million. More detail can be found on page 153.

Dec 24

### 3rd option of the OCCAR Night Vision contract.

The original contract was signed in July 2021 and the construction of 49,550 Mikron BNVG (with 16 mm Exosens tubes) has already been contractually assigned for delivery to the German and Belgian Armed Forces. According to the new amendment, the Consortium will continue to deliver several thousand Mikron binocular night vision systems from Theon to Germany.

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## MESSAGE FROM THE CHAIR

01

### Global Security and Defense Outlook 2024

In 2024, the world witnessed a further escalation of military conflicts, challenging geopolitical conditions and reshaping strategic priorities. Many of these conflicts were driven by political, ideological, and economic rivalries, as well as regional crises and civil disputes. Their ripple effects extended far beyond their immediate regions, influencing global geopolitics and security dynamics.

The geographical spread of these conflicts reached an unprecedented scale. From Nigeria to the Democratic Republic of Congo and Sudan, to the shores of the Gaza Strip, Lebanon and Syria, armed hostilities persisted throughout the year. The war in Ukraine entered its third year, inflicting heavy human casualties and widespread infrastructure destruction on both sides.

Conflicts also continued in the Western Horn of Africa and along the Afghanistan-Pakistan border, while Myanmar's deadly civil war, which began in 2021, showed no signs of resolution. Meanwhile, the long-standing rivalry between Israel and Iran reached an unprecedented level of risk for global security, with both sides engaging in multiple missile and airstrikes against each other's territories.

Additionally, Houthi forces continued to target military and merchant vessels in the Red Sea using missiles and unmanned surface vessels (USVs), threatening freedom of navigation. These attacks prompted retaliatory strikes by the U.S. and U.K. armed forces, which carried out airstrikes on multiple Houthi targets in Yemen.

### Evolving Defense Strategies and NATO Commitments

The newly elected President of the United States has signaled a shift in U.S. security strategy across Europe, the Middle East, and Asia. The administration has called on NATO member states to increase their defense budgets beyond the 2% of GDP target set at the 2014 Wales Summit, urging them to commit well beyond that for defense investment.

While NATO member states reaffirmed their 2% defense spending commitment in 2014, progress has been slow. By 2021 - one year before Russia's full-scale invasion of Ukraine - only six NATO members had met the target. Since then, defense spending has increased significantly, with 10 member states reaching the target in 2023 and 23 in 2024. However, years of underinvestment have created capability gaps that cannot be filled overnight.

The new U.S. administration's approach to NATO and European security appears to be a catalyst for immediate structural changes in defense and security policies across Europe, affecting both NATO and non-NATO states. This shift is expected to drive a substantial and sustained increase in annual defense spending among European nations.

NATO member states are projected to raise their defense budgets well beyond the 2% GDP threshold. According to the European Defence Agency (EDA), the total defense expenditure of the 27 EU member states (almost all of whom are also NATO





## MESSAGE FROM THE CHAIR

01

members) is estimated to reach €326 billion in 2024, equivalent to 1.9% of the EU's GDP. The EDA projects that EU member states' defense spending will increase by more than €100 billion in real terms between 2021 and 2027.

Furthermore, the European Commission estimates that EU defense spending will require an additional €500 billion over the next decade. However, the funding mechanism and financial structure to support this initiative have yet to be determined.

In the Indo-Pacific, the continued expansion of China's military capabilities and North Korea's advancing nuclear weapons program have heightened security concerns. This has led to significant defense spending increases in key regional economies, including Japan, Taiwan, South Korea, and Australia.

### THEON's Growth and Strategic Investments

Since February 2024, THEON has been listed on the regulated market of Euronext Amsterdam, successfully raising nearly €100 million. The capital raised has been strategically allocated for new acquisitions and investments, including the acquisition of a 60% stake in Harder Digital - a Germany-based manufacturer specializing in image intensifier tubes, as well as the construction of a state-of-the-art production facility in Greece.

THEON continuously monitors international technological developments in the field of electro-optics, analyzes battlefield lessons from conflicts worldwide, and invests in cutting-edge research and production facilities to develop innovative products. We are actively expanding our presence and increasing our market

share across Europe, the Middle East, and the United States, strengthening existing contracts, onboarding new clients and penetrating new markets.

In 2024, THEON achieved revenue of €352.4 million, up 61.1%. Looking ahead to 2025, we anticipate another year of growth, with projected revenue in the range of €410–430 million.

The remarkable growth of our company is the result of carefully planned business initiatives, a methodical organization of production capabilities, highly skilled and dedicated personnel, innovative and reliable products, and a corporate culture that prioritizes the long-term needs of our current and future clients.

---

**Kolinda Grabar-Kitarović**

**Chair of the Board of Directors**





## MESSAGE FROM THE CEO

02

THEON INTERNATIONAL PLC (THEON), a prominent manufacturer of Night Vision and Thermal Imaging systems for defense and security applications, proudly presents its 2024 Annual Report. This report highlights THEON's exceptional financial performance, adaptability, long-term strategic planning, dedication to innovation, and after-sales customer support policy, marking a year of unprecedented success and setting new industry standards.

Founded in Greece in 1997, THEON has become a global leader in its field. The company has a significant international presence with offices in Greece, Cyprus, the USA, the Gulf States, Switzerland, Singapore, Denmark, Belgium, and South Korea along with seven production facilities located in Athens, Germany, Serbia, the Baltics and the USA.

Through its extensive network of companies, offices, and facilities worldwide, THEON has deployed over 200,000 systems with Armed and Special Forces worldwide. The company's expanding customer base now includes 71 countries, with 26 NATO members among them.

In 2024, THEON's order intake reached €466 million, while the soft order backlog stood at €654 million, marking a 20% year-on-year increase. Additional embedded options of €301 million provide THEON with strong visibility going into 2025.

In 2024, THEON achieved €352.4 million in revenue, marking year-on-year growth of 61.1%, with adjusted EBIT of €88.4 million, growth of 56.5%. This represents a best-in-class margin of 25.1%.

Over the last 5 years, the company has been growing at an average annual growth rate of 59.7%, while maintaining its very high profitability level.

The net cash position of €41.7 million enables THEON to execute both its organic and inorganic growth strategies.

At the end of 2024, working capital was elevated, primarily due to increased receivables from ad-hoc orders that required quick deliveries. This proves that the decision to strategically build our inventory of key components through long-term agreements was the correct choice for the business. Normalization of working capital began in early January 2025.

The strong financial performance achieved during 2024 provided the board with confidence to approve a 2024 dividend of €14.44 million, up from €10.00m in 2023.

On February 7, 2024, THEON listed its shares on the regulated market of Euronext Amsterdam, achieving the fourth listing and first Initial Public Offering on Euronext markets in 2024, a move that enabled THEON to raise approximately €100 million.

**On the day of its listing on Euronext Amsterdam, THEON's market capitalization was €686 million, while as of the 7th of February 2025, a year later, the company's capitalization reached €1.043 billion, marking an increase of 52.04%.**





## MESSAGE FROM THE CEO

02

In the summer of 2024, THEON joined the Euronext Tech Leaders initiative for high-growth and leading tech companies, gaining access to an extensive ecosystem tailored to the tech sector. This includes engagement with a broad, international investor base financing tech companies of varying growth stages.

The funds THEON raised from Euronext Amsterdam are already being used to accelerate the company's growth trajectory through acquisitions of other companies and the development of new products.

In October 2024, THEON completed its first major acquisition, securing a 60% controlling stake in Harder Digital, a specialist manufacturer of Image Intensifier Tubes, a key component in THEON's supply chain. The acquisition of Harder Digital enabled THEON to vertically integrate by insourcing this critical component, securing its supply chain, and gaining access to niche technologies that enhance its in-house R&D capabilities and support the development of new products.

This supplemented earlier action to secure THEON's supply chain taken in September 2024 through the signing of a long-term commercial agreement with Exosens, a high-tech company specializing in mission and performance-critical amplification, detection, and imaging devices. The partnership with Exosens also enables THEON to reduce delivery times for new orders which is a key competitive advantage.

During the year, as well as continuing to market THEON's family of Stabilized Platform-based Multisensory products, "TALOS/TRITON MR" Electro-optical systems (Day/LLL Camera, Cooled MWIR

Camera, and Ranger Laser Finder) for Land and naval applications, introduced in 2023, THEON also made significant progress with its internal R&D.

Aligned with its vision and broader strategy for organic growth and diversification, THEON invested €10 million in developing the Stabilized Platform-based Multisensory products of the "TALOS SR/MR/LR" family of systems: TALOS/TRITON SR (Day/LLL Camera, Uncooled LWIR Camera, and Ranger Laser Finder) for Land and Naval applications, and TALOS LR (Day/LLL Camera, Cooled MWIR/SWIR Camera, and Ranger Laser Finder) for Border and Coastal Surveillance applications.

These two new families of Stabilized Platform-based Multisensory products were introduced at Eurosatory in June 2024, alongside the introduction of THEON's cutting-edge A.R.M.E.D. (Augmented Reality Modular Ecosystem of Devices) ecosystem of devices.

The products within the A.R.M.E.D. ecosystem are designed to meet the modern soldier's needs for enhanced situational awareness, fused imagery, and seamless interconnectivity. Today, this includes devices, such as the integrated fused night vision binocular "ORION", the Thermal Clip-On device "IRIS-C" and the Heads-Up Display "THEA".

The integrated fused night vision binocular "ORION" provides a fused intensified and thermal image in one integrated device, enabling the modern fighter to have better detection capabilities, even under adverse light conditions.





## MESSAGE FROM THE CEO

02

As an alternative to “ORION”, THEON presented the thermal Clip-On device “IRIS-C” which can be mounted on all THEON Night Vision Goggles such as the “MIKRON”, “NYX” or “ARGUS”, but also on any other night vision goggle in the market. Similar to the “ORION”, the “IRIS-C” provides fused imagery and can display critical augmented reality data to the user.

For daytime use, the A.R.M.E.D. ecosystem of devices include the state-of-the-art Heads-Up Display “THEA”, which displays tactical augmented reality data and any video input to the user.

All three systems are connected to THEON’s Smart Battery Pack or, alternatively, to THEON’s Smart Gateway, which are the power/processing units that interface with Battle Management Systems (BMS) such as the SCYTALYS “MIMS Ranger” coupled by its SCYTALYS Combat Tablet, the “ATAK” BMS, and other similar systems.

During the year, our factories, in collaboration with our partners Elbit Systems of America and Hensoldt Optronics GmbH (Germany), began production on two significant contracts signed at the end of 2023.

These include a five-year, \$500 million IDIQ contract to supply Squad Binocular Night Vision Goggle systems to the US Marine Corps, and the 2nd Contract Amendment for an additional 19,500 Night Vision Goggles for the Belgian and German Armies.

These very important contracts were followed by three more notable orders.

The first contract was awarded in March 2024 by the Estonian Army and included the procurement of about 8,000+2,000 (option) “ARGUS FS Mk2” Night Vision monocular systems.

The second order was awarded in March 2024 by the French Ministry of Interior and included a four-year Framework Agreement for the supply of up to 8,500 units of “ARGUS” and “ARGUS PANOPTES” Night Vision systems.

In December 2024, OCCAR-EA awarded the 3rd Contract Amendment to the Consortium Hensoldt Optronics GmbH and THEON on behalf of Belgium and Germany. This amendment includes the procurement of an additional 25,000 “MIKRO” Night Vision Goggle Sets for Germany.

Finally, at the beginning of 2025, THEON announced new orders from 12 countries totaling €53 million, with the bulk of these orders (including the sizeable option) coming from the German Army, as part of the ongoing “Soldier of the Future” (IdZ) program, regarding the procurement of the Heads-Up Display system “THEA” and THEON’s Smart Gateway, both part of the A.R.M.E.D. ecosystem of devices. According to a recent announcement, by 2030 the German Army will receive a maximum number of 368 IdZ-ES platoon systems.

Besides the notable contract with the German Army for the “Future Soldier Program (IdZ-ES)”, THEON has already secured more orders for the new A.R.M.E.D ecosystem products, and all three products have received NATO Stock Numbers. THEON expects further orders from countries that have enacted similar “Soldier of the Future” programs.



In addition, THEON signed its first export contract for the “TALOS SR” family of systems.

Due to significant organic growth and the acquisition of Harder Digital, THEON’s workforce has grown from 297 to 618 employees. This expansion includes adding 19 highly skilled engineers to the R&D team.

The company remains dedicated to employee development, providing 2,100 hours of training last year, up from 391 hours in 2023. Additionally, the proportion of women in THEON’s workforce has increased to 37%, up from 23% at the end of 2023, thereby enhancing the diversity of its workforce.

THEON’s performance and commitment to corporate culture have been recognized through several awards. In 2024, THEON received the Great Place to Work® Certification for the second consecutive year, following an evaluation by Great Place to Work® Hellas. THEON was the only defense company included in the Financial Times & Statista’s list of the 1000 Fastest Growing Companies in Europe for 2024.

The company was also honored at the Kouros Awards 2024 for its outstanding performance in the International Economic Area and at the Growth Awards, organized by Grant Thornton and Eurobank, where THEON was named Growth Winner in recognition of its business excellence and strategic growth.

In 2024, the company made significant strides that dramatically enhanced its presence in international markets. Key milestones included THEON’s stock market debut, strategic acquisitions,

expansion of existing strategic partnerships with associated suppliers, the launch of innovative products, and establishment of THEON’s presence in key strategic markets, all of which were pivotal in shaping the company’s future development.

For FY2025, despite the fluid international geopolitical and economic environment, THEON anticipates another year of growth, expecting revenues in the range of €410-430 million, targeting a sustained mid-twenties EBIT margin.

I want to express my gratitude for the professionalism and hard work of all our employees. I also extend my thanks to our shareholders for their trust in THEON and its management team, and their unwavering support.

We recognize that 2024’s achievements heighten our responsibility to our customers, the capital market, and society and constitute our legacy for an even more successful future.

**Christianos Hadjiminias**  
**Chief Executive Officer (CEO)**  
**& Vice Chairman of the Board of Directors**



**€100 million**  
**in gross**  
**proceeds**



# 03 Management Report

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The Board of Directors of Theon International Plc (the “Company”) presents to the members its Management Report accompanied by the audited consolidated financial statements of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap 113.



Business at a glance

Theon International Plc (**THEON**) is a leading developer and manufacturer of customizable night vision and thermal imaging systems for military and security applications in Europe, with a global footprint spanning 71 countries, including 26 NATO countries.

+28  
years of  
expertise

200,000  
systems  
sold

> 50%  
6-year reve-  
nue CAGR

~25%  
2024 adjusted  
EBIT margin

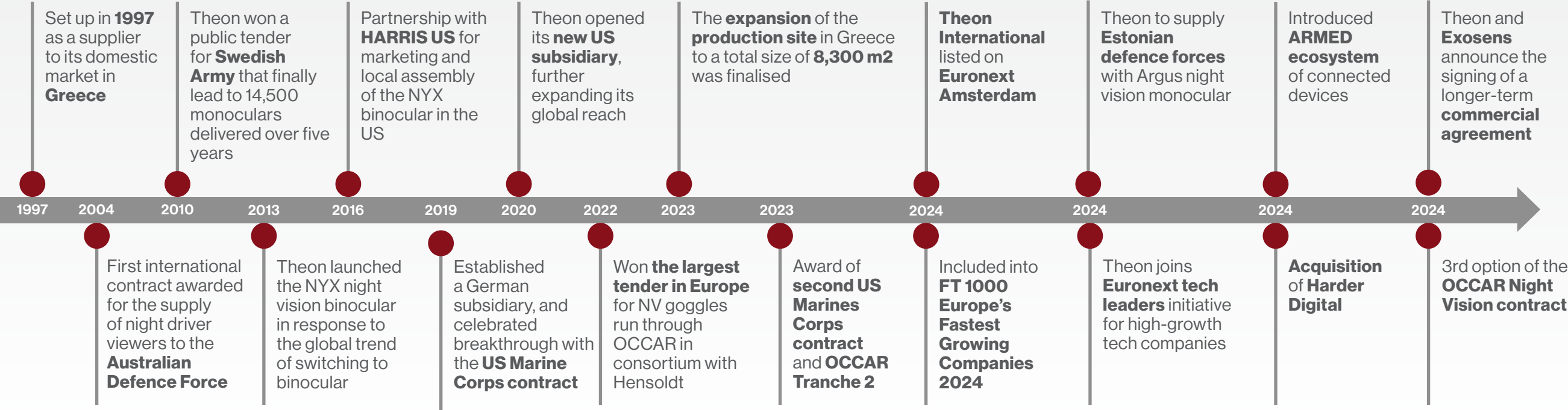
30-40%  
dividend pay-  
out ratio

> 1.6x  
FY24  
cover ratio

> 11.5%  
addressable  
market growth

> €94m  
raised at  
Feb 2024 IPO<sup>1</sup>

Theon started its operations in 1997 from Greece and today occupies a leading role in the sector thanks to its international presence through subsidiaries and production facilities in **Greece, Cyprus, Germany, the Baltics, the United States, the Gulf States, Switzerland, Denmark, Belgium, Singapore and South Korea.**



THEON MANUFACTURING FACILITIES



Original Athens facility  
3,500 sqm



New Athens facility  
4,800 sqm



Wetzlar facility (Hensoldt JV)  
300 sqm



Plymouth facility (EOTECH)  
100 sqm

ADDITIONAL SITES ACQUIRED THROUGH THE ACQUISITION OF HARDER DIGITAL



Woltersdorf, Germany  
2,500 sqm



Nis, Serbia  
6,000 sqm



Riga, Latvia  
6,000 sqm

GLOBAL PRESENCE

Europe

Largest provider of night vision goggles

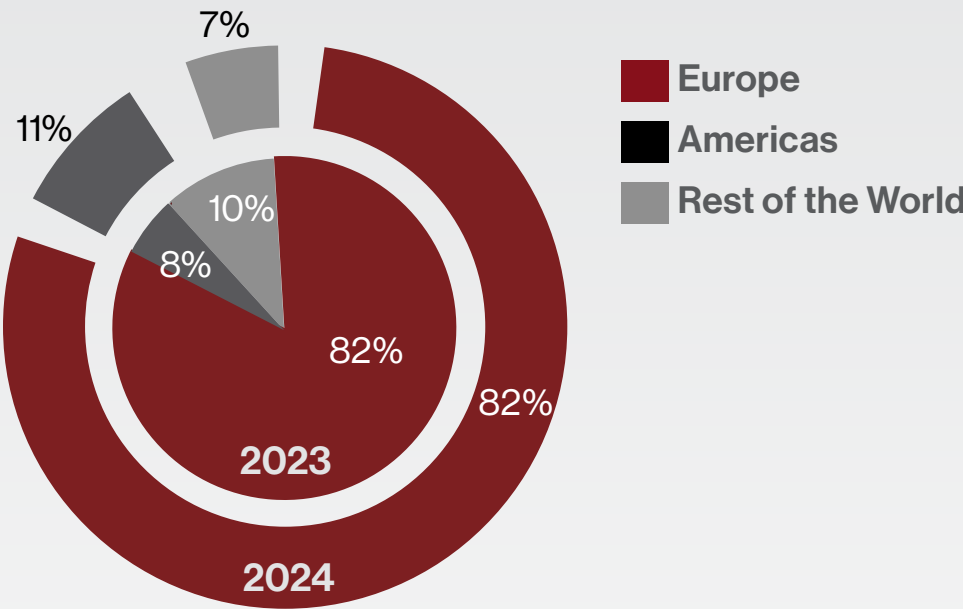
US

Fastest growing Department of Defence supplier

MENA

Market leader in GCC nations

DIVERSIFIED REVENUE



PROCESS & PRODUCTION CAPABILITY



<sup>1</sup>net of fees

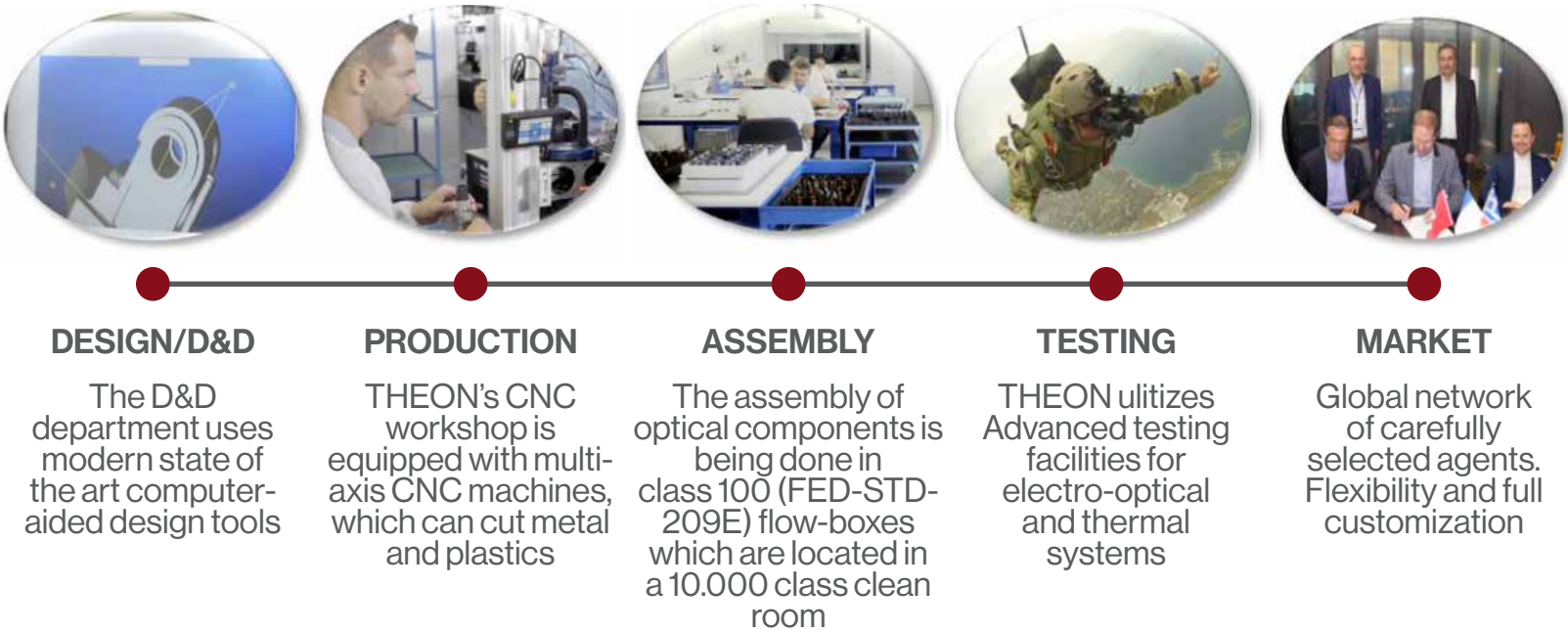
## Business model

**THEON INTERNATIONAL**, is a leading developer and manufacturer of customizable night vision and thermal imaging systems for military and security applications

The main product lines<sup>1</sup> are:

- Night Vision Monoculars and Binoculars,
- Thermal Stand-alone and Clip-on uncooled Sights and
- Vehicle and Platform based thermal imaging systems

**THEON has a disruptive business model that** leverages technological and engineering expertise with fully integrated processes, ranging from design and production to business development. This vertical integration allows us to firmly oversee engineering and production, resulting in high-quality, cost-efficient solutions.



<sup>1</sup>See more on our products on p[xx].

## Strengths of Our Model



### Large Scale

Leading in the man-portable night vision segment, with over 50% market share in Europe.



### Advanced Product Offering

Continually developing and improving mission-critical products to stay ahead of the competition.



### International Presence

Utilizing a global supply chain and establishing co-production facilities in strategic regions.



### Established Client Base

Long-standing relationships in attractive markets, leading to repeat business and low churn



### Strong Financial Profile

Fast-growing with clear growth visibility, lean cost structure, high- profitability, strong cash conversion and low leverage.



### Attractive Operating Model

Disruptive and vertically integrated, with an agile corporate structure and competitive cost base due to Greek-based operations.



### Technology

Deep technological know-how and engineering expertise at the core of our operations.



### People & Culture

Highly skilled workforce of c.600 employees, recognized as one of the top companies to work for in Greece by the Great Place To Work Certification



## Key Competitive Advantages

### Customisation

Our ability to customize products is a key competitive advantage. We have a fast-track design and prototyping procedure, enabling us to promptly respond to modification requests. Our focus on customisation has led to long- standing relationships globally, some spanning over 10 years.

### Customer engagement

We engage continuously in educating our clients; tendering, and executing contracts, and improving our products based on our clients’ input and respective needs.

## Long - standing relationships with a diversifies global customer base leading to low churn and high repeat business

### Selected Key Customers

	<b>OCCAR</b> Since 2021		<b>Armasuisse</b> Since 2018
	<b>US Marine Corps</b> Since 2019		<b>Swedish Army</b> Since 2010
	<b>UK Ministry of Defence</b> Since 2021		<b>Austrian Armed Forces</b> Since 2019

### Other Key Customers

		
Latvia	Brazil	Denmark
		
UAE	Italy	Saudi Arabia

## Revenue model

**Theon generates revenue by selling products primarily to government procurement agencies, armed forces, defence primes and law enforcement agencies worldwide.**

Revenue is earned through long term contracts, the majority of which include additional options which expand the value of those contracts over time. The contracted nature of our revenue provides strong visibility and security over our forward income stream. At the end of 2024, we had already secured a soft backlog of €654 million covering 80% of the lower end of our FY25 revenue guidance range.



## Investment case

### Market leading expertise with a global footprint:

- Leading reputation with an established track-record of more than 28 years of expertise
- Customers across 71 countries (26 NATO), including multiple MoDs and Armed Forces
- Market-leading innovation and in-house design and manufacturing capabilities
- Capability to provide full product customization based on customer requirements
- Limited direct competition and high barriers to entry

### Strong growth strategy:

- Product innovation and diversification supporting new contracts, contract uplifts, and increasing order sizes
- Organic growth into new markets, expanding the addressable opportunity
- Strong pipeline of potential partnerships and M&A. This includes enhancing our existing capabilities, expanding into new areas and vertical integration opportunities to further solidify the supply chain
- All supported by strong underlying growth in our markets with defence electronics spending projected to grow at a 13%<sup>1</sup> CAGR 2024-2027.

### High margin, cost efficient business:

- Solid order backlog with a significant number of contractual options, providing good visibility on future revenues
- High and sustainable margins, with an EBIT margin around the mid-twenties
- Low capex requirements and asset-light business model
- Well-invested platform (facilities) with existing capacity to support growth
- High operational leverage, strong cost-efficiency and well controlled R&D spending

### Growing shareholder returns:

- Focused on delivering shareholder value and maximising returns
- Robust balance sheet, provides the ability to both execute on the growth strategy and provide shareholder returns
- Progressive dividend policy in place with a 30 - 40% payout ratio

<sup>1</sup> More detail can be found on page 17.

# Strategy for growth

Theon operates in markets with strong underlying growth. Overall global defence spending is forecast to grow at a 5% CAGR from 2022-2027, with the defence optronics market expected to grow at over twice that pace at a 12%<sup>1</sup> CAGR.

## Strategic M&A

Theon will accelerate its organic growth through strategic M&A activities in the near to medium term. Our focus is to acquire companies in both our core and adjacent markets to gain complementary products, innovative technologies, extended capabilities, and broader geographic reach.

**We aim to expand our product portfolio in our core man-portable markets, where we will pursue vertical integration of key components and critical parts, as well as grow product portfolio with new offerings such as day sights, laser targeting systems, and fire-control systems.**

For platforms, we intend to acquire key capabilities that, combined with our internal R&D and outsourced design resources, will expedite new product development and market entry.

During 2024, Theon completed the strategic acquisition of a 60% stake in Harder Digital. Harder Digital is a specialised manufacturer of Image Intensifier Tubes (IIT) mainly operative in Germany, through a cash injection of €34 million.

This acquisition was in line with the strategic priorities communicated during the IPO process and brings multiple benefits to THEON, including:

- **Enabling THEON to vertically integrate by insourcing a critical component of the Night Vision value chain, enhancing operational security and flexibility.**
- **Giving THEON access to a niche technology, supporting the development of new products through additional in-house R&D capabilities.**

The cash injection will be mostly used to upgrade Harder Digital production facilities and triple the capacity of 3rd generation IIT manufacturing lines by 2027, primarily in Germany but also in Serbia and Latvia.



Key Products



Gen II IIT



Gen III IIT



Custom IIT



Detectors

## Geographic Expansion

**Theon has already established a strong global footprint, but there are significant opportunities to expand worldwide, both in Night Vision and in adjacent products, particularly in markets like the USA, the Middle East and the Far East where there are large and growing defence budgets.**

Supporting growth driven by the momentum in our markets is our growth strategy which will enable us to increase our market share organically and inorganically.

Our growth strategy is focused in 4 key areas:



## Product Innovation

**Product innovation is central to our business strategy.** We are constantly designing more sophisticated and technologically advanced products to complement and add to our existing product set. We intend to leverage these products to enter new markets, sell additional products to our existing customers and build relationships with new ones.

During 2024, Theon launched new products within the A.R.M.E.D. ecosystem that integrate with battle management systems and provide enhanced situational awareness and interconnectivity for soldiers. These products include heads-up displays, thermal clip-ons, and fused goggles, all poised to play a key role in modern warfare. Fused imagery, interconnectivity and digital capabilities are expected to become standard equipment over time for the future soldier.

**On top of man-portable products, we also focus on cutting-edge multisensory platform- based products, which are anticipated to be a larger contributor to future growth.** More information on these products can be found on page 62.

New products are developed by our own in-house R&D teams, supplemented by strategic acquisitions.

## Strengthening our supply chain

**Theon consistently works to strengthen its supply chain by establishing long-term commercial agreements with key suppliers, including those that produce image intensification tubes, an essential component of night vision goggles.**

As an example, during 2024 we established a long-term commercial agreement with Exosens for 2025-2026 and with an option for 2027. The agreement covers all of Theon's existing orders with Exosens, as well as the projected demand for the period. The agreement enables Theon to better coordinate production and delivery schedules which is essential, not only to secure our supply but also to our ability to reduce lead times on new orders for our customers which is one of our major competitive advantages in the Night Vision market.

Notes: 1) These market figures likely underestimate the projected increase in defence spending given the anticipated increase in defence budgets across Europe, following recent macro developments.

# Our Markets

Theon International holds a leading position in the European Night Vision Market and is well-positioned to take advantage of significant opportunities in the defence optronics sector globally. The optronics market is forecast to grow twice as fast as overall defence spending.

## GLOBAL DEFENCE SPENDING

The global defence budget is expected to grow at >5% CAGR from 2022 to 2027. This is driven by sustained geopolitical tensions, which continue to increase uncertainty, coupled with rapid advances in technology creating a need for increased investment by militaries worldwide. Total spend surpassed \$1.9trn in 2024 and is expected to reach over \$2.2trn by 2027.

While North America represents the highest defence budget with spend of >\$900m during 2024, growth is driven by increased spending across all major geographies.

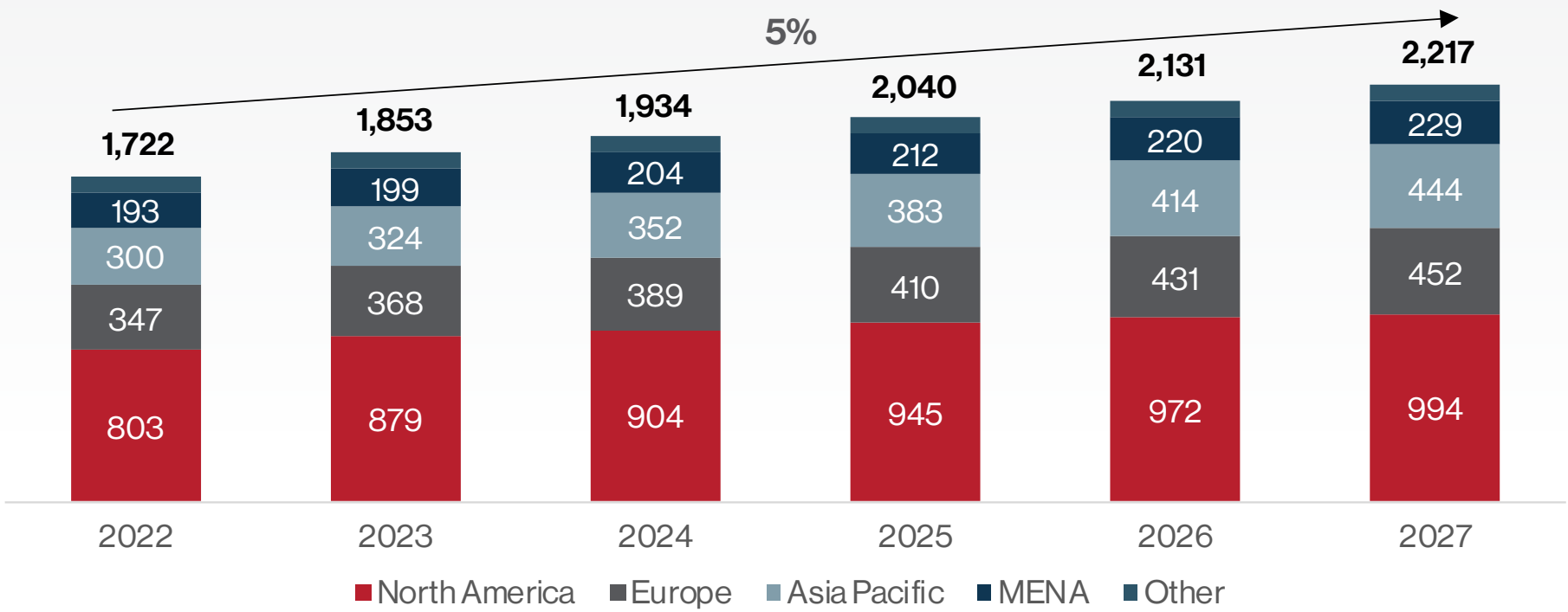
A record number of European countries scaled their defence spending in 2024 and an increasing proportion of NATO countries are meeting their defence expenditure targets annually, with 23 out of 32 members now meeting the target vs just 6 in 2021. In 2024, this translated into defence spending from NATO countries increasing by 18% vs a rise of 9% in 2023. These sizable growth rates both significantly surpass the 2014-2022 average annual increase which was a muted 3%.

The steep increase in spend during 2023 & 2024 was largely driven by an increased focus on upgrading technology, as a direct response to the increased security risk in the wake of the Russia-Ukraine war and follows a

period of previous underinvestment. This has led European countries to procure new equipment from organisations such as OCCAR (the organisation for joint armament cooperation) and the EDF (the European commission’s defence fund). Germany, in particular, is expected to be a key driver of growth in Europe due to its €100bn ‘special fund’ focused on improving the equipment available to the German military.

Defence spending in the Asia Pacific region is anticipated to grow at a rate ahead of both Europe and the US, driven by a need to modernise military equipment following security challenges, for example in areas such as South China.

Global defense budget by region (USD bn)



Source: IPO prospectus, Renaissance Strategic Advisors

Notes: 1) These market figures likely underestimate the projected increase in defence spending given the anticipated increase in defence budgets across Europe, following recent macro developments.



# Our Markets

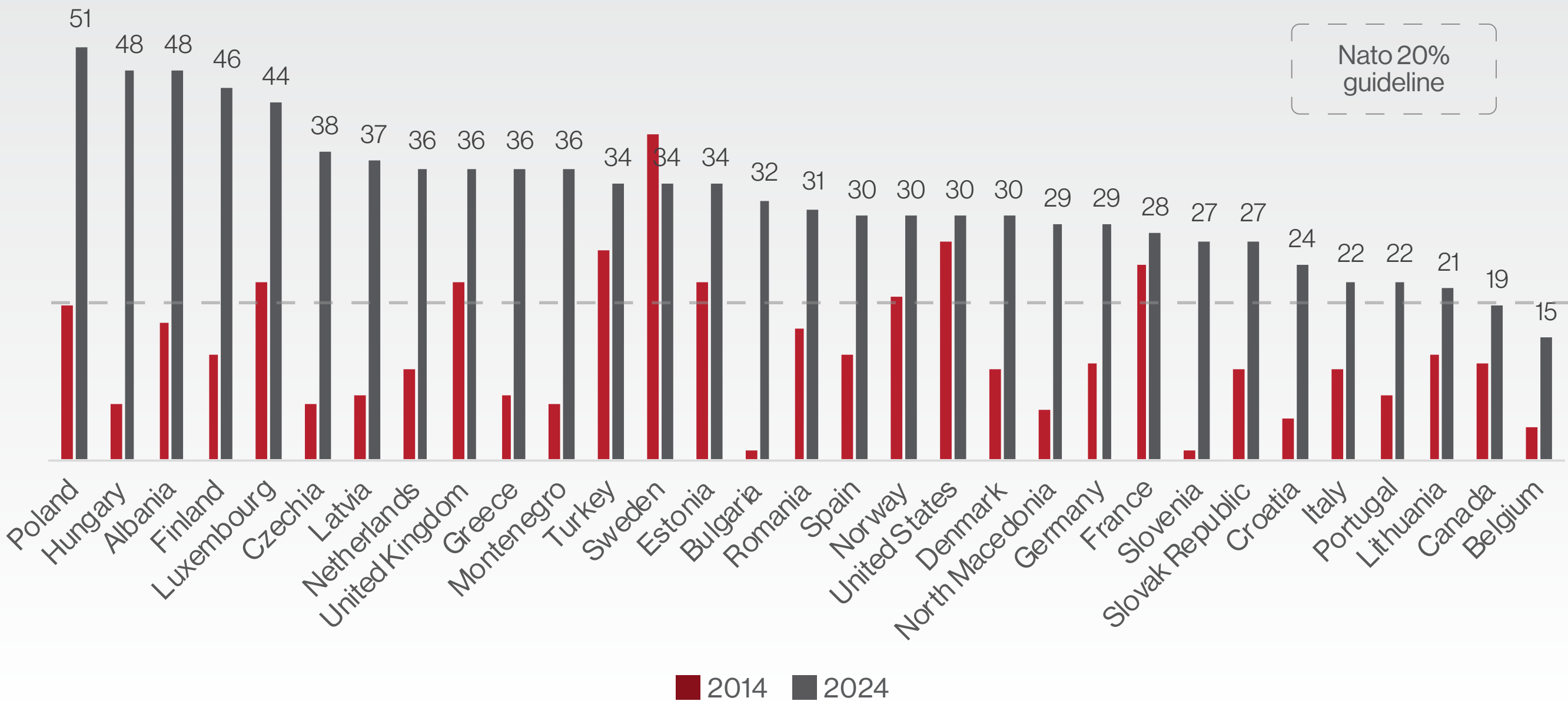


## DEFENCE ELECTRONICS SPENDING

Within overall defence spending, the defence electronics market, which includes systems and technologies focused on communication, surveillance and navigation, is a core area of focus for this increased spend.

Growth in the defence electronics market is forecast to outpace overall defence spending, with a CAGR of >10% from 2022 to 2027. This is driven by historic underinvestment, as well as rapidly advancing technology, creating the necessity for increased spend in this area and is clearly illustrated by the change in the proportion of NATO defence spending focused on equipment, which has increased significantly across almost all members.

Equipment expenditure as a share of total defense expenditure among Nato states (%)



Source: NATO press release "Defence Expenditure of NATO Countries (2014-2024)"

Notes: 1) These market figures likely underestimate the projected increase in defence spending given the anticipated increase in defence budgets across Europe, following recent macro developments.

# Our Markets

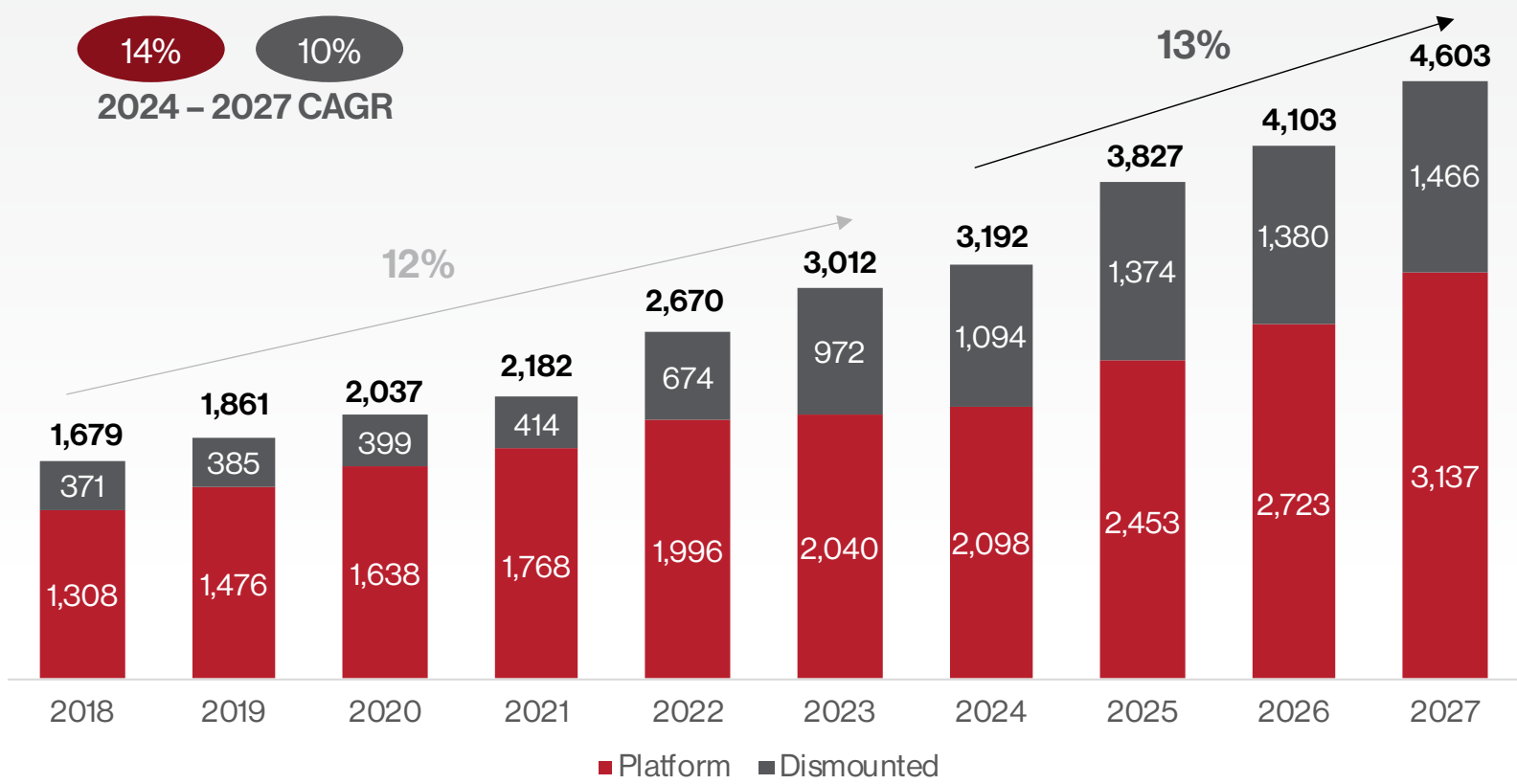
Theon is well positioned to benefit from these market dynamics with its best-in-class products, secure supply chain, its continued focus on new product development and its strategic acquisitions which bring enhanced capacity, diversified R&D capabilities and expanded geographic reach.

## DEFENCE OPTRONICS SPENDING

Theon specialises in a subsegment of the electronics market, the defence optronics market, which focuses on electro-optical and infra-red technology, including weapon sights and scopes, night vision goggles, cameras and monitors.

The defence optronics market is growing at twice the rate of overall defence spending due to a widespread need to upgrade the technology in this area. Having grown at a 12% CAGR from 2018 to 2023, this growth is forecast to accelerate to a 13% CAGR between 2024-2027, reaching \$4.6bn by 2027.

Defense optronics - Theon’s addressable market USD (m)

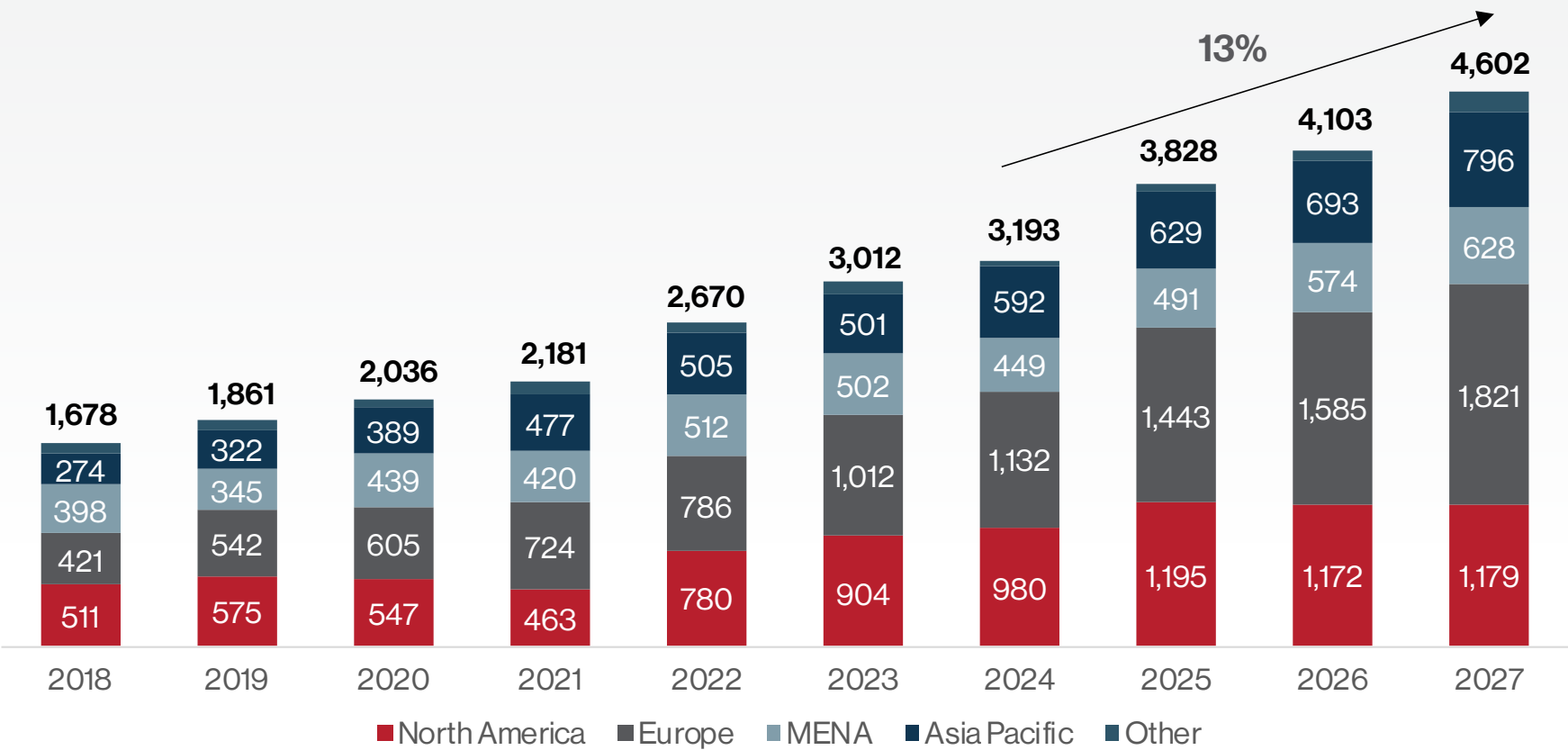


Source: IPO prospectus, Renaissance Strategic Advisors

Following the Russia-Ukraine war, there has been a noticeable shift in military procurement methods. Where previously, equipment was ordered on an as-needed basis, depending on the status of global threat levels, countries have now transitioned towards providing night vision equipment to soldiers on a 1:1 basis. This delivers more stable growth going forward as militaries focus on upgrading their equipment and enhancing the readiness of their soldiers.

Theon has already established a leading position in European Night Vision market, which provides a strong and sustained growth opportunity. However, there is significant opportunity to expand further in underpenetrated markets including the Asia Pacific and the MENA region which all have sizable defence spending programmes in place. Penetration is high in the USA; however, a transition from old monoculars to binoculars has begun and is expected to continue for the next decade. The defence optronics market is split between Platform and Dismounted capabilities. Theon has a strong market position and track record in the Dismounted space but expansion in the Platform market forms a key part of our growth strategy going forward (see p.15) and significantly expands our addressable market opportunity, with increasing military spend in this area fuelling its forecast 14% CAGR from 2024 to 2027. This is being driven by increased acquisition of armoured vehicles which utilise platform based infra-red and electro-optical systems by militaries worldwide and the proliferation of unmanned guided vehicles which require optical guidance systems, as examples.

Addressable market by region USD (m)



Source: IPO prospectus, Renaissance Strategic Advisors

Notes: 1) These market figures likely underestimate the projected increase in defence spending given the anticipated increase in defence budgets across Europe, following recent macro developments.



## Existence of branches

Head Office – Branch Country of the Branch

1) Theon Sensors AG – REPRESENTATION OFFICE  
ABU DHABI  
(dissolved on 06.06.2024) United Arab Emirates (UAE)

2) Theon Sensors MEA FZC – BRANCH OFFICE  
DUBAI (DMCC BRANCH) United Arab Emirates (UAE)

## Share capital

Changes to share capital are disclosed in Note 29 of the consolidated financial statements.

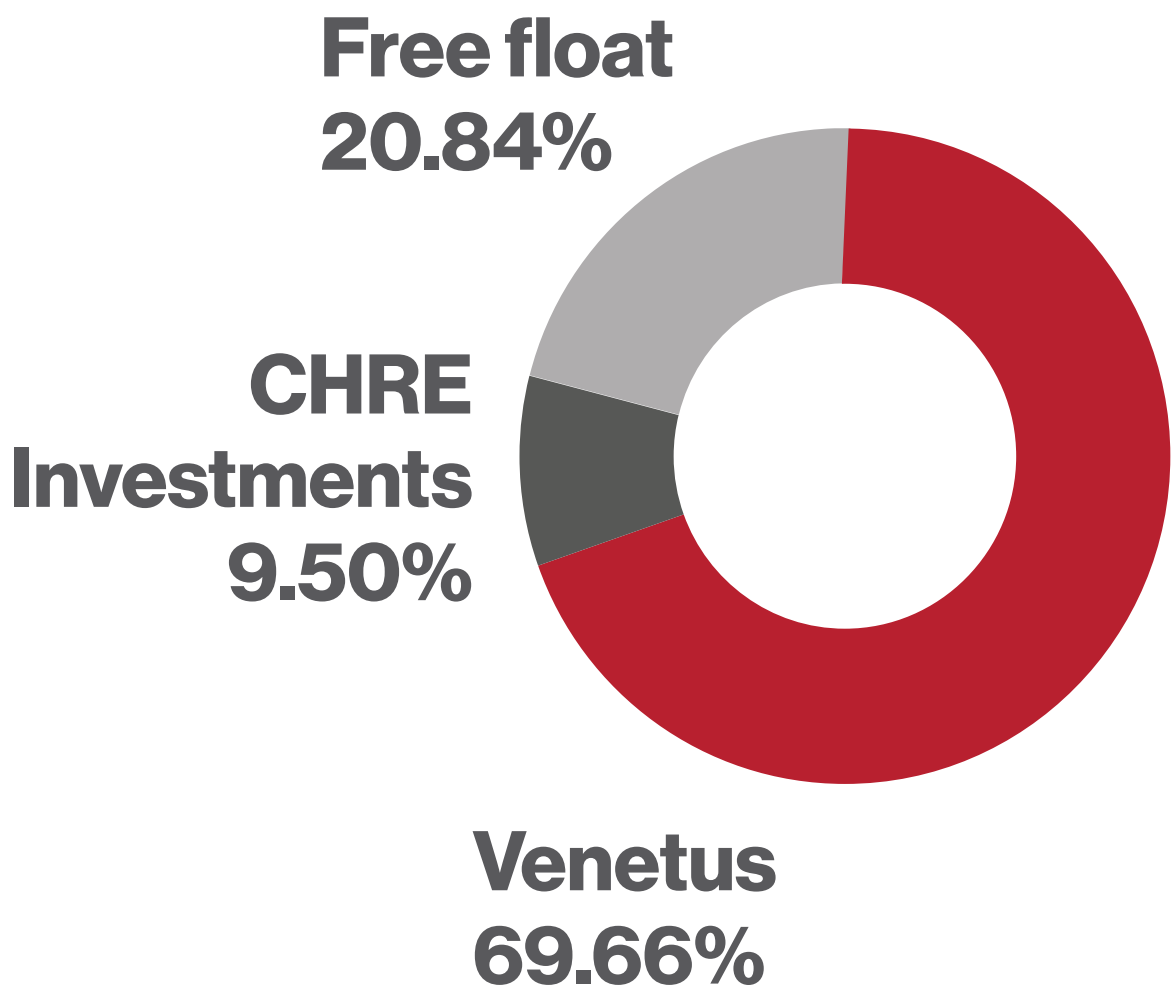
## Board of Directors

The members of the Company’s Board of Directors as at 31 December 2024 and at the date of this report are presented on page 58.

In accordance with the Company’s Articles of Association all Directors presently members of the Board continue in office. There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

### SHAREHOLDER INFORMATION

BY THE END OF 2024, SHAREHOLDER STRUCTURE IS AS FOLLOWS:



## Dividends

On 14 June 2024, the Company, during its General Meeting, approved a dividend distribution totaling €14.44 million (2023:€10.00 million).

According to the World Bank’s mid-year update, global **GDP growth is estimated at 2.6%** for the year, reflecting a slight deceleration from the previous year.





# Significant events for the year ended 31 December 2024

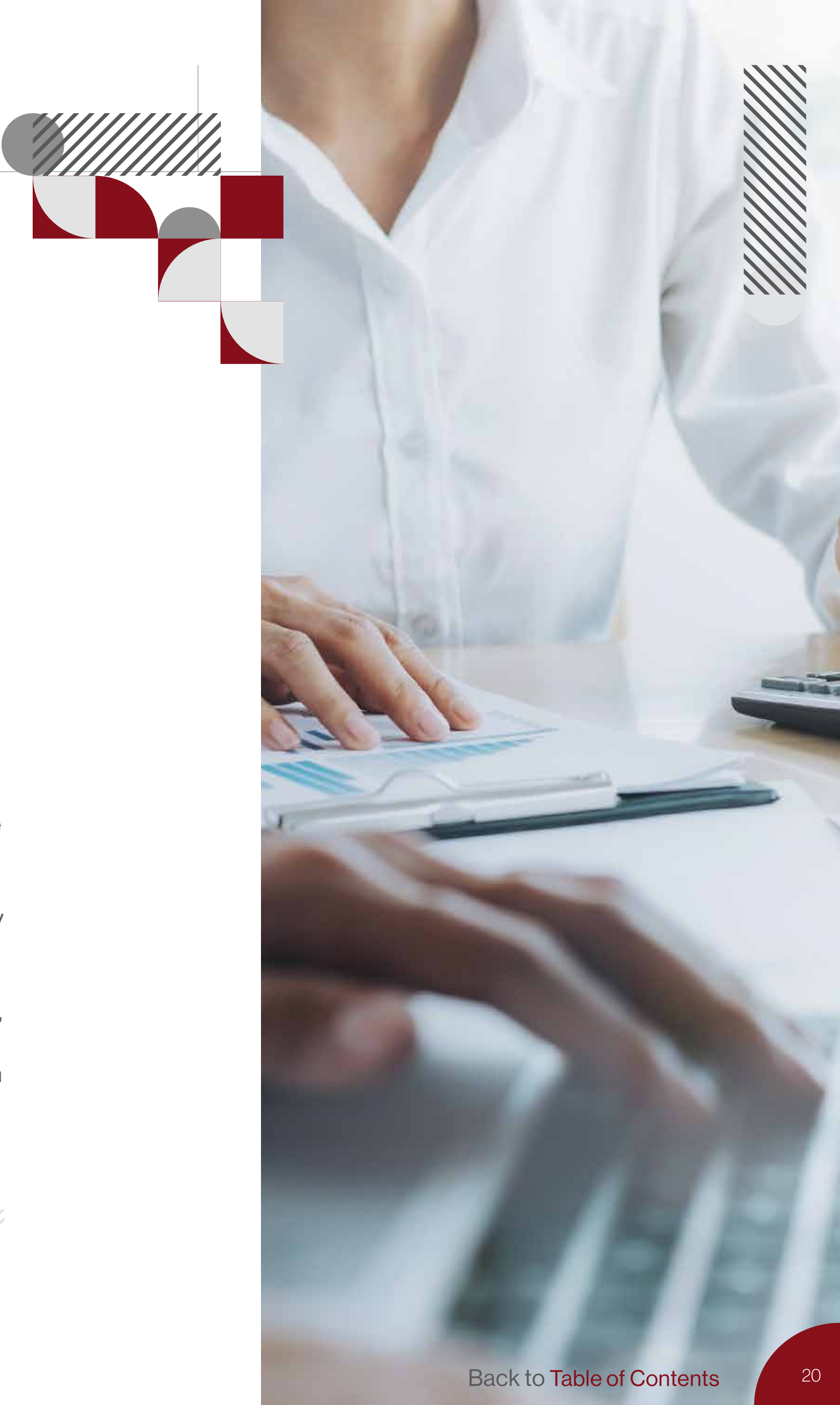
A.  
On 26 January, the European intergovernmental organization for Joint Armament Cooperation (OCCAR) signed the second amendment to an existing contract in Bonn, securing night vision devices for Belgium and Germany through the consortium HENSOLDT Optronics GmbH and Theon Sensors SA. This amendment includes 3,500 devices for Belgium and 16,041 devices along with 8,423 head-mounted systems for Germany, valued at approximately €150 million. The contract also allows for an option to purchase up to 25,000 additional devices for each country.



B.  
On 7 February, Theon International Plc, announced its listing on the regulated market of Amsterdam (Euronext), marking one of the first public offerings (IPO) in Europe this year. The private placement involved 15.4 million shares, including 1.4 million shares from the over- allotment option, amounting to 22% of the Company's share capital. The final offer price was set at €10 per share through the bookbuilding process. The net proceeds from the newly issued shares will be utilized to accelerate the Group's growth through acquisitions.



C.  
In March, Theon Sensors SA signed a four-year Framework Agreement with the French Ministry of Interior and its Law Enforcement market partner, SUNROCK, for the supply of up to 8,500 units of ARGUS and ARGUS PANOPTES systems. Part of these night vision devices were used by the French National Police, National Gendarmerie, Customs, and the Security & Defense Cooperation Directorate, having arrived timely for the Paris 2024 Olympic Games. The Group's robust production capacity and efficient supply chain enable rapid delivery of high-quality, cost-effective solutions, meeting market demands swiftly. Prior to this agreement, Theon Sensors SA and SUNROCK had already supplied hundreds of ARGUS devices to French security forces, including the Presidential close protection unit, showcasing the trust and confidence placed in its products.



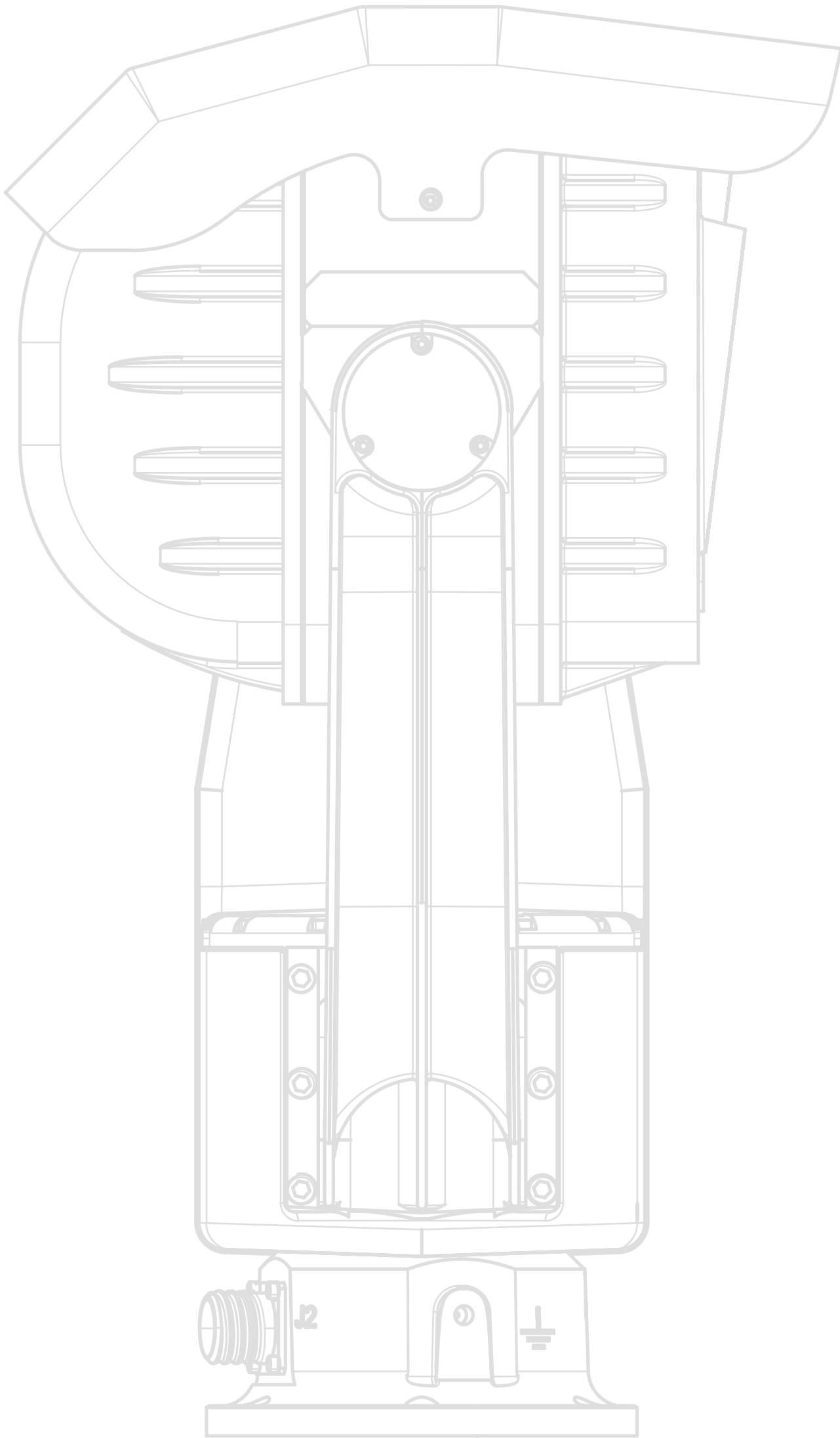


# Significant events for the year ended 31 December 2024

D.  
On 27 March, Theon Sensors SA delivered the first 2,000 ARGUS FS Mk2 night vision monocular systems to the Estonian Defense Forces under a contract that will eventually equip 10,000 soldiers with night fighting capability. Theon Sensors SA won an international tender involving 16 companies, excelling in technical performance, price, and delivery time criteria. The contract includes the rapid delivery of over 8,000 ARGUS FS Mk2 systems, with an option for several thousand more, valued at approximately €35 million and €20 million, respectively. The handover ceremony was attended by high-ranking officers of the Estonian Defense Forces, representatives from Theon Sensors SA and local media. The Estonian Centre for Defense Investments (ECDI) noted that the ARGUS FS Mk2 systems will significantly enhance the nocturnal combat capabilities of both the Defense Forces and the voluntary Defense League.

E.  
At EUROSATORY in Paris, 17-21 June, 2024, the Group introduced its A.R.M.E.D. (Augmented Reality Modular Ecosystem of Devices) ecosystem, designed to meet modern soldiers' needs for enhanced situational awareness, fused imagery, and connectivity. This setup enables real-time display of critical data, such as friend-foe recognition and geo-location information, directly in the user's view. The Group announced securing its first orders for these products, which have received NATO stock numbers. Additionally, the Group displayed its full range of night vision and thermal imaging systems, and platform-based optronics.

F.  
In June, the Company joined Euronext Tech Leaders segment as part of the initiative dedicated to fostering high-growth and leading Tech companies. This includes engagement with a broad, international investor base financing tech companies of varying growth stages.



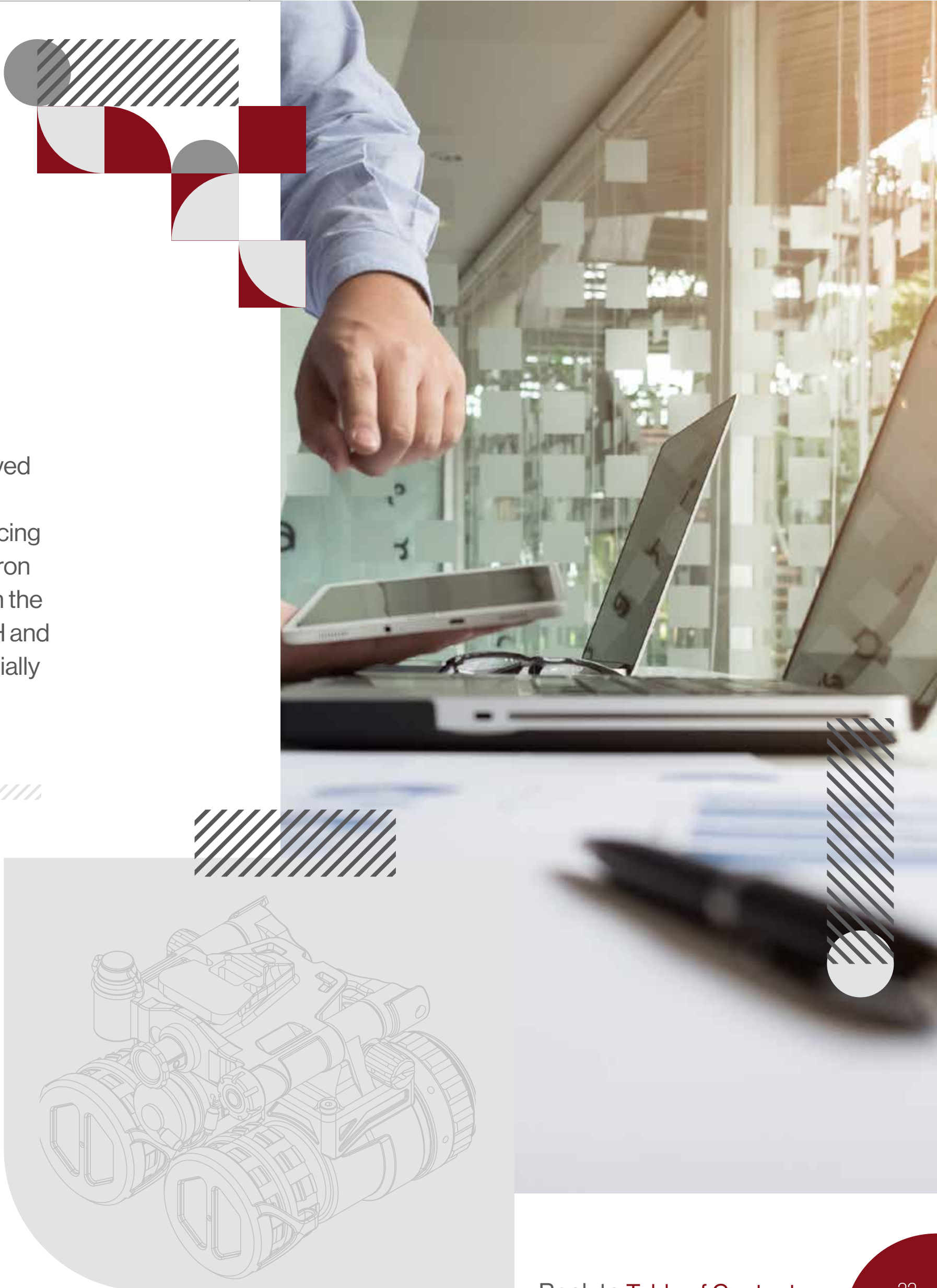
# Significant events for the year ended 31 December 2024

G.  
In July, Theon Sensors SA acquired a 3,600 square meter plot of land in the industrial zone of Koropi, adjacent to the main facility. This acquisition is intended to potentially expand the company's production capacity for its various products.

H.  
In September, Theon Sensors SA and EXOSENS signed a long-term supply agreement, securing their business relationship until 2026, with an option for 2027. The agreement aims to streamline production and delivery schedules for critical night vision components, ensuring Theon's supply of Image Intensification Tubes, a key element in maintaining its market leadership. This partnership is expected to enhance operational efficiency and reduce lead times, further strengthening the Group's competitive edge in the defense market.

I.  
In November, Theon International Plc ratified and approved the acquisition of 60% of the shares and voting rights in Harder Digital group. The acquisition was performed through a share capital increase of €34 million. The German government has approved the foreign direct investment (FDI), with effect from 7 October 2024.

J.  
In December, the German Parliament approved the exercise of the third consecutive option under the OCCAR Night Vision contract, placing an order for several thousand additional Mikron Binocular Night Vision Goggles (BNVG) from the consortium of HENSOLDT Optronics GmbH and Theon Sensors SA. This new order substantially enhances visibility for 2025 and 2026, with projected double-digit growth.





## Review of operations

**The Group had a stellar 2024, achieving record sales and profitability. Sales grew by 61.10%, reaching €352.36 million, and net profit attributable to shareholders soared to €67.44 million. Adjusted EBIT saw a 56.52% rise, reaching €88.39 million with a margin of 25.08%. Despite a decline in operating cash flow, the Group's commitment to international markets and innovative products remains strong.**

## Financial highlights

The Group's results for the year 2024 are presented on page 106. The net profit attributable to the shareholders of the Group amounted to € 67.44 million (2023: €36.10 million). On 31 December 2024, the total assets of the Group were € 392.44 million (31 December 2023: €210.52 million) and its net assets were € 236.20 million (31 December 2023: €77.36 million).

The revenue for the year was € 352.36 million (2023: €218.72 million), while the operating profit amounted to €86.85 million (2023: €55.74 million). Adjusted EBIT increased to €88.39 million, representing a 56.52% rise compared to the last year. This equates to an adjusted EBIT margin of 25.08%, that remain largely consistent to the 25.82% margin recorded in 2023.

Revenue from night vision devices, which constitute 91% of total revenue, increased from €202.67 million in 2023 to € 321.00 million in 2024. This growth is primarily due to new contract awards and the exercise of options under existing contracts. Europe remains the leading market in sales, while other geographic markets have also seen significant growth.

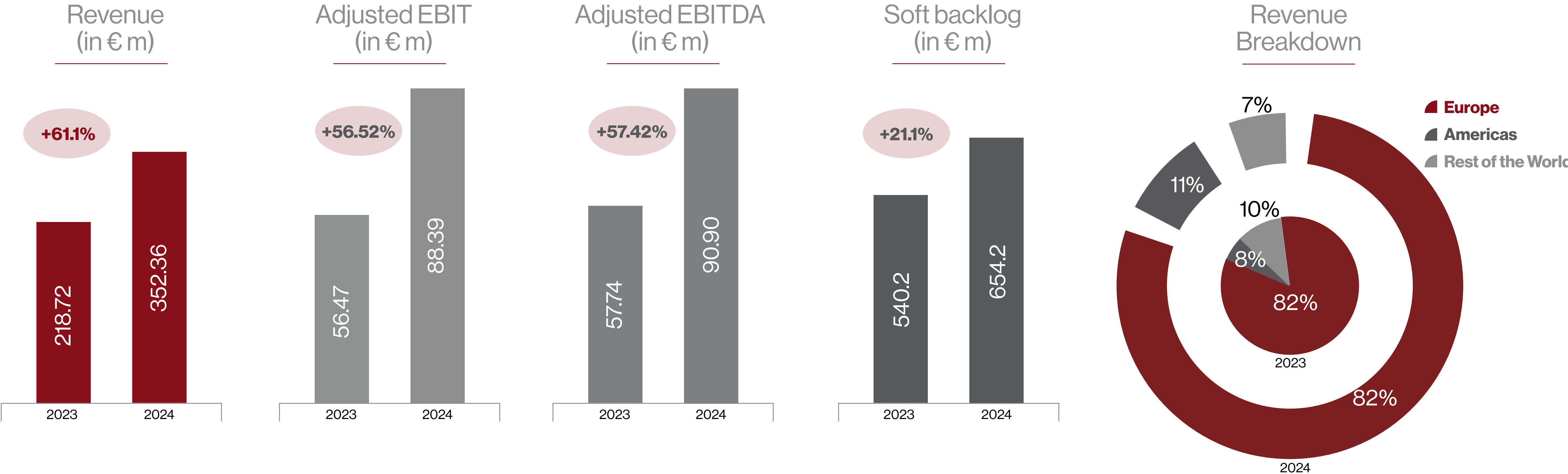
The Group remains committed to international markets, striving to capture greater market share through innovative products and ongoing customer support. Sales in the Greek market represent a mere 0.21% of the total turnover.

As at 31 December 2024, the soft backlog stands at €654.2 million, reflecting a 21.10% increase compared to €540.2 million on 31 December 2023. The soft backlog includes the remaining contract value of existing and anticipated contracts.

The Operating Cash Flow declined from €37.69 million in 2023 to -€26.12 million in 2024. This decline is primarily driven by a substantial increase in sales, which led to a corresponding rise in receivables. Additionally, net cash flow from investing activities declined significantly due to the allocation of net IPO proceeds into longer-term deposits. These proceeds also contributed to a notable increase in financing activities.

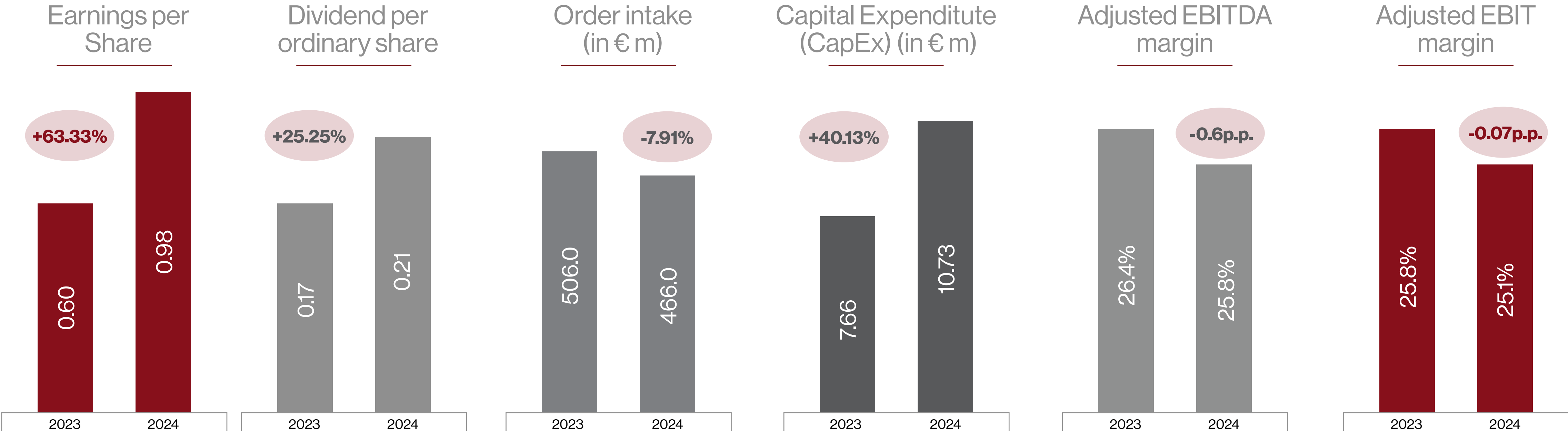
Following the net profit increase for the year compared to the previous year, earnings per share (EPS) have also increased by 63.33% , primarily driven by higher sales.

# Financial highlights





## Financial highlights



The IPO proceeds resulted in an even lower leverage ratio -12.3% in 2024 compared to -0.1% in 2023. The Board of Directors aims to maintain a strong capital base to sustain investor, creditor, and market confidence and to support future expansion efforts. Throughout the reporting period, the Group's approach to capital management remained consistent. As at 31 December 2024, an amount of €30.00 million is held in fixed-term deposits with maturities exceeding three months, classified within current assets but not recognised as cash and cash equivalents. The net cash position, excluding fixed-term deposits in the calculations, would be -€5.05 million, with a corresponding leverage ratio of -1.8%. Detailed information on the calculation of total capital employed and leverage ratio is available in Note 38.f.

## Capital expenditure

The Group's total investments for the reporting year amounted to €10.73 million. The Group's Management team will continue to dynamically implement the budgeted €20 million investment program in 2025, placing emphasis on state-of-the-art platform-based products to capture further revenue opportunities.

## Research and development

The Group invests significant amounts in research and development of optical systems with emphasis on new innovative products that ensure a competitive edge. In 2024, the expenditure of the research and development department amounted to €4.80 million representing a 71.0% increase from the previous year, which amounted to €2.81 million. This increase is attributed mainly to the development of new products, the acquisition of licensing fees for advanced software tools for product designing purposes, as well as to the recruitment of 17 new engineers with high levels of training in different specialties.

## Selected Performance, Capital Structure and Liquidity Indicators

IN EURO		2024		2023	
Adjusted EBITDA margin	Adjusted EBITDA	90,896,347	= 0.26	57,741,171	= 0.26
	Revenue	352,364,019		218,722,904	
Adjusted EBIT margin	Adjusted EBIT	88,386,186	= 0.25	56,471,087	= 0.26
	Revenue	352,364,019		218,722,904	
ROCE	Adjusted EBIT	88,386,186	= 0.31	56,471,087	= 0.51
	Invested capital	284,882,444		110,426,545	
Return on Equity (ROE)	Net profit after tax	67,438,995	= 0.29	36,095,588	= 0.47
	Equity	236,202,621		77,357,508	
Net Debt-to-EBITDA ratio	Net Debt	-35,049,876	= -0.39	-119,295	= 0.00
	Adjusted EBITDA	90,896,347		57,741,171	
Debt ratio	Debt	82,755,544	= 0.26	65,519,772	= 0.46
	Debt + Equity	318,958,165		142,877,280	
Current ratio	Current assets	331,494,697	= 3.08	188,781,343	= 1.89
	Current liabilities	107,552,997		100,094,344	
Quick Ratio	Current assets - inventories	255,597,614	= 2.38	125,167,881	= 1.25
	Current liabilities	107,552,997		100,094,344	



## Significant related party transactions

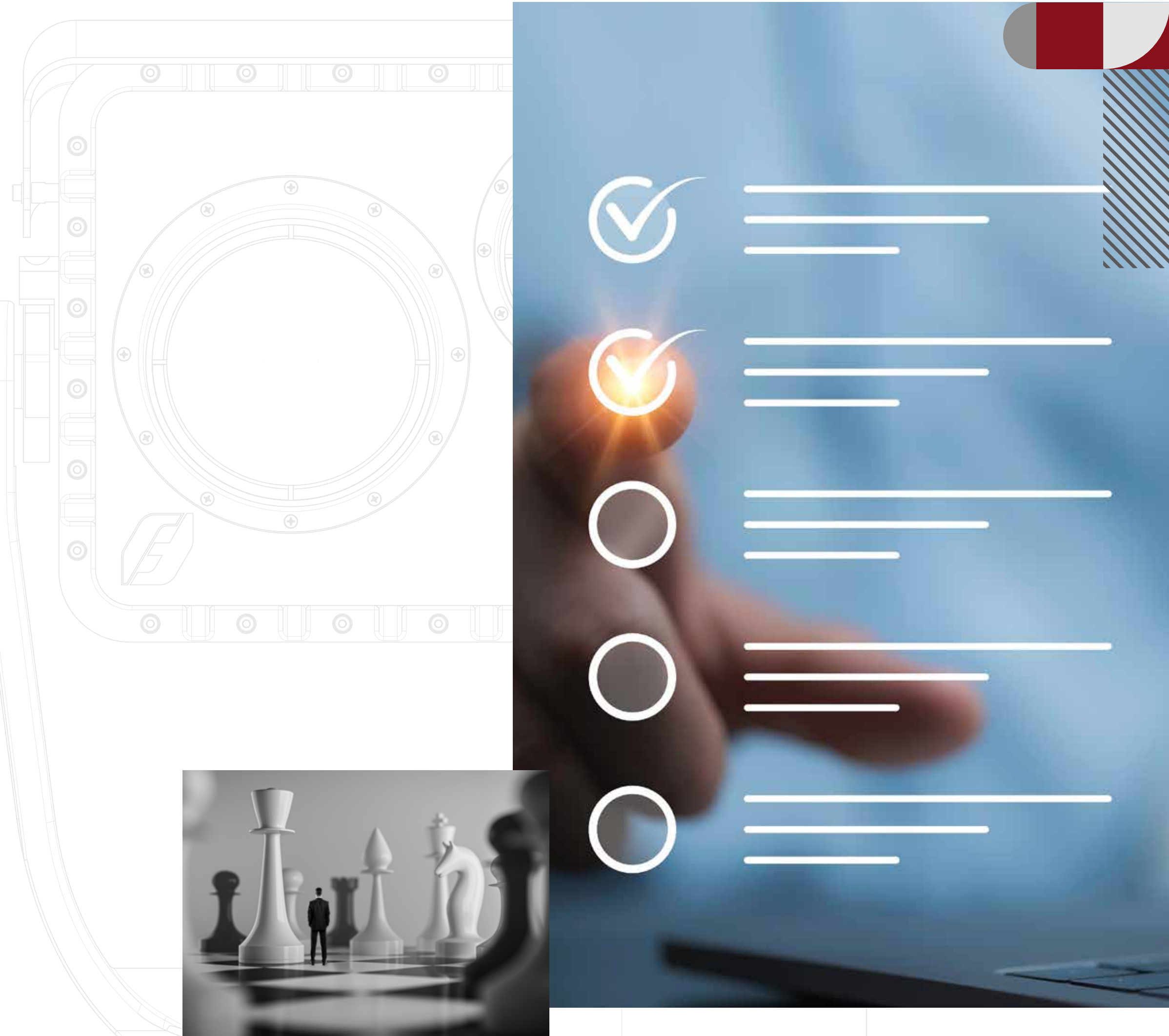
The commercial transactions of the Group with related parties during 2024, were realized under the common commercial terms. The Group or any of its related parties has not entered into any transactions that were not in an arm's length basis, and do not intent to participate in such transactions in the future. No transaction was made under any special terms and conditions.

The tables included in Note 37 present the transactions and balances, among the Group and its related parties as at 31 December 2024.

## Principal risks and uncertainties

Risks and risk management are integral aspects of the Group's operations. A thorough understanding of these risks and continuous monitoring of changes in the risk profile are essential for informed decision-making, thereby enhancing the Group's ability to achieve its strategic objectives. Effective operations management necessitates ongoing risk analysis and the implementation of appropriate measures to mitigate significant negative impacts on Theon's objectives.

The Group conducts a comprehensive assessment of the overall risk exposure, categorizing risks into three main areas: business/operational risks, legal risks, and financial risks. The following sections provide an overview of the most significant risks (without prioritization) and the corresponding management strategies. Detailed information on financial risks is available in Note 38.



## Business/Operational Risks

**1.** The Group's and its affiliates' core customers are government agencies, supranational organizations, and their armed and security forces and therefore Company's revenues depend, directly and indirectly, on their defense and security spending

Due to the nature of the sector the Group operates into, its operating profit mostly derives either directly or indirectly from government agencies, armed and security forces and therefore is connected to the public military expenditure and in turn to the geopolitical and economic developments and conditions. Substantial changes either to the public defense spending or global geopolitical status may have a detrimental effect on the Group's business and operations.

**RISK MITIGATION:**

The Group thoroughly observes and monitors the international economic and geopolitical evolutions and proceeds with necessary strategic adjustments involving the engagement with various stakeholders and counterparties in different markets and regions.

**2.** The Group's financial results and growth depend on the award of defense contracts

Considering that most of the Group's profits and cash flows derives from the defense contracts, these are heavily contingent on the awarding of the contracts. Unexpected delays to the receipt of orders and receivables during the contracts award would negatively affect the Group's reported financial year forecasts and results. In addition, challenges and legal actions in the context of awarded contracts would also cause delays in the receipt of orders.

**RISK MITIGATION:**

The Group constantly examines and evaluates new market opportunities and potential customers around the globe. Additionally, possible synergies and strategic partnerships with other counterparties with a view to developing, expanding and marketing additional products and services to clients are being explored by the Group on an ongoing basis.

**3.** The Group's activities and supply chains are subject to sales and export restrictions and controls that may involve government approvals

The Group's products qualify as dual-use goods or military services which are subject to export control rules and regulations and consequently sales and export restrictions. Regularly, special governmental approvals should be granted to the Group in addition, before it proceeds with imports or exports of goods. Such limitations lead to additional costs and compliance risks for the Group, and, in some cases, restrict or prevent the Group's access to certain markets or customers. Non – compliance with the applicable sales and export restrictions and controls could possibly lead the Group to face penalties and fines negatively affecting its business and activities.

**RISK MITIGATION:**

The Company considers it essential to ensure the conformity with the national and European export controls legislation. Therefore, the compliance department overseen by the legal department in coordination with the contracts and purchasing department, are strictly monitoring on an ongoing basis the regulatory developments that may affect the Group's contractual obligations and day to day business.

**4.** The Group operates in a very competitive sector

The Group offers customizable night vision and thermal imaging systems based on customer requests. The Group operates in a highly competitive sector, in which several players offer similar goods and products could pose a significant risk of reducing its orders and consequently profits.

**RISK MITIGATION:**

To be able to maintain its competitive advantages in the market sector, the Group tries to keep the high level of its products' innovation. To achieve this, the Group invests in R&D and highly depends on its key executives and personnel that in turn requires competitive compensation and a fair corporate environment. In addition, the Group constantly examines new M&As opportunity to expand its technology.



## Business/Operational Risks

**5.** The Group is exposed to infrastructure and data breaches, attacks, or disruptions to its IT systems risks

The Group, being an advanced technology-based solutions provider, handling national security and similar highly confidential information faces risks of a security breach or disruption from unauthorized access to its IT networks.

**RISK MITIGATION:**

The Group's information systems conform to ISO27001 standards and cyber essentials scheme certified by IASME, incorporating best practices for security. Biannual training on phishing and performance of comprehensive penetration testing yearly, in addition to monthly automated vulnerability scans of the Group's external IPs and website secure the Group from external cybersecurity threats. The Group maintains also an asset monitoring system operating around-the-clock protecting its IT infrastructure.

**6.** The Group's growth strategy involves mergers, acquisitions, and other industrial cooperation initiatives to enhance its market position and capabilities. However, integrating newly acquired businesses or merging operational units presents inherent challenges and risks that may impact the Group's efficiency and profitability

The complexity of integrating different corporate cultures, IT systems, supply chains, and operational processes can lead to inefficiencies, delays, or disruptions in business operations. Failure to successfully integrate acquired businesses may result in increased costs, lower-than-expected synergies, or an inability to fully realize the anticipated benefits of the integration. Additionally, unforeseen regulatory, legal, or compliance hurdles may emerge during the integration process, leading to further operational risks.

**RISK MITIGATION:**

The Group has established a structured business integration framework, ensuring thorough due diligence, strategic planning, and clear transition roadmaps before undertaking any mergers or acquisitions. Internal and external teams follow best practices and oversee the alignment of corporate cultures, IT systems and business processes to minimize risks.



# Financial Risks

**1. Credit risk:** Credit risk derives from a possible failure to comply with the counterparty’s contractual terms. The Group’s exposure to credit risk is limited to the financial assets (instruments), comprising mainly of trade receivables.

**RISK MITIGATION:**  
The Group and its affiliates provide goods and services solely to established, solvent counterparties. It is the Group’s policy that all clients to whom goods and services are provided on credit must undergo credit checks. In addition, trade receivables are constantly being monitored to minimize risk from bad debt.

**2. Currency risk:** The Group’s and its affiliates’ results of operations are exposed to currency exchange rate fluctuations due to its buying and selling products in foreign currencies. The exchange rate risk derives primarily from existing or expected cash flows in foreign currency and from foreign investments.

**RISK MITIGATION:**  
The Group normally concludes its contracts and transactions with its customers and suppliers in the reporting currency to address the currency risk. Additionally, for surplus cash in USD, it is the Group’s practice to enter forward contracts to hedge the exchange rate risk.

**3. Liquidity risk:** The Group has incurred, and may as part of future expansion, incur upfront investments in connection with its long-term projects which could pressure its and its affiliates’ liquidity. In addition, the Group’s activities require substantial expenditures for R&D, which may not be recovered.

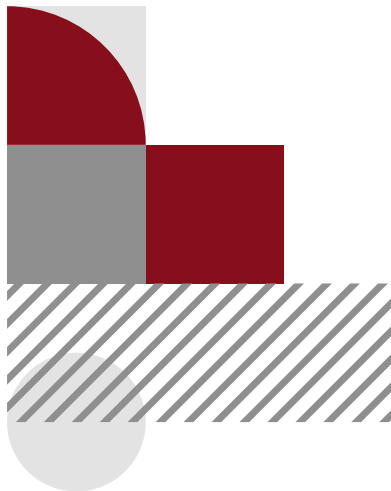
**RISK MITIGATION:**  
To ensure that there is sufficient liquidity to meet its payment obligations, the Group receives sufficient funding through bank lending. In addition, the Group holds adequate cash reserves to meet its needs.

**4. Interest rate risk:** The Group’s bank lending and bond loans increase the interest rate risk due to any fluctuation in the market interest rates. An increased interest rate may have a deteriorating effect on the Group’s financial results.

**RISK MITIGATION:**  
The Group is not usually investing in interest-bearing assets that may pose its operating profit dependent on interest rate changes.

**5. Price risk:** The Group and its affiliates are exposed to the risk that might arise due to increases in commodity prices and more specifically in the value of the raw materials which the Group depends its production on. Also, the limited number of the Group’s suppliers for sourcing the necessary components for the Group’s production eliminates the flexibility of the Group to negotiate pricing terms.

**RISK MITIGATION:**  
By entering into sales and supply agreements at fixed prices, the Group ensures its operating income is not sensitive to fluctuation of commodity prices.





## Legal Risks

### 1. Group's operations are subject to complex and volatile regulatory environment

The Group's operations are subject to compliance risks with respect to various rules and regulations, including, among other things, capital markets, public procurement, international sanctions, anti-corruption, antimoney laundering antitrust and state aid laws. Due to the Group's product portfolio and regulations, which include, to a large extent, military equipment, the Group is subject to international, European, and national export control and foreign trade laws and regulations. In addition, antitrust rules and regulations in certain jurisdictions, including merger control laws and regulations, may impose restrictions on the Group's ability to carry out certain acquisitions or enter into cooperations and partnerships, thus limiting the Group's ability to grow inorganically, or require forced divestments or other measures.

The Group is also subject to corporate and other tax rules in Cyprus where the Theon International PLC is incorporated, in the Netherlands where Theon International PLC shares are listed for trading as well as the jurisdictions where the Group conducts its business operations. In addition to the laws and regulations described

above, the Group is subject to new laws and regulations or changes in the interpretation of existing laws and regulations. The implementation of these changes, contingent to its operations and activities, may prove time-consuming and may cause the Group to be forced to adjust internal procedures, which could also affect its business operations.

Non-compliance with the abovementioned rules and regulations and any change in the regulatory framework the Company is subject to could have a material effect on the Group's business, assets, results of operations, financial condition.

#### **RISK MITIGATION:**

The Group has implemented a structured set of guidelines setting out its organization's processes, standards, and best practices to aggregate and harmonize its operations with the applicable established regulations and legislation, which is enforced and overseen by the Legal Department of the Group in coordination with the other teams involved. External advisors and counsels are also on an ad-hoc basis engaged by the Group to provide tailored-made advice and solutions and support when bespoke solutions are required.



# Events after the reporting date



On **13 January 2025**, the Group, through Theon International Plc, acquired 100% of the shares of NVT Sensor General Trading LLC, incorporated in Dubai, for a total consideration of AED 101,000 (approximately €27 thousand) in order to expand the Group's operations.



On **20 January 2025**, the Group, through Theon International Plc, acquired 100% of the shares of Focus Optech Co., LTD, a company incorporated under the laws of South Korea, for a total consideration of €356 thousand, in order to expand the Group's operations. The company was renamed Theon Korea Co., Ltd. on 01 April 2025.



On **20 January 2025**, Theon International Plc founded the subsidiary Theon Optronics Equipment Manufacturing -L.L.C –S.P.C in Abu Dhabi, in which it owns 100% of its share capital, in order to expand the Group's operations. The above company's main operations will be the manufacturing of security and surveillance equipment.



In **January 2025**, the German Parliament approved the procurement of the German Future Soldier Program (IdZ), with Rheinmetall Electronics GmbH as the prime contractor. Theon Sensors SA is the largest supplier for this program, which is expected to serve as a key reference for similar initiatives being developed in various countries worldwide. During the same month, Theon Sensors SA received new orders totaling €53 million, with the bulk of these new orders coming from the German Army as part of the ongoing (IdZ) program.



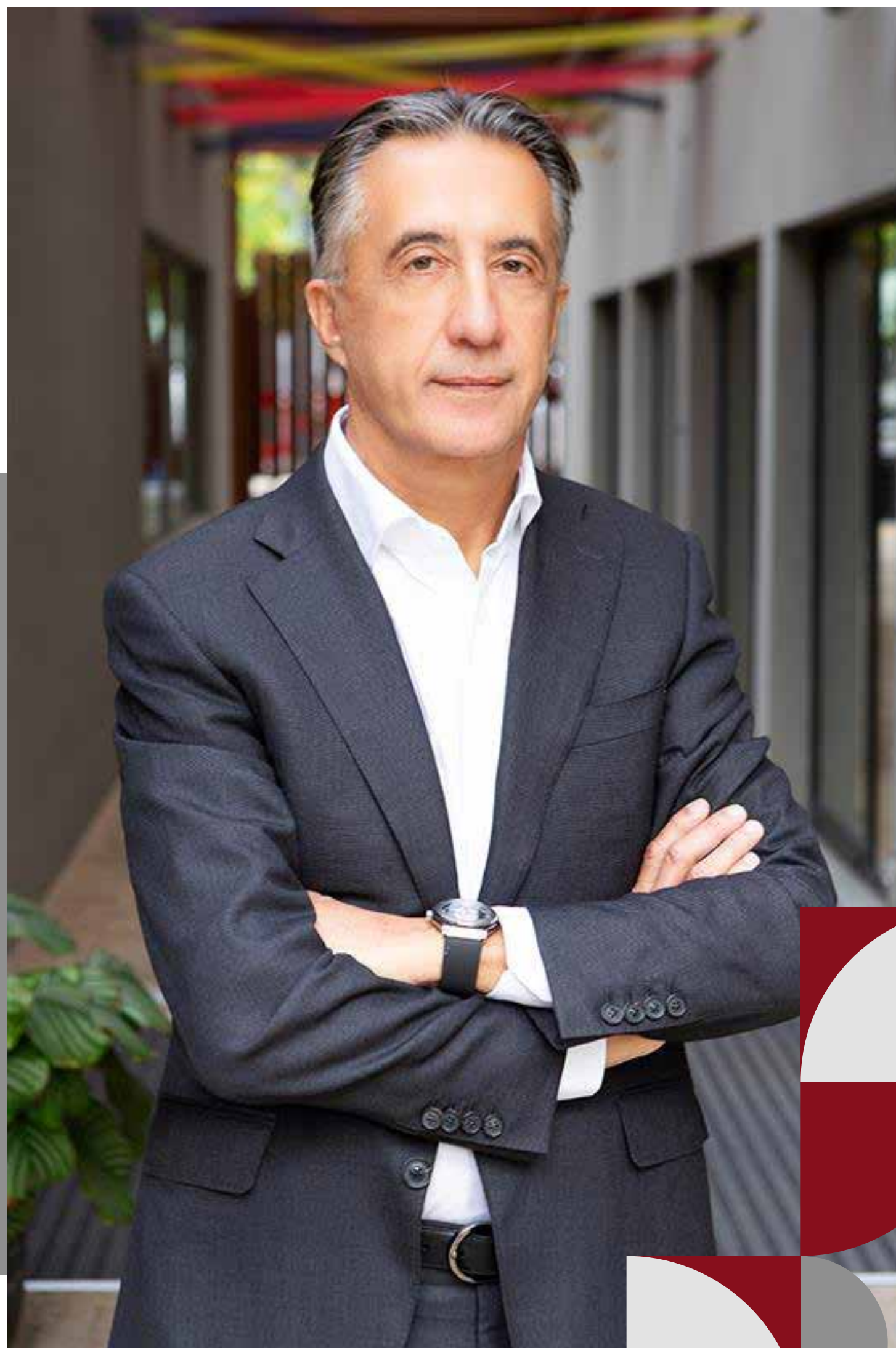
In **February 2025**, Theon Sensors SA concluded the refinancing of a €12 million short term loan with a €20 million bond loan with the option for repurchase and reissuance of the Bonds (REVOLVING) with favorable terms.



On **14 March 2025**, Theon International Plc's majority shareholder, Venetus Limited, completed the sale of approximately 3.2 million shares (4.5% of the Company's share capital) through an accelerated bookbuilding process at €17.7 per share, reducing its stake to 65.8% and increasing the Company's free float.

There are no other material events after the reporting period which have a bearing on the understanding of the consolidated financial statements.





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CEO & Vice Chairman of the Board of Directors

Christianos Hadjiminis

Nicosia, 14 April 2025



# 04 Corporate Governance Report

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# 04 Corporate Governance Report

## Introduction

Theon International Plc (“**the Company**” and together with its subsidiaries, the “Group”) is a public limited company, existing under the laws of Cyprus in accordance with Cyprus Companies Law Cap. 113, as amended (the “**Law**”). The Company was incorporated as a private limited liability company on August 10, 2021 before being converted to a public limited company as of September 15, 2021. The Company has registration number: HE 424549 and registered office address at 5 Agiou Antoniou Street, Muskita Building 2, 1st floor, apartment 102, 2002 Strovolos, Nicosia, Cyprus.

The memorandum of association of the Company, setting out the Company’s operating scope and objectives, was first approved on its incorporation on August 10, 2021. It has been widely drawn to cover all operations and

envisaged operations of the Company while, if the need presents itself for any reason, it can be amended to cover any future cause. The latest version of the articles of association (“**AOA**”) of the Company, the key instrument setting out the regulatory framework for the Company’s internal governance, was approved during the Company’s annual general meeting of 2024 – mainly implementing changes which were introduced consequentially to the Company’s conversion to a public company and the subsequent listing of its shares on Euronext Amsterdam.

The Company and the Group, as applicable, comply with the Law, other mandatory Cypriot company law, and mandatory rules and regulations applicable to a Cypriot public limited company governing certain matters of corporate governance.



# 04 Corporate Governance Report

## Introduction

Aligning with its admission to trade on Euronext Amsterdam, the Company's shareholders approved the establishment of new corporate governance policy incorporating new provisions according to the regulatory framework and guidelines of the Cyprus Stock Exchange Corporate Governance Code and certain principles and best practices set out in the Dutch Corporate Governance Code.

The Group generally abides by the principles of the Cypriot Corporate Governance (the "**Cypriot Code**") code on a voluntary basis, also taking into account and implementing certain best practices and principles of the Dutch Corporate Governance Code (the "**Dutch Code**" and together with the Cypriot Code, the "Codes") regarding for example criteria of board members' independence or remuneration policy.

The Cypriot Code is available at the [LINK](https://www.cse.com.cy/en-GB/regulated-market/listing/corporate-governance/Editions-Governance-Code/Editions-Governance-Code/):  
(<https://www.cse.com.cy/en-GB/regulated-market/listing/corporate-governance/Editions-Governance-Code/Editions-Governance-Code/>)

The Dutch Code is available at the [LINK](https://www.mccg.nl/documenten/2022/12/20/dutch-corporate-governance-code-2022):  
(<https://www.mccg.nl/documenten/2022/12/20/dutch-corporate-governance-code-2022>)



## General – compliance with Codes

The Company and where applicable, the Group, comply with the Cypriot Code on matters falling under the principles and best practices of the Cypriot Code, and/ or, where applicable, with the Dutch Code regarding matters governed by the principles and best practices of the Dutch Code.

## Board of Directors

Earlier to its admission to trade on Euronext Amsterdam, the general meeting of the Company elected a one-tier board structure consisting of the following three Executive Directors (“**Executive Directors**”) and four Non-Executive Directors (“**Non-Executive Directors**” and together with the Executive Directors, the “**Directors**” or the “**Board**”):

Name	Age	Position	Appointed on	Appointed until
Christianos Hadjiminias	64	Founder, Vice-Chair of the Board, CEO and Executive Director	September 2021	January 2027
Stelios Anastasiou	68	Executive Director	September 2021	January 2027
Philippe Mennicken	48	Business Development Director and Executive Director	January 2024	January 2027
Stathis Potamitis	68	Non-Executive, non-independent Director	January 2024	January 2027
Hans Peter Bartels	63	Non-Executive, non-independent Director	January 2024	January 2027
Kolinda Grabar-Kitarović	56	Chair of the Board and non-Executive, independent Director	January 2024	January 2027
Maria Athienitou Anastasiou	48	Non-Executive, independent Director	January 2024	January 2027

# Board of Directors

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The Board confirms that in forming its current composition, it determined that the independence requirements referred to in best practice provisions of Sections 2.1.7 to 2.1.9 of the Dutch Code have been fulfilled as regards ‘independent’ directors while the provisions and guidance under the Effective Management and Supervision chapter of the Dutch Code have been read together with the formation of the Board, its functions and the operations’ structure.

Moreover, the driving force behind the current Board composition is that it consists of learned individuals, each of unique expertise and varied professional experience and academic backgrounds. Moreover, the Company sees this diversity as a means to optimising business

opportunities and an extra layer of security over the Group’s, and investors’ best interests. At all times, the minimum number of Directors, Executive Directors or Non-Executive Directors, shall be three (3) and the maximum number shall be nine (9).

The term of their office on the Board should be three (3) years and the AOA vests the option for Directors to offer themselves for re-election upon expiration of their office.

Before any new appointments to the Board can be made, the NRC (defined and referred to in more detail below) will provide a full description of the role, including time commitments expected and further, it shall prepare recommendations and set up procedures for interviewing the candidates. The

recommendation that the NRC will provide will mainly describe a balance of skills, experience, independence, knowledge and diversity expected from new appointments.

Ms. Kolinda Grabar who is an independent, non-Executive Director, has been appointed as chairperson of the Board, an office that is accordingly deemed held by a Senior Independent Director.

The discussion on remuneration and the implementation of the remuneration policy is included in the separate remuneration report.

Executive Directors implement the long-term value-creation strategy, they regularly discuss and re-visit strategy, its implementation and the

principal risks associated with it. In doing so, Executive Directors align and where there is a need, obtain advice from in-house or external advisors so that the relevant provisions in the Dutch Code regarding the observance of sustainability principles are followed.

Non-Executive Directors observe and oversee the operations conducted by the Executive Directors – a function that aims alignment with the One-tier governance structure on which, the Dutch Code in particular provides guidance. Equally, Executive Directors are responsible for the Company and the Group’s day-to-day management while Non-Executive Directors supervise and give input over the general affairs, policy making and business performance.





# Board of Directors

2/5

In general terms, the scope of powers and duties of the Board are mainly found in the Law and the AOA. Specific responsibilities for the Chairperson of the Board, further details on procedures for holding meetings, decision making and overall functioning of the Board, including maintaining internal governance arrangements, processes and mechanisms that are consistent, well-integrated and conducive to the alignment of the respective business objectives, strategies and risk management framework of the Company and its Group are set out in the Company’s AOA. Except for powers and duties explicitly vested to other bodies by law or the AOA (such as, the shareholders or any of the committees mentioned further below), the Directors are responsible for the carrying out of the business of the Company and where applicable, the Group.

Numerous provisions in the Law, the AOA and under legal principles applicable to the Cypriot jurisdiction and the Company offer further protection and guidance as to the manner in which the Directors will conduct the Company and the Group’s business. In short, Directors

have a duty of care to always act towards the Company’s best interests. Directors who have personal interests (directly or indirectly) in any of the Company’s business arrangements or are in any way conflicted to take part in any decision making of the Company, are required to disclose the conflict or declare the interest. Equally, they cannot participate in the voting process of any such business matter. With the aforesaid framework protecting the Company from Directors not acting in concert with the Company’s interests, the AOA allows Directors to hold other functions or hold any profitable position in the Group apart from being Director (of the Company). The powers and duties of the current CEO and Business Development Director who also sit on the Board are exercised accordingly. Noting that within this context, no loans or guarantees are provided to Directors or other Group directors, nor does the Company or the rest of the Group, have any receivable amounts from any other entity in which a Director or any related party of theirs, is involved.

Matters of compliance with the Codes have been delegated by the Board to the in-house legal team of the Group, while Mr. Nikolaos

Malesiotis (email: [ir@theon.com](mailto:ir@theon.com)), Head of IR and M&A of the Group serves as the communication person among shareholders and the Company. In addition to the tasks allocated to the Board, the Company has established the Audit and Risk Committee (“**ARC**”) and the Nominations and Remuneration Committee (“**NRC**” and together with ARC, the “**Committees**”), with a view of infusing further expertise and creating more impartiality on specific, reoccurring and significant matters. The Board is responsible for the election of each Committee member while the Board further draws up what specific powers and duties the Committees will have. Committees’ appointments, procedural rules and scope of powers are set out in the AOA.

The ARC, in compliance with the duties listed under each Code, provides input and makes suggestions to the Board on matters of financial reporting. Their work includes coordinating the preparation of the annual financial statements. The ARC further regularly reviews and assesses the Company’s internal financial systems and controls, accounting policies, internal audit, whistleblowing and fraud systems in place, risk management systems as well as of the

procedures used to confirm the accuracy, completeness and validity of the information provided to investors. Notably, the preparation of this report, including the financial statements, in accordance with Directive 2007/36/RC (*Shareholders rights directive*) has been made under the coordination and supervision of the ARC. References on the preparation basis of this report can be found across its sections and provisions, as relevant.

In connection with internal audit in specific, the Company and the Group has outsourced the relevant function to PwC, while there are appropriate measures in place that ensure that the services obtained within this scope fulfill independence criteria. External auditing is carried out by KPMG (which, do not provide any additional services of internal control or other significant non-audit/consulting services) while the Company and wider Group have practices in place that have been prepared also taking into account the relevant principles the Dutch Code sets out in respect of the appointment and assessment of the external auditor.



# Board of Directors

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Furthermore, the Group recently adopted, following collaboration and guidance from the ARC and in accordance with relevant guideline set out in the Dutch Code, an internal audit manual. The objective of the internal audit function is to give assurance to the Group on the adequacy of its risk management procedures, control processes and governance arrangements. One of the key functions of the internal audit function is to evaluate and improve these arrangements while safeguarding the Group's assets and contributing to it achieving its goals. The internal audit function provides risk-based advice and insight based on the operations and practices the Group has in place from time to time.

**The following is a brief description of key risks the Company and the Group may expect and of the mitigating approach:**

a) Group's financial results depend on being awarded defense procurements. Mitigated by thorough and constant examination of new market opportunities and potential customers, synergies or strategic partnerships;

b) Group's operations are subject to sales and export restrictions and controls. Mitigated by the establishment of dedicated and experienced legal and compliance professionals which oversee and strictly monitor all daily operations and developments;

c) The sector of Group's operations is competitive. Mitigated by solidly prioritizing the preservation of the high level of innovation the Group's products and feature offer / examining M&A's opportunities that will facilitate expansion in the Company and the Group's technology;

d) Cyber-attacks. Mitigated by information and technology systems which are daily monitored and conform to ISO27001 standards, offering regular training to personnel on tackling phishing and scam and regular scanning and assessment of any vulnerability in the Group's systems;

e) Credit risk from potential breach of contractual terms by a counterparty. Mitigated by strict credit checks and provision of services and goods only to recognized, solvent counterparties;

f) Liquidity risk caused by the Company and Group's expansion plan and upfront investments in connection with its expansion plan. Mitigated by sufficient funding through corporate lending and preserving adequate cash reserves;

g) Legal risks due to the complex regulatory environment the Group operates in. Mitigated by implementation of structured and informative guidelines across all involved teams and oversight of the Group's practices from the in-house legal department as well as external advisors on ad hoc basis. More guidance on ARC's work and further policy may be found in the Terms of Reference of the Audit Committee of the Company via the following [LINK](#): LP\_Terms\_Of\_Reference\_Of\_The\_Audit\_Committee.pdf.





# Board of Directors

The ARC is elected and overseen by the Board and comprises, to the majority of them, of independent, non-Executive Directors. It is currently chaired by Maria Athienitou and the other members are Kolinda Grabar-Kitarović, Dr. Hans-Peter Bartels. Ms. Athienitou has been chosen given her seat on the Board as an independent, non-Executive Director. Ms. Athienitou’s professional background showcases a wealth of experience in the sectors of audit and accounting, having worked for renowned international accounting firms.

The NRC assists the Board in reviewing the structure, size and composition of the Board and proposes appointments and reappointments. It periodically assesses the functioning of individual Directors and is also responsible for reviewing the remuneration policy and succession plans for the Directors.

The NRC is overseen by the Board which also elects NRC members. The current members of the NRC which have been elected in accordance with the Terms of Reference ([LINK: LP-Terms\\_of\\_Reference\\_for\\_the\\_Nominations\\_and\\_Remuneration\\_Committee1.pdf](#)) (the “**Terms**”), to the majority of them including their chair, are independent, non-Executive Directors. The current members are Stathis Potamitis, Kolinda Grabar-Kitarovic and Maria Athienitou Anastasiou. Mr. Potamitis, who also chairs the NRC, is regarded due to his professional background, to have considerable knowledge and experience in the field of remuneration policy and according to the Terms, the NRC may also receive specialised advice in this regard from external consultants.



# Board of Directors

The Board as well as the Committees convened several times in 2024. The Board having held no less than 6 meetings while the ARC convened no less than 4 times and the NRC, 2. The overall policy is that meetings are held when a need is presented, or periodically for good measure. All major decisions concerning their respective expertise, were examined and approved pursuant to appropriate parameters determined by the Committees. Furthermore, legal, financial or tax advisors were called in whenever the Board determined that their expertise would benefit the decision-making procedures.

All meetings have been convened and held in Cyprus where the Company is incorporated while there is flexibility for meetings to be held worldwide if this would be more appropriate or needed. No meetings overseas have been called to-date nor does the Company foresee any in the near future. Adding flexibility, Directors who wish to participate in meetings and cannot physically attend, have the option to participate via electronic conferencing.

The remuneration of the Directors is described in the Company's Remuneration Policy which, provides remuneration ranges and guidance on long-term and short-term incentives. At the Company's 2024 annual general meeting (the "**AGM**"), the shareholders approved a payment of €245,000 for the Non-Executive Directors and each Non-Executive Director was, thereafter, remunerated in the corresponding amount provided for in its services agreement with the Company. Moreover, the Board was instructed during the AGM, to determine the remuneration for the Executive Directors based on Company's policy and in line with market standards.





# Board of Directors

## A Note on each Director

Earlier to its admission to trade on Euronext Amsterdam, the general meeting of the Company elected a one-tier board structure consisting of the following three Executive Directors (**“Executive Directors”**) and four Non-Executive Directors (**“Non-Executive Directors”**) and together with the Executive Directors, the **“Directors”** or the **“Board”**):



### Christianos Hadjiminis

#### Founder, Vice-Chair of the Board and CEO

Christianos Hadjiminis graduated in 1981 from Columbia University with a B.A. in Economics (Magna Cum Laude) and in 1983 from Wharton Business School (University of Pennsylvania) with an MBA in Business and Finance. In 1987, he set up his first company in New York, after working as a Senior Trader at Phibro-Salomon Inc., and soon thereafter in 1989, he moved his business to Athens and established EFA VENTURES. Mr. Hadjiminis is also the founder of EFA GROUP, a “marketing” construct referring to a set of companies with a leading-edge position in the international market of Aerospace, Security, Defense, and Industrial cooperation, with over 30 years of experience in the fields. Mr. Hadjiminis is also the President of the Hellenic Entrepreneurs Association - EENE and Head of EENE International, as well as Founder and Honorary President of the Wharton Alumni Club of Greece.

Appointed from September 2021 until January 2027



### Stelios Anastasiou

#### Executive Director

Stelios Anastasiou graduated from LCCI Higher Stage with a degree in accounting and from the English College Commercial Department. He is a certified accountant technician, a member of the Association of Accounting Technicians and a licensed auditor by the Ministry of Finance of Cyprus. He worked at PwC in Nicosia (Cyprus) between 1987 and 1999, where he reached the role of Senior Manager. Since 1999, he work with Dynasource Consultancy Limited where he has been acting in his current positions as Director.

Appointed from September 2021 until January 2027



### Philippe Mennicken

#### Executive Director and Business Development Director

Philippe Mennicken graduated from Université de Liège, Belgium in 2000 with a B.A. in Mechanical Engineering, from College of Aeronautics, Cranfield University, UK in 2001 with an MSc in Aerospace Dynamics and in 2006, he obtained an MSc in Strategic Management from the Management Research Centre at the University of Bristol. After working as a product support engineer at Goodrich Aero and technical sales manager at SKF Aerospace in the UK, he worked as an Offset & Industrial Cooperation Manager at Epicos S.A. in Athens, to join Theon Sensors S.S. in Athens in April 2010 as Business Development Manager and has been acting as Business Development Director since January 2013.

Appointed from January 2024 until January 2027



### Stathis Potamitis

#### Non-Executive Director

Stathis Potamitis graduated from University of Toronto (Canada) with a B.A. degree in 1997, an LL.B degree in 1986 and with an M.A. degree in 1991. He is the founder and managing partner of the independent law firm, Potamitisverkis based in Athens where he has been a managing partner since 1996 and senior partner since 2022. He is admitted to practice law in Athens, Thessaloniki and a qualified attorney at law in the State of New York.

Appointed from January 2024 until January 2027



### Hans-Peter Bartels

#### Non-Executive Independent Director

Hans-Peter Bartels graduated from the Max Planck School in Kiel in 1980. After he finished his military service, he began studying political science, sociology and folklore at the Christian Albrechts University in Kiel in 1981, which he completed in 1986 with a master's degree. Bartels was a member of the German Bundestag from 1998 until his appointment as Defense Commissioner in 2015. From 2015 to 2020 he served as the Armed Forces Commissioner of the German Bundestag and has been President of the Society for Security Policy since May 2022. He has been a member of the supervisory board of ThyssenKrupp Marine Systems since 2023.

Appointed from January 2024 until January 2027





**Kolinda Grabar-Kitarović**  
Non-Executive Independent Director

Kolinda Grabar-Kitarović graduated from the University of Zagreb with a B.A. degree in Arts in 1993 and with a M.A. degree in Arts in 2000. She became Minister Counsellor at the Ministry of Foreign Affairs in Croatia in 2001 and served as a Minister of European integration between December 2003 and February 2005, and as Minister of Foreign Affairs and European Integration from February 2005 until January 2008. She worked as Assistant Secretary General for Public diplomacy at NATO between 2011 and 2014. In 2015, she was elected as President of the Republic of Croatia and served until 2020. Since 2020, she has been a member of the International Olympic Committee.

Appointed from January 2024 until January 2027



**Maria Athienitou Anastasiou**  
Non-Executive Independent Director

Maria Athienitou Anastasiou graduated in 1997 from Reading University with a B.A. degree in Management and Business Administration and in 1999 from the City Business School (CASS) with MSc degree in Internal Auditing and Management. Since 2000, she has been working at current PricewaterhouseCoopers Ltd in Cyprus where she has been focused on providing regulatory compliance services in the financial sector. She holds the Advanced Certificate of Professional Competency from the CySEC and the Certified Accounting Technician qualification from the Association of Certified Chartered Accountants.

Appointed from January 2024 until January 2027

Directorship offices that each Director holds in other corporations are listed in the Annex below.





## Shareholders' Involvement in Company's business and operations

The Company's share capital is split into two classes of shares, namely, Ordinary Shares and Class B Ordinary Shares, each carrying separate rights.

Ordinary Shares are subject to trading on Euronext Amsterdam and carry all standard voting rights expected to be seen in traded shares such as, a right to dividend payments or other capital distribution and right to be notified of all general meetings to be held and right to vote in shareholders' decision making. Ordinary Shares have equal rights attached to them and accordingly, shareholders are entitled to a dividend payment or voting participation equivalent to the respective number of shares they hold.

Mr. Christianos Hadjiminias has indirectly, through CHRE Investments Limited ("CHRE") and Venetus Limited ("Venetus"), held a significant shareholding over the Ordinary Shares averaging in the range of 75% across the FY 2024. Specifically, CHRE and Venetus hold the aforementioned percentage of Ordinary Shares in concert. Mr. Christianos is the sole shareholder in CHRE which in turn is the majority shareholding (holding over 90%) in Venetus.

Class B Ordinary Shares are not traded on Euronext Amsterdam or are in any way part of the shares held by investors.

Class B Ordinary Shares shareholders are not entitled to dividend payment, participation in general meetings or participation in decision making.

As Class B Ordinary Shares are not entitled to vote (except if the decision in question specifically concerns a change in the rights of the Class B Shares) any voting percentages or majority voting requirements described in this report excludes these shares unless otherwise stated.

**As mentioned above (Section 3 Board of Directors), the Law itself and the AOA vest to the Company's shareholders certain decision-making powers and the voting required for their passing. This legal framework leaves to the shareholders key decisions such as:**

- (a) amendments of the memorandum or articles of association (with amendments to memorandum further needing Court approval);**
- (b) election or removal of auditors/directors;**
- (c) acquisition by Company of its own shares;**
- (d) voluntary dissolution;**
- (e) share capital increase or share capital reduction;**
- (f) changes to the rights attached to any class of shares or consolidation or division of any class of shares.**



## Shareholders' Involvement in Company's business and operations

The annual appointment and removal of auditors and directors in specific will take place during the Company's AGM (please refer further below) during which shareholders may vote on these key matters. Furthermore, the Company has adopted electronic procedures which allow shareholders to address their questions to the Company prior to deciding how to cast their vote. An extra layer of shareholder protection occurs from that, in addition to the annual appointment and removal procedures, the Law sets out specific provisions for ad hoc removal of directors.

Ordinary business decisions vested to the shareholders will customarily be passed via ordinary resolutions, i.e. resolutions requiring a simple 50%+1 majority. Certain decisions will require the passing of either a special resolution or an extraordinary resolution, each of which requires no less than 75% majority vote to pass.

Procedural requirements on the convention of shareholders meetings are set out in the Law and the AOA. The Company is required to convene a general

meeting as its AGM every year with a maximum lapse of 15 months between one AGM and the next. In addition to the AGMs, the Board is required to convene shareholders meetings (named extraordinary general meetings ("**EGM**")) on requisition of the shareholders holding no less than 5% of the voting rights. EGMs can also be called at the Board's discretion.

Shareholders will be notified of any AGM or EGM via the Company's News [LINK](#) via: THEON International - News. The length of notice which the Company will give (as the Law and the AOA stipulate is at least 14 days' notice or, if a special resolution shall be put to vote, at least 21 days' notice or any other length period the Law requires (for example, ad hoc removal of director requires 28 days' notice).

The Company aims for all AGMs and EGMs to be held at the same place as to create consistency to its investors and they have this far been convened at the offices of the Company's accountants in Nicosia, Cyprus while special arrangements are in place that allow for any shareholder

not physically present to participate virtually. The place, date and time of the AGM or EGM as well as instructions for virtual participation will be included in the notice the Company publishes (in the [LINK](#) mentioned above: THEON International - News).



# Corporate Governance Framework

On January 19th, 2024, the Company established the following corporate governance policies for the Group, complying with applicable laws and regulations, and implementing relevant principles under both Codes:

CONFLICT OF INTEREST POLICY	SUITABILITY POLICY	MARKET ABUSE REGULATION POLICY	WHISTLEBLOWING POLICY
<p>The conflict of interest policy (“<b>Conflicts of Interest Policy</b>”) sets out the procedure for the prevention, detection and management of an actual or a potential “conflict of interest” (as defined therein). The Conflict of Interest Policy applies to conflicts of interest of -inter alia- the members of the Board of Directors, the executive committees, the executive officers, the employees of the Company and the Group, and the shareholders holding shareholding percentage or voting rights equal or higher than the 5% of the Company’s issued share capital.</p>	<p>The suitability policy (“<b>Suitability Policy</b>”) is aimed at supporting and promoting diversity and conveying broad range of skills and experiences within the Board of Directors, ensuring quality staffing and effective operation evaluation. Suitability criteria identified in the Suitability Policy apply to all Board of Directors members, regardless of their status as Executive, Non-Executive, or Independent Non-Executive members, and include both individual and collective criteria. Individual criteria include, inter alia, adequate knowledge, expertise and competencies, ethical conduct and reputation, conflict of interests, independence of judgment and commitment (devotion of sufficient time), while collective criteria concern the collective expertise altogether and diversity of the board.</p>	<p>The market abuse regulation policy (“<b>MAR Policy</b>”) is aimed at regulating the management and handling of inside information, and the obligations of the persons within the Group who are discharging material duties as well as for the persons that are closely associated with them (“<b>Relevant Persons</b>”).</p>	<p>The whistleblowing policy (“<b>Whistleblowing Policy</b>”) is aimed at encouraging and urging all employees of the Group to report violations as soon as they come to their attention and to express concerns regarding violation within the entities. The Whistleblowing Policy defines a whistle-blower as an employee, officer, consultant, intern, secondee or agent of the Group who reports or publicly discloses information on breaches occurred in the context of his or her work-related activities. The violations the employees are encouraged and urged to report include information and reasonable suspicions, about actual or potential illegal acts, omissions and breaches, which occurred or are very likely to occur in the Company or the rest of the Group.</p>



REMUNERATION POLICY

The Remuneration Policy of the Board of Directors (“**Remuneration Policy**”) is primarily aimed at ensuring that the Directors’ compensation is aligned with the Company’s short and long-term business plans to foster value creation for customers, shareholders, employees and local communities. Pursuant to the Remuneration Policy, the remuneration of Non-Executive Directors consists of fix pay which is designed to compensate for the time required to fulfil their duties. The remuneration of the Executive Directors consists of a combination of a fixed component that is in line with the role’s scope and responsibilities, benefits and variable component that includes short-term and long-term incentives. The Company’s policy is to consider the remuneration levels in other companies of similar size, with roles of comparable scope and responsibility when determining the fixed component of Executive Director’s compensation.

RELATED PARTY TRANSACTIONS MANAGEMENT FRAMEWORK

The Group’s Related Party Transactions Managing Framework (“**RPT Framework**”) sets out the rules and procedures regarding the identification, evaluation, approval, and disclosure of transactions with related parties in accordance with relevant provisions of corporate legislation as well as rules and provisions aimed at ensuring transparency and effective supervision of the Group’s contracts or transactions with related parties. Pursuant to the RPT Framework, a transaction with a Related Party encompasses any transaction that establishes a provisional relationship between the Company, any other member of the Group and the Related Party, regardless of whether a price is charged.

INTERNAL AUDIT FUNCTION

The Internal Audit Charter (“**Internal Audit Charter**”) provides for the scope of operations, purpose, authority, and responsibility of the Internal Audit function. The Internal Audit function establishes the internal audit activity’s position within the organization, including the nature of the Internal Audit Function’s functional reporting relationship with the Audit and Risk Committee, authorizes access to records, personnel, and physical properties relevant to the performance of engagements, defines the scope and purpose of internal audit activities, in accordance with and as defined in the International Standards for the Professional Practice of Internal Auditing, with the view to assist the Group accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

DIVERSITY AND INCLUSION POLICY (D&I)

A key aim of the Company is that across the Group, all employees and other offices and functions feel valued, included and vested the opportunity to reach their full potential. Our D&I has been prepared taking in account best practice guidelines relating to diversity and inclusion issues which the Dutch Code set out. Please refer to the separate Non-Financial Reporting section of this report for more information on our D&I.



## Corporate Social Responsibility (CSR)

Throughout 2024, the Group has actively participated in various CSR initiatives, preserving the environment, promoting environmental awareness, supporting vulnerable social groups, and increasing employees' engagement.

The Company and its Group recognises the importance of preserving planet ecosystems for future generations and contributes to European goals for environmental protection by incorporating the protection of the environment in all its operational aspects.

The Group implements a thorough strategy on responsible energy management, waste management and carbon emissions reduction. In implementing this strategy, the Group (a) has developed a comprehensive environmental management system for the immediate environmental assessment of its activities, certified in accordance with ISO 14001:2015 Standard, (b) conducts its operations by abiding to specific indicators, such as electricity consumption in relation to factory opening hours, in order to assure continuous improvement of environmental performance, (c) continuously undertakes energy efficiency initiatives, such as the installation of photovoltaic panels on the rooftop of office buildings, and (d) engages in responsible waste management by submitting the waste produced by its operations to electronic waste registration and engaging adequately certified subcontracting companies for managing hazardous waste.

The Group promotes environmental awareness among its employees through a tailor-made Environmental Awareness Training. Furthermore, the Group communicates its environmental commitments to its suppliers through an assessment that incorporates specific environmental criteria.

The Group continues to actively support organizations that address the challenges faced by vulnerable social groups.

The Group fosters employee engagement by organizing group activities such as sports, cultural events, and community-driven programs focused on social, environmental, and philanthropic causes.

More on the Group's CSR may be found in the separate Non-Financial Reporting section to this report.





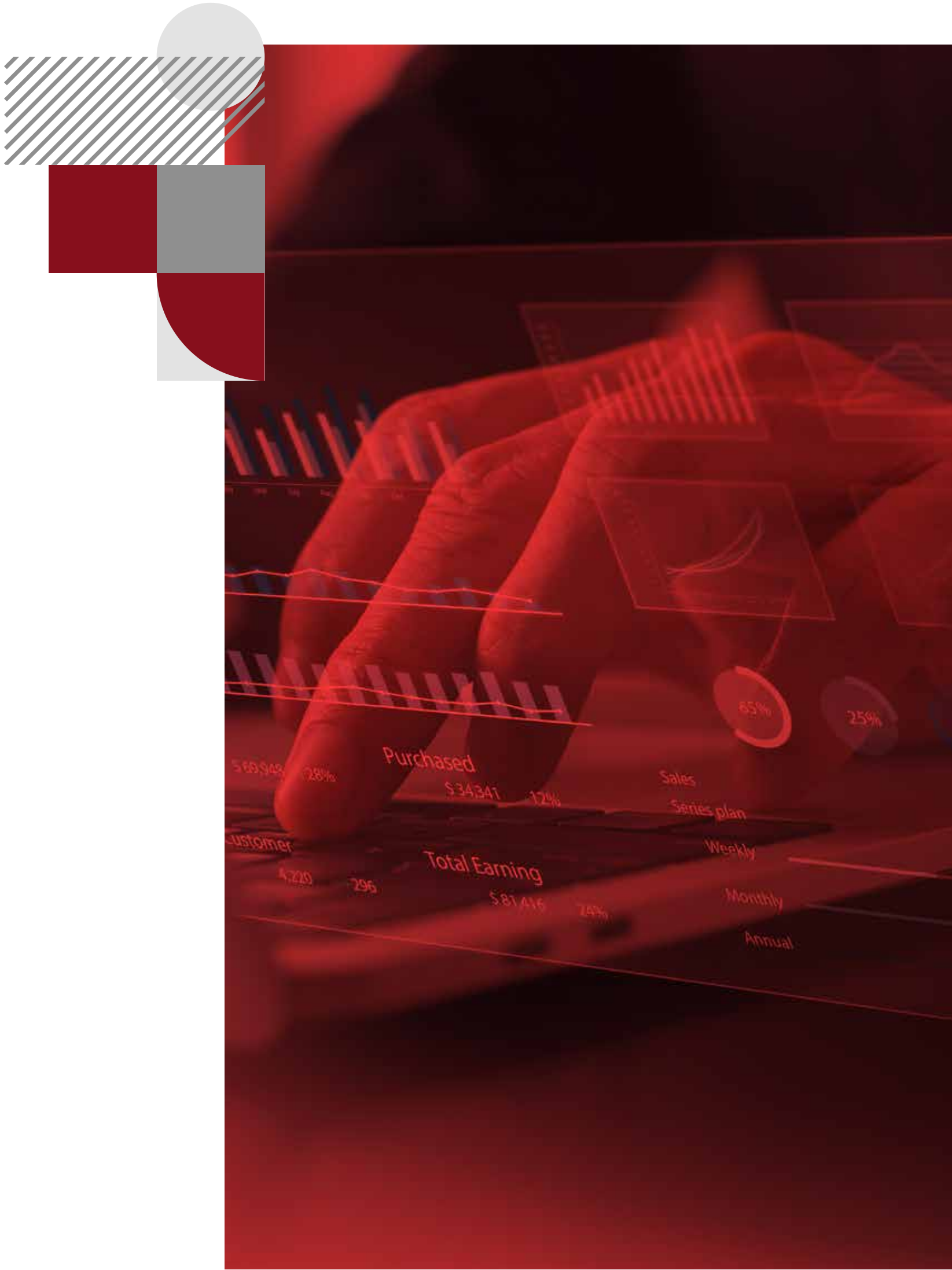
# Declaration by Directors

The Board, being the body corporate having overall responsibility for the Group’s systems of internal control, confirms it regularly, and in any case no less than once per financial year, conducts assessment of the effectiveness on an annual basis, as well as of the procedures which confirm the accuracy, completeness and validity of the information that is provided to the investors under this report.

The Board further confirms the Company intends to continue as a going concern entity for the next twelve months.

ANNEX

<b>Christianos Hadjiminas</b>	CHRE Investments Ltd, Theon and EFA groups’ subsidiary companies
<b>Philippe Mennicken</b>	Theon Deutschland GmbH and T Industries DK Aps
<b>Kolinda Grabar</b>	KGK Advising & Professional Services and board member in a number of non-profit organisations.
<b>Stelios Anastasiou</b>	Dynasource Consultancy Limited
<b>Maria Athienitou</b>	None
<b>Efstathios Potamitis</b>	Deca Investments, Symbeeosis S.A. and board member in various non-for profit entities including the Greek chapter of the Climate Governance Initiative and the Greek War Museum
<b>Hans-Peter Bartels</b>	Thyssen Krupp Marine Systems, and on a voluntarily and unsalaried basis, president of the German Society for Security Policy, Gesellschaft für Sicherheitspolitik



# 05 REMUNERATION REPORT 2024





# 05 Remuneration Report 2024

## Introduction

In the context of Theon International Plc (“**the Company**”) being a public limited company, existing and incorporated in Cyprus whose shares are listed to trading on Euronext Amsterdam, the Company is committed to increase corporate transparency and the accountability of its board of directors (the “**Directors**” or the “**Board**”) towards the shareholders and potential investors.

The report has been prepared in accordance with Directive 2007/36/EC and the guidelines asking that a clear and understandable remuneration report, providing a comprehensive overview of the remuneration awarded or due towards the Board, including the CEO (who also sits on the Board) in FY2024. It covers all

benefits in whatever form, awarded or due. It offers an outline of the Remuneration Policy of the Company (“**Policy**”) and how the Company implements its principles in practice, the functions of the Nominations and Remuneration Committee (the “**Committee**”) and how they have come into play in determining the remuneration awarded to the Board in FY2024.



# Introduction

**The purpose of the Company in establishing the Committee is to infuse further expertise and creating more impartiality on matters concerning:**

- (a) The Policy and that it aligns with the Company’s strategic objectives and to the extent it at any to the extent it doesn’t, make recommended adjustments to the Board;**
- (b) the structure and composition of the Board;**
- (c) appointment and reappointments on the Board with relevant proposals;**
- (d) assessment of each individual Director; and**
- (e) remuneration policy and succession plans;**
- (f) remuneration framework which the Company implements and the parameters which undermine its remuneration decisions.**

The Committee is overseen by the Board which also elects the members of the Committee. The current members of the

Committee which have been elected to meet the criteria set out in the terms of reference which the Company has adopted ([LINK “LP-Terms of Reference for the Nominations and Remuneration Committee1.pdf”](#)), are Stathis Potamitis, Kolinda Grabar-Kitarovic and Maria Athienitou Anastasiou while Mr. Potamitis also chairs the Committee.

The Company has used the services of PwC Greece in forming information relating to market practices in employment practices, including remuneration standards and policy. To the extent that the services have been divided across the Committee and other operations of the Company, information was safeguard by the Company’s robust policies and procedures in place (e.g. the conflict of interests policy) to prevent and/or mitigate the risk arising out of a potential conflict of interests in this regard.

The remuneration of the Directors is described in the Policy which, provides remuneration ranges and guidance on long-term and short-term incentives. Committed to ensuring transparency and accessibility to the Policy for its investors, the Company has published the Policy which can now be accessed via the following [LINK: \(Remuneration\\_Policy1.pdf\)](#).

The contents of the Policy have been approved by the Company’s Shareholders. To make any revisions to the Policy in its current form, the Committee will need to make





# Introduction

## The compensation of the Executive Directors may consist of the following parameters:

**(a) Annual Base Salary:** determined to a great extent based on individual and the Company's performance as a whole taking into account remuneration awarded by other companies of similar size, operations and responsibility;

**(b) Other benefits:** these are currently set to market standard benefits and range various offerings such as health and life insurances and car allowance;

**(c) Variable remuneration:** integrating long-term and short-term incentives tied to financial and non-financial targets.

Short-term incentives rely on the Company's short-term performance and they provide a reward mechanism for achieving short-term objectives. The Committee is responsible for evaluating and determining the performance measures and targets for each fiscal year, based on Company's objectives, targets and performance (based on financial and non-financial metrics) for that year.

Long-term incentives ("LTI") are designed to reward value creation long-term – more to them, create a sense of ownership. LTI aim to work as an incentive to current officers while they also attract new talent. The incentive is an annual award which can take the form of shares or share options for achieving 'at target' performance.

The objectives that will determine 'at-target' performance comprise of fundamental, measureable factors such as financial performance of the Company and more relative objectives that are based on variable circumstances, as the Committee determines.

Changes in the Company's share capital and certain other corporate events may lead to the Committee further varying the number of shares available under LTI awards.

The annual remuneration of the Company's CEO, who is an Executive Director on the Board and also sits as its vice-chairperson, has been connected to the Company's performance, long-term growth plan and commitments. Regarding the rest of the Executive Directors, their annual remuneration comprises of a combination of fixed and variable payments. The fixed part derives either from their participation on the Board or from the individual employment agreement they may have with Company's group and the service provided under those terms. Any additional benefit they are entitled to, is linked to that agreement and the Company's policies in force.

All employees and executives holding key roles in the Company have a variable remuneration. For some, their remuneration

is linked directly to the Company's targets and everyone's, is directly linked to the commitments made by the Company upon its listing on Euronext Amsterdam and in line with the Company's long-term Growth Plan. For reasons of transparency and good monitoring, the Company has identified and implemented policy based on Performance Key Indicators ("KPIs") (i.e.. Annual Revenue, Margin, EBIT and Soft backlog). Any pay-out is connected to the achievement ratio of those KPIs.



## Introduction

### The compensation of the Non-executive Directors is determined as follows:

Non-executive Directors receive a fixed fee determined and included in their respective service agreements with the Company. The fee awarded covers their attendance at meetings, traveling expenses and preparation for meetings. If any non-executive director also sits on any of the Company’s committees, they may be awarded a separate, additional fee to their fixed basic fee.

At the Company’s 2024 annual general meeting (the “AGM”), the shareholders approved a payment of €245,000 for the Non-Executive Directors, in accordance with their respective service agreements, and each Non-Executive Director was, thereafter, remunerated in the corresponding amount provided for in its services agreement with the Company. Moreover, the Board was instructed during the AGM, to determine the remuneration for the Executive Directors based on Company’s policy and in line with market standards, briefly described above.

In respect of 2024, the following remuneration amounts have been approved for award:

Name	Position	Amount
Christianos Hadjiminias	Founder, Vice-Chair of the Board, CEO and Executive Director	Euro 60,000 (attributable to his position on the Board – payment of which, has been moved forward for 2025 payment)
Stelios Anastasiou	Executive Director	Euro 30,000 (fixed fee)
Philippe Mennicken	Business Development Director and Executive Director	Euro 30,000 (fixed fee/ to be moved forward for 2025 payment)
Stathis Potamitis	Non-Executive, non-independent Director	Euro 45,000 (fixed fee)
Hans Peter Bartels	Non-Executive, non-independent Director	Euro 45,000 (fixed fee)
Kolinda Grabar-Kitarović	Chair of the Board and non-Executive, independent Director	Euro 100,000 (fixed fee)
Maria Athienitou Anastasiou	Non-Executive, independent Director	Euro 55,000 (fixed fee)

We do not expect the non-Executive, independent directors to receive nor have they received any substantial remuneration beyond their fixed directors’ fees, and therefore this question should be answered negatively. If not, this is a matter that needs to be discussed further.

Currently, Mr. Christianos Hadjiminias does not receive any fixed or variable remuneration from salaries, director fees or bonuses. He is exclusively remunerated via dividends he receives from his indirect shareholdings in the Company, as well as benefit from increases in the value of those shareholdings. This structure has historically aligned his interests with the Company’s performance, incentivizing both short-term achievements for immediate dividends and long-term value creation for sustained growth. Equally, Mr. Philippe Mennicken does not receive any fixed remuneration for his office on the Board and is remunerated as per Group compensation policy applicable to key management personnel, as well as via dividends he receives from his indirect shareholding. This structure is aligned with the interests and the Groups’ performance, incentivizing both short-term achievements for immediate dividends and long-term value creation for sustained growth.

# 06 BOARD OF DIRECTORS AND OTHER PRINCIPAL OFFICERS





# Board of Directors and Other Principal Officers

Board of Directors:

**Kolinda Grabar-Kitarovic** (appointed on 19 January 2024)  
**Christianos Hadjiminias** (Vice-Chairperson of the Board of Directors and Chief Executive Officer)  
**Stelios Anastasiou**  
**Philippe Jean Mennicken** (appointed on 19 January 2024)  
**Efstathios Potamitis** (appointed on 19 January 2024)  
**Hans Peter Bartels** (appointed on 19 January 2024)  
**Maria Athienitou Anastasiou** (appointed on 19 January 2024)  
**Petros Christou** (resigned on 19 January 2024)

Company Secretary:

**Stelios Anastasiou** (appointed on 19 January 2024)  
**Petros Christou** (resigned on 19 January 2024)

Independent Auditors:

KPMG Limited  
Chartered Accountants  
14 Esperidon Street, 1087 Nicosia, Cyprus  
P.O. Box 21121  
1502 Nicosia, Cyprus

Registered office:

5 Agiou Antoniou  
Muskita Building 2, 1st Floor,  
Office 102, 2002 Nicosia, Cyprus

Registration number:

HE 424549

Bankers:

Alpha Bank  
Attica Bank  
Eurobank  
National Bank of Greece  
Piraeus Bank  
Optima Bank

Aegean Baltic Bank  
Aspire FT  
Commerzbank  
First Abu Dhabi Bank  
OCBC Macau  
SydBank  
UBS Group AG  
United Bank Limited

Lawyers:

Potamitis Vekris  
George Karavokiris  
Papaphilippou & Co. LLC  
HARNEYS  
Ioannides Demetriou  
Clifford Chance, Frankfurt  
Bird & Bird LLP  
Bird & Bird  
Forvis Mazars  
Bird & Bird Advokatpartnerselskab  
Lee and Li, Attorneys-at-Law

Sheppard Mullin  
Reed Smith LLP  
Lee & Ko  
RASK Attorneys-at-Law  
TGS Baltic Estonia  
Mashora Law Firm  
Al Tamimi & Company  
Bird & Bird (Belgium) LLP  
SyCipLaw Center (Salazar Hernandez and Gatmaitan)  
NABAVA d.o.o. za poslovna savjetovanja  
Al Naqbi & Partners

# 07 Non-Financial Reporting

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# 07 Non-Financial Reporting

The Group (or “Theon”), through this non-financial Statement, complies with the provisions of the EU Directive 2014/95/EU (Non-Financial Reporting Directive) (“NFRD”) which was incorporated into Cypriot legislation by Law N.51(I)/2017 (amendment law of the Companies Law Cap.113).

The non-financial Statement presents details regarding the Group’s activities across various thematic areas, including:

- **Environmental Responsibility matters**
- **Social Responsibility matters**
- **Responsible Governance**
- **Diversity & Inclusion and Human Rights**

This Statement focuses on the non-financial performance of the Group for the year ended 31 December 2024 and contains information in connection with the policies and other arrangements maintained by the Group with regards to the thematic areas above (where applicable) as well as relevant Key Performance Indicators (“KPIs”) to convey the Group’s performance. It is noted that the material topics and associated metrics<sup>1</sup> and information presented herein relate to the Group and its subsidiary entities with the exception of T-Industries Belgium (Belgium)<sup>2</sup> and Harder Digital Ingenieur-und Industriegesellschaft mbH (Germany)<sup>3</sup>. Where relevant and applicable, some metrics relate to the Group’s activities in Greece, which account for the vast majority of the Group’s principal activities and operations.

In light of recent regulatory changes in non-financial reporting, the Group is currently preparing a Sustainability Statement in compliance with the Corporate Sustainability Reporting Directive (“CSRD”). This statement will cover the financial year 2025 and will be included in the Group’s Annual Report for 2026.

<sup>1</sup>The metrics presented in the non-financial Statement are with reference to the GRI Standards of the Global Reporting Initiative (“GRI”).  
<sup>2</sup> The scope and perimeter of the non-financial reporting does not include the said subsidiary entities of the Group due to the lack of availability of non-financial information at the time of preparation of this report. It should be noted that these entities will be incorporated in the non-financial reporting perimeter as part of the Group’s CSRD reporting for the financial year 2025.  
<sup>3</sup> Hereby referred to as “Theon Sensors SA” or “Theon Sensors” or “Company”.



# Business Model and Sustainable Development

The Group operates in the defense and security sensor systems sector, primarily active in the optronics market. The optronics market is a sub-segment of the Global Defense Market, which includes businesses that design, develop, manufacture, market, sell and service high-tech optical systems and devices, such as, amongst other things, night vision and thermal imaging devices for military and security applications and/ or dual-use goods (“Optronics Market”).

Theon boasts a global presence spanning 71 countries, including 26 countries that are part of NATO. In addition, it has established market-leading positions in Germany and Belgium, among others. Notably, the Group holds a prominent position in Gulf Cooperation Council (“GCC”) nations and its rapid growth in the US through the supply contracts with the Department of Defense and the US Marine Corps reinforces its strong presence across diverse global markets.

In recognition of its remarkable evolution over the last few years, the Group has been named as 1 of the 1,000 Fastest Growing companies in Europe for 2024 by Financial Times and Statista<sup>4</sup> and it is the only organization operating in the defense industry to be included in this list. In addition, the Group has been

recognized for its outstanding performance on an international level at the Kourios Awards 2024<sup>5</sup> in the category “Performance on the International Economic Area”.

The Group’s core target customers are defense and security forces and its typical end-customers are governments (national governments, as well as supranational organizations, such as OCCAR and NSPA) and organizations that allocate budgets and make procurement decisions for their defense and security forces. Theon has managed to maintain relationships with its main customers for years, indicating the Group’s stability and reliability in its operations.

The Group’s Management continuously assesses the various trends and factors that may affect the Group’s development. In view of the war crisis and conflict in Ukraine, the Group recognizes that there has been an increase in the defense budgets in Europe and elsewhere both to replenish equipment that was provided in support to Ukraine or to update legacy equipment. In addition, the conflict in Ukraine has shifted the focus of new procurements of warfare equipment to core land based and amphibious fighting capabilities,

which is in turn driving innovation and growth in the optronics and sensors market. Notwithstanding the conflict in Ukraine, the Group’s Management also remains vigilant of the political rivalries and tension currently taking place in the Gaza Strip in that increased tensions throughout the Middle East resulting directly or indirectly from this conflict will, over time, also have a pronounced effect on the Global Defense Market.

Global defence spending is projected to increase by 5.2% annually from 2022 to 2027, due to the volatile geopolitical environment. Theon operates in the rapidly growing defence electronics subsegment, which is expected to expand at approximately 10% per year over the next five years. This growth is partly driven by a renewed focus on dismounted capabilities, which are anticipated to grow over 16% annually. Additionally, platform applications are expected to grow around 10% per year, largely due to increased investments in combat vehicles.



<sup>4</sup> The FT1000 Europe’s Fastest Growing Companies 2024 is a ranking of 1,000 companies in Europe that achieved exceptional growth rate in revenues over four years, between 2019 and 2022. All data reported by the companies was processed and checked by Statista.  
<sup>5</sup> The Kourios Awards honour entrepreneurs and their organizations for their excellent performance based on financial figures and development prospects.



# Business Model and Sustainable Development

Looking ahead, the Group is strategically positioned to facilitate both organic and inorganic growth opportunities. The Group believes that its current capabilities will enable it to explore a diverse range of growth possibilities in the coming years, underpinned by a carefully crafted strategy. More specifically, the main areas of focus for the Group are expected to be:

**Market Tailwinds:**  
The Group anticipates significant upside potential driven by major military spending programs, particularly in Europe, the United States, and the Middle East.

**Product Innovation:**  
The Group’s future growth is expected to be driven by the launch of new products within the ARMED ecosystem that integrate with battle management systems and provide enhanced situational awareness for soldiers. These products include heads-up displays, thermal clip-ons, and fused goggles with interconnection capabilities, all poised to play a key role in modern warfare. Fused goggles and heads-up displays are expected to become standard equipment over time. On top of man-portable products, Theon also focuses on cutting-edge multisensory platform-based products, which are anticipated to be a larger contributor to future growth.

**Adjacent Products:**  
Theon is currently designing more sophisticated products on top of its existing product set. This strategy is intended to help the Group enter new markets, attract new customers and sell additional products to its existing clientele. New products developed by its in-house R&D teams will also be supplemented by strategic acquisitions.

**Geographical Expansion:**  
Theon has a strong global footprint, but there are significant opportunities to expand worldwide, both within Night Vision and within adjacent products, particularly in markets like the United States, the Middle East and the Far East.

**Mergers & Acquisitions:**  
The €94 million in net cash raised from the IPO (7<sup>th</sup> of February 2024) will accelerate growth through M&A activities in the near to medium term. The intention is to acquire companies in both core and adjacent markets to gain complementary products, innovative technologies, extended capabilities and broader geographical reach. Within this framework, THEON has already completed two acquisitions during the year. The first, Harder Digital, provides access to a niche technology and enables partial vertical integration for Image Intensification Tubes (IIT), the key sensor of Night Vision Goggles. The second, Focus Optech, supports expansion into South Korea, offering access to local production facilities to meet anticipated future demand.

**Core Man-Portable Markets and Platforms:**  
Theon plans to pursue vertical integration of key components and critical parts. Additionally, it seeks to expand its product portfolio with new offerings such as day sights, laser targeting systems and fire-control systems. For platforms, the plan is to acquire key capabilities that, combined with the internal R&D and outsourced design resources, will expedite new product development and market entry.

The Group recognises that there is an increasing demand from various stakeholders such as consumers and investors for organisations to establish and maintain environmental, social and governance practices including practices safeguarding diversity and inclusion, anti-corruption and human rights. In its efforts to grow sustainably but also promote sustainability, the Group’s values and strategy are centred around environmental, social, and governance factors. This represents the Group’s commitments and plans for a more sustainable future through diverse initiatives and projects in the long run. As a first step, the Group has been continuously monitoring its activities to confirm alignment with the United Nations Sustainable Development Goals (“SDGs”) and to this date, the Group has contributed positively to 13 out of the 17 SDGs.





# Sustainability Approach

## SUSTAINABILITY PILLARS

The Group is committed to sustainable development, balancing economic viability with social responsibility and environmental stewardship. Its mission extends beyond providing superior systems. It encompasses reduction of its environmental footprint, enhancement of its social impact and fostering ethical growth. At the heart of its operations lies the commitment to environmental protection through sustainable practices, active support for vulnerable communities via targeted initiatives, the well-being of its employees, and an unwavering dedication to transparency and ethical conduct in all business relationships. To effectively integrate these values, the Group has developed a sustainability framework structured around three foundational pillars:

**I. Environmental Stewardship:** Environmental stewardship guides Theon’s commitment to actively try to minimize its environmental footprint, endorsing eco-friendly practices and leading innovation towards a sustainable future. Through the enactment of strategies such as lower energy consumption and monitoring of carbon emissions, Theon actively contributes to the principles of a circular economy, ensuring that operations not only minimize environmental impact but also create a positive, regenerative cycle for the benefit of the planet and future generations.

**II. Social Responsibility:** Theon’s commitment extends beyond environmental stewardship to incorporate social responsibility. At the heart of the Group, employees are the dynamic force that drive its success and represent its corporate spirit. At Theon, the employee’s wellbeing is prioritised as it is recognised that a thriving workforce is essential for the sustained growth and success of the Group. Through investing in professional development opportunities and continuous training, and creating a supportive work environment, it is ensured that employees not only excel professionally but also find fulfilment in their personal lives as well. Theon’s social responsibility commitment goes beyond its corporate walls, as it is actively engaged in partnerships with organisations that aid vulnerable groups, to address social challenges and positively contribute to the reduction of inequalities.

**III. Ethical Growth:** Theon embeds its growth in the foundational values of transparency, integrity, and accountability. The commitment to these principles extends into every aspect of work, creating a corporate culture that aims for excellence. Theon mandates strict adherence to laws and a zero-tolerance approach towards bribery and corruption, and staunch support for fair market practices. Maintaining a strong code of ethics means more than just adhering

to laws and strict company policies. It is about creating a deep-rooted sense of accountability in every task. Theon places a strong emphasis on robust stakeholder engagement, recognising its critical role in governance and as a cornerstone of its journey towards enduring economic success and stability.





## DOUBLE MATERIALITY ASSESSMENT

In 2024, the Group conducted a Double Materiality Assessment (“DMA”)<sup>6</sup> to support its sustainability reporting efforts.

Building on the Group’s established approach to assessing the materiality of sustainability-related issues, the DMA incorporates both impact materiality and financial materiality assessments. The impact materiality assessment primarily evaluates the effects of the Group’s operations on people, society, and the environment. The financial materiality assessment, on the other hand, examines the extent to which sustainability-related events and developments may create potential risks or opportunities for the Group.

Impacts, risks, and opportunities (“IROs”) were categorized according to relevant environmental, social, and governance topics, as well as sector-specific considerations.

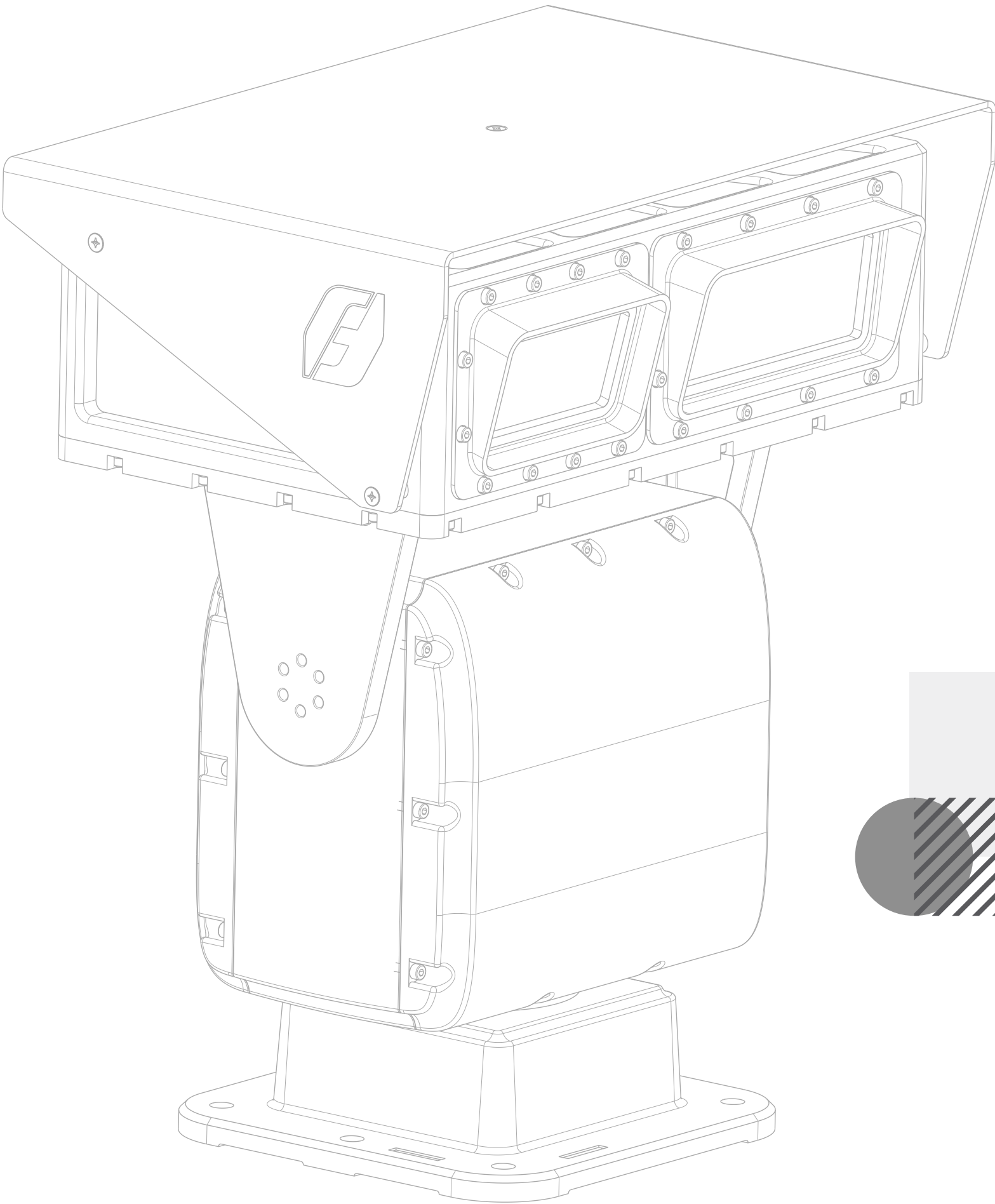
**In line with ESRS requirements, the DMA followed a structured four-step approach:**

**1)** Understanding the Business Context: This step involved analyzing the Group’s operations, value chain, locations, stakeholders<sup>7</sup>, and material ESG topics. It should be noted that, for the scope of this assessment, only matters related to the Group’s own operations (as positioned within the value chain) were considered.

<sup>6</sup> The DMA was conducted with reference to Commission Delegated Regulation (EU) 2023/2772 as regards European Sustainability Reporting Standards (ESRS).  
<sup>7</sup> The stakeholder engagement process focused solely on internal stakeholders, specifically the Group’s Management and other internal stakeholders positioned at key operations within the Group. The stakeholders’ expertise and views were taken into consideration throughout the DMA process and, in particular, in the assessment and validation of the IROs.






- 2)** Identification of IROs: The Group identified the key sustainability-related impacts, risks, and opportunities with respect to its own operations.
- 3)** Materiality Assessment: Both impact and financial materiality assessments were conducted, and a threshold was established to determine which IROs exceeded the materiality criteria.
- 4)** Determination of Material IROs and Sustainability Matters: The final step involved defining the most significant IROs and sustainability issues/ matters relevant to the Group. Please refer to the table below for a complete list of the Group’s material ESRS topics and respective IROs.









Throughout the process, the Group’s strategic priorities were taken into consideration to ensure alignment with its broader business objectives. Additionally, as part of the Group’s preparation for the CSRD reporting requirements in the following year, the DMA has been designed to capture insights that will further refine and enhance the Group’s assessment methodology.



ENVIRONMENT	ESRS TOPIC	ESRS SUB-TOPIC	MATERIALITY ANALYSIS	MATERIAL RISKS AND OPPORTUNIOES	SDGs
	E1 Climate change	Climate change adaptation		Extreme weather events and other climate change related phenomena may cause damage to Theon's assets and/ or equipment disrupting Theon's operations.	<div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>11 SUSTAINABLE CITIES AND COMMUNITIES</div><div>13 CLIMATE ACTION</div></div>
		Climate change mitigation	Energy required to operate machinery often derives from burning fossil fuels which directly emit GHG emissions while also the substances mentioned are significant GHGs which all together contribute to climate change.		<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>
		Energy	Theon's demand for constant energy which usually derives from fossil fuels contributes to resource depletion.		<div><div>7 AFFORDABLE AND CLEAN ENERGY</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>13 CLIMATE ACTION</div></div>
	E5 Circular economy	Waste	Waste generated can contain hazardous materials, unproper to be treated with the usual disposal methods (e.g. Landfill) due to their overall environmental hazards.	Improper handling of hazardous waste (e.g., chemicals, batteries, oils etc.) from Theon International's operations could lead to potential regulatory fines, fire hazards, legal settlements and penalties, resulting in increased operating costs and financial losses.	<div><div>6 CLEAN WATER AND SANITATION</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
			Improper management of the end-of-life phase may lead to environmental damage, depending on how the waste or reusable resources are handled.		



	07. Non-Financial Reporting				
	ESRS TOPIC	ESRS SUB-TOPIC	MATERIALITY ANALYSIS	MATERIAL RISKS AND OPPORTUNIOES	SDGs
SOCIAL	S1 Own workforce	Working conditions	Deviation from minimum safety standards and inadequate Health and Safety training, particularly in factories and warehouses, can result in accidents. These accidents can range from minimal to critical injuries that can significantly deteriorate a person's life.	High injury and/ or fatality rates at Theon International may signal weak governance and safety culture, leading to reputational harm, monetary penalties, and corrective action costs. Workplace injuries caused by exposure to heavy machinery, harmful substances, high temperatures, and electrical hazards could have financial consequences, including worker compensation, litigation, and operational disruptions.	<div><div><div>3</div><div>GOOD HEALTH AND WELL-BEING</div></div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div></div>
				A less robust safety management at Theon International may lead to regulatory penalties, higher insurance premiums, service disruptions, and reduced revenues and brand value.	
SOCIAL	S1 Own workforce	Working conditions	By leveraging its supply chain, Theon has the potential to alleviate forced labor and modern slavery. This could positively contribute to societal change and alignment with global efforts and legislation aimed at eradicating these practices.	Failing to provide employee training to address preventable accidents at Theon International, given the prevalence of industrial machinery, chemicals, and a fast-paced, loud working environment, may result in monetary fines and penalties from legal and/ or regulatory actions.	<div><div><div>8</div><div>DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>10</div><div>REDUCED INEQUALITIES</div></div><div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div></div>

SOCIAL	ESRS TOPIC	ESRS SUB-TOPIC	MATERIALITY ANALYSIS	MATERIAL RISKS AND OPPORTUNIOES	SDGs
	S1 Own workforce	Working conditions	Committed to providing more than a living income or wage, Theon has the potential to positively impact society by reducing inequality and in-work poverty.	Conflict with workers, such as labor unions, hazardous working conditions, and collective bargaining for better wages, can lead to labor strikes, production delays, and significant lost revenue and reputational damage for Theon International.	<div><div><div>1NO POVERTY</div></div><div><div>8DECENT WORK AND ECONOMIC GROWTH</div></div><div><div>10REDUCED INEQUALITIES</div></div></div>
			If workers' rights are not legally enforced, employees may face intimidation, harassment, payment cuts, or even termination for joining unions. Such practices can harm Theon's workplace culture and reduce employee trust and morale.		
		Other work-related rights		A data security breach can pose financial risk to Theon International in the aerospace and defense industry, such as increased legal exposure, operating costs, and/ or lost revenue due to reputational harm.	
				New and emerging data security standards and regulations may lead to increased compliance costs for Theon International, which could negatively impact its financial position, profit, revenue, operating costs, and cash flows.	
		Social contribution and volunteering	By investing in employee volunteering and community engagement, Theon International contributes to the local communities.		<div><div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div><div><div>16PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div></div>
					<div><div><div>4QUALITY EDUCATION</div></div><div><div>11SUSTAINABLE CITIES AND COMMUNITIES</div></div><div><div>17PARTNERSHIPS FOR THE GOALS</div></div></div>



SOCIAL	ESRS TOPIC	ESRS SUB-TOPIC	MATERIALITY ANALYSIS	MATERIAL RISKS AND OPPORTUNIOES	SDGs
		Training and skills development	Effective onboarding enhances employee retention and productivity by facilitating smooth integration into the company culture, boosting engagement and commitment, accelerating productivity, and supporting skill development.		<div><div>4 QUALITY EDUCATION</div><div>8 DECENT WORK AND ECONOMIC GROWTH</div></div>
	S4 Consumers and endusers	Information-related impacts of consumer and/ or end-users		Theon International may develop sensitive military products. Ensuring data and information security is critical to protecting proprietary data, government security protocols, and customer information, as any potential data loss could result in reputational damage and litigation costs.	<div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>16 PEACE, JUSTICE AND STRONG INSTITUTIONS</div></div>
				Recalls and other adverse events may have a negative financial impact on Theon International, such as increased operating costs, lost revenue, and/ or reputational harm.	
				In the event of a product safety and/ or malfunction incident, Theon International may face product liability claims, revenue losses due to reputational damage, redesign costs, recalls, litigation, or fines, all of which could have a negative financial impact on the business.	
	G1 Business Conduct	Corporate culture	Compensation structures and incentive policies at Theon International can encourage business practices that are not in the best interest of clients, such as misleading or irresponsible marketing strategies.		<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div></div>
				Neglecting investment in R&D for advanced defense and optical sensor technologies can hinder innovation and weaken Theon International's market position.	<div><div>8 DECENT WORK AND ECONOMIC GROWTH</div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div></div>
				By failing to comply with export regulations, Theon International risks financial penalties, contract losses, or restrictions on international operations.	<div><div>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div>17 PARTNERSHIPS FOR THE GOALS</div></div>

# Environmental Responsibility matters

The Group, reinforced by its Environmental Stewardship, takes into consideration the increasing importance of environmental protection and is committed to meet the customer requirements while promoting sustainable development through effective management of natural resources, reducing its environmental impacts and continuous environmental monitoring of its activities. In addition, the Group's goal is to employ a rational use of natural resources, energy, raw and auxiliary materials in the production process and at the same time reduce and minimize where possible, liquid, solid or gaseous effluents. It is also important for the Group to achieve and maintain compliance of all its operations with the relevant European and national laws and regulations underpinning the protection of the environment.

In view of the above, the Group maintains an Environmental Policy emphasizing its dedication to strategic goals for environmentally responsible operations and reflects its proactive stance towards the reduction of its environmental footprint. In line with its Environmental Policy, the Group has developed a comprehensive Environmental Management System certified in accordance with the international standard ISO 14001:2015 to continuously perform environmental assessments of its activities. Internal audits for Theon

Sensors SA pertaining to the ISO 14001 standard were carried out in 2021, 2022, 2023, and 2024<sup>8</sup>.

In order to achieve its strategic goals, the Group conducts an analysis of the environmental impacts prior to the adoption and introduction of new production processes and products, and offers continuous training, education and encourages all employees to actively participate in improving the Group's environmental performance. In addition, the Group also collects information from its partners including customers, suppliers, contractors and government agencies, with a view to support its commitment to reduce its environmental impact. The Group aims to contract and collaborate with environmentally responsible suppliers who must meet high standards, including implementing the ISO 9001 Quality Management System. In view of this, the Group communicates its environmental commitments to its suppliers through an assessment (due diligence) that incorporates specific environmental criteria.

Furthermore, the Group places a strong emphasis on employee engagement in connection with sustainability matters and training, to ensure that the team is well equipped with the knowledge and tools to contribute to

the Group's commitment to environmental responsibility. In particular, the Group has invested in enhancing the environmental awareness of its employees through a tailor-made environmental training provided to all employees, regardless of their position or hierarchical level. The said Environmental Awareness Training forms part of the onboarding process as well as the emergency response exercise conducted on an annual basis.

## CLIMATE CHANGE

### CLIMATE CHANGE MITIGATION AND ADAPTATION

The Group's operations are subject to a variety of environmental challenges, all of which mandate careful attention and strategic planning. Amongst these challenges, two broad categories emerge: physical and transition risks. Physical risks include the tangible threats caused by environmental factors and natural disasters such as excessive heatwaves, storms, floods, droughts and wildfires which could, in turn, cause damage to Theon's assets and/ or equipment disrupting Theon's operations. Transition risks relate to the transition to a lower carbon economy and include, for example, the evolving regulatory, technological and market aspects in connection with climate-change mitigation and the environment.

Reducing its environmental footprint is a key aspect of the Groups sustainability strategy. Specifically, Theon is taking measured steps towards reducing its energy consumption and improving waste management practices.



<sup>8</sup> Internal audits related to the ISO 14001 standard have not been extended to low effective scope non-manufacturing entities within the Group.



## CLIMATE CHANGE

### ENERGY

The Group has developed a plan focused on responsible energy management and carbon emissions reduction. To ensure transparency and accountability, a number of KPIs have been established to measure the progress towards the said plan’s objectives, whilst ensuring a continuous improvement in environmental performance. More specifically, Theon Sensors SA (Company facilities in Koropi and Psychiko) reduced its electricity consumption from 651,038kWh in 2023 to 529,011kWh in 2024 which represents a reduction of c.18.7%. In addition, Theon Sensors SA also reduced its CO2 emissions from 380.96tn in 2023 to 370.42tn in 2024 representing a reduction of c.2.8%.

ELECTRICITY CONSUMPTION (KWH) <sup>9</sup>	
YEAR	kWh
2023	651,037.91
2024	529,010.55

CO2 EMISSIONS (TN) <sup>10</sup>		
KPI	2023	2024
Emissions from mobile combustion	33.25	45.72
Emissions from imported electricity	347.71	324.70
Total	380.96	370.42

In 2024, the Group made a significant investment of €74,241.61 to install a solar panel in one of its production facilities in Koropi, Greece with the highest energy consumption. This building houses its main manufacturing facility and the largest office area. As previously mentioned, the Group consistently adheres to environmental regulations. This commitment is evidenced by Theon Sensors SA’s annual reporting of fluorinated gases to the Greek Ministry of Environment and Energy, in accordance with the European Regulation (EU) No 517/2014 on fluorinated greenhouse gases. Furthermore, the company conducts Energy Efficiency Audits at its facilities, as required by Greek Law N. 4342/2015. These actions ensure transparency, compliance and continuous improvement in sustainability efforts.

Another initiative undertaken by the Group relates to the implementation of the principles of ‘Green IT’, aiming at the optimal management of energy needs in a way that utilises alternative energy sources and takes care of the natural environment. The key concept of ‘Green IT’ is the alignment between the economic viability and optimal efficiency of infrastructure with the social and ethical responsibilities arising from the need to reduce the energy and environmental footprint of businesses. The Group embeds these principles in its operations and encourages the use of environmentally friendly technologies and software tools, such as virtual energy management and telecommuting.

<sup>9</sup> Aggregated electricity consumption of facilities in Koropi and Psychiko.  
<sup>10</sup> KPIs include aggregated CO2 emissions of facilities in Koropi and Psychiko, as well as the CO2 emissions from Theon Sensors SA car fleet.

CIRCULAR ECONOMY

WASTE

The Group endorses the principles of circular economy and acknowledges the crucial role that waste management plays in shaping its ecological footprint and has implemented comprehensive strategies to reduce waste and responsibly handle and recycle and reuse materials. By adopting such practices and continuously monitoring waste streams from its activities, the Group ensures that resources are used efficiently, and that waste is either recycled, reused or disposed of in an environmentally responsible manner. Particularly, the amount of waste produced by the Group's operations is submitted to electronic waste registration and hazardous waste management is performed by adequately certified subcontracting companies. The Group minimises waste quantities at all locations through process optimization and the implementation of advanced waste management technologies.

In 2024, Theon Sensors SA made its waste management and disposal process more systematic and specific by adding also the category of empty hazardous packaging materials, enabling better organisation. The information presented below with respect to waste management and recycling pertains to the two facilities in Koropi where operations range from prototype creation to the final assembly of the product.

Theon Sensors has managed to increase its non-hazardous waste management materials as follows:

- **Paper**  
**(2024: 13.02tn, 2023: 9.80tn)**
- **Plastic**  
**(2024: 6.01tn, 2023: 2.77tn) and**
- **Aluminium / Metals**  
**(2024: 1.42tn, 2023: 0.34tn)**

In connection with hazardous waste management, Theon Sensors achieved the following relevant metrics (for a full list of hazardous materials please refer to the relevant table below):

- **Empty containers with residues of hazardous substances** (2024: 0.583tn, 2023: 0.022tn)
- **Organic Chemical Materials** (2024: 0.017tn, 2023: 0.044tn)
- **Discarded organic chemicals consisting of or containing hazardous substances** (2024: 0.082tn, 2023: 1.500tn) and
- **Lamps and Lighting Fixtures** (2024: 0.330tn, 2023: 0.179tn)

NON-HAZARDOUS WASTE MANAGEMENT (TN)		
Material	2023(tn)	2024(tn)
Paper	9.80	13.02
Plastic	2.77	6.01
Aluminium	0.34	1.42

HAZARDOUS WASTE MANAGEMENT (TN)		
Material	2023(tn)	2024(tn)
Empty containers with residues of hazardous substances	0.022	0.583
Organic Chemical Materials	0.044	0.017
Discarded organic chemicals consisting of or containing hazardous substances	1.500	0.082
Lamps and Lighting Fixtures	0.179	0.330
Lead Batteries	-	0.884
Machine Soap Oils	-	1.072

The Group is committed to ensuring the safe and responsible handling of hazardous waste, strictly adhering to all relevant regulations and guidelines to protect both the environment and health of employees.

Through its Environmental Policy, Theon is proactive in mitigating such risks by staying informed about environmental and climate related regulations, as well as implementing sustainable practises which include, amongst others, responsible energy and waste management, the performance of regular environmental and impact assessments and the execution of strict protocols for the management of hazardous substances.

The Group's hazardous waste management practices include the proper storage of organic chemical materials in designated cupboards to prevent any potential harm. Empty containers with residues of hazardous substances and discarded organic chemicals consisting of or containing hazardous substances are stored in designated areas to prevent any accidental mixing or spillage. In cases where lead batteries are generated from the operational process, they are stored for a short period of time in a designated area to ensure safety before being managed by an authorized partner.

Committed to the proper management of hazardous waste, the Group has partnered with a specialised waste management company. This company conducts visits to the Group's facilities to collect and manage all amounts of hazardous waste when needed, ensuring proper handling in an environmentally responsible manner.



# Social Responsibility matters

In line with its Social Responsibility pillar, the Group is committed to the professional and personal growth of its workforce and at the same time it is actively engaged in societal matters being responsible for ensuring high quality products to its customers and fostering an inclusive environment for all its stakeholders.

The Group is dedicated to creating a supportive and fulfilling work environment that fosters loyalty and long-term commitment, achieving a high retention rate of 98,83% per month in 2024. In the year ended December 31, 2024, the total number of employees at a Group level was 374. The Group's employees play a vital role in the organisation's development and their well-being is of paramount importance to the Group. For this reason, the Group continues to invest in employee welfare and education, providing comprehensive benefit packages and opportunities for personal and professional development. At the same time, the Group, over its history, established an exceptional track record of maintaining a safe and secure working environment for its employees. The Group maintains a strong record on reported workplace accidents across all production sites. To ensure the overall health and safety of its workforce, the Group has implemented comprehensive safety protocols, including regular employee training

programs, strict adherence to industry best practices, and continuous monitoring of potential hazards. Moreover, the Group is committed to social responsibility extending beyond the workplace. Through various philanthropic activities, it strives to make a positive impact on the local community, supporting causes that align with core values and fostering a sense of purpose among employees.

In recognition of the above, the Group has been certified as a Great Place to Work for 2024 awarded by Great Place to Work® Hellas.

The Group is one of the leaders in the industry with a global presence and important partnerships, by tailoring its products to meet the unique requirements of its customers. The Group's goal is to offer innovative and high-quality products that guarantee flexibility, effectiveness and efficiency in the military operations. Through the customization of its products, the consultation of each client about its specific needs and the complete after sales support, the Group maintains excellent client relationships, which is a key element for its international success.

## OWN WORKFORCE

### WORKING CONDITIONS – EMPLOYEE WELLBEING AND HEALTH AND SAFETY

Providing a work environment that ensures the health and safety of its employees, contractors and suppliers is of utmost importance to the Group. Aiming at zero accidents and occupational illnesses, Theon ensures the promotion of health and safety in the workplace and the achievement of continuous improvement in this area. For this reason, the Group maintains a Health and Safety policy which underpins its commitment to protecting both its people and property by maintaining a safe and healthy workspace in accordance with industry standards and legislative requirements, aiming to eliminate any foreseeable hazards which may result in property damage, accidents or personal injury/ illness.

The Group's approach to health and safety relies on three aspects:

- Safety Task Force Groups
- Safety culture and awareness trainings
- Risk identification and assessment

#### Safety Task Force Groups

To manage potential risks effectively and comprehensively, the Group implements safety protocols and procedures to assure a safe workplace environment. In view of this, Safety Taskforce Groups have been launched including employees from

all departments. Their main task is to assure the identification of potential safety issues and risks and their immediate communication to the responsible manager, in order to take precautionary measures and avoid potential incidents. To achieve that, Safety Task Force Groups perform regular safety inspections in all premises and operations.

#### Safety culture and awareness trainings

The Group has developed awareness initiatives including an internal training program for all its employees, wide collaboration with companies specialised in health and safety issues and the construction of fully equipped medical facilities within its premises.

To ensure a prompt and accurate response in the event of any health and safety incidents, several employees at Theon Sensors are trained in First Aid and hold certifications from training sessions conducted by the Hellenic Red Cross. These employees are strategically placed at each working site as an extra precautionary measure to effectively coordinate medical emergency situations. Additionally, an automated external defibrillator (AED) is available on the premises of Theon Sensors to further enhance emergency preparedness, and employees have also been trained on its use. These certifications remain valid, and the next training session is planned for 2026.

A fire safety session has also been conducted, and a Fire Safety Team has been established which reports to the Fire Safety Commander and is responsible for any fire safety or evacuation event, as well as respective drills organised at least once per year. During the annual evacuation drill in 2024, 130 employees participated in Health and Safety training conducted at a facility in Koropi.

**Risk identification and assessment**

Theon regularly conducts hazard identification and assessment in cooperation with its dedicated Safety Technician. The results of these assessments are included in the written Occupational Risk Assessment that is available to all employees and is updated and revised regularly, in accordance with the applicable Greek legislation<sup>11</sup>. The last revision of the Occupational Risk Assessment has been made in 2024 for one of the facilities in Koropi.

The Group seeks to achieve zero accidents and eliminate relevant risks and has established specific indicators for recording and effectively monitoring health and safety performance, as indicated in the table below:

HEALTH AND SAFETY - ACCIDENTS AND INJURIES KPIS <sup>12</sup>		
KPI	2023	2022
Lost Time Incidents (LTIs) <sup>13</sup>	0	1
Lost Time Injury Frequency Rate (LTIFR) for employees <sup>14</sup>	0	12.16
Absenteeism Rate (AR) for employees <sup>15</sup>	2%	1.98%

**Employee wellbeing**

The Group maintains a dedicated team of highly skilled and experienced employees who competently handle activities from design through to manufacturing. Its management approach to employee experience remains holistic, ensuring that every interaction and touchpoint within the Group is designed to enhance the overall wellbeing and satisfaction of its employees.

The Group has been certified as a Great Place to Work for 2024, standing out for its excellent work environment and corporate culture, following an evaluation carried out by the organisation Great Place to Work Hellas. The evaluation of the working environment was done by the employees of the Group based on their experience over the past year. Through this evaluation, the employees acknowledged the Group for its corporate culture and working environment as a whole, for the investment that it undertakes in the continuous improvement of the skills of its employees the broadening of their horizons, as well as their cultural and digital upskilling and reskilling.

Theon uses the survey’s results to understand its employees’ aspirations, concerns and suggestions so that it can identify areas for improvement, celebrate its strengths and align its strategies with their needs and expectations. The survey for the financial year 2024 will be conducted during the second half of March 2025. Therefore, it should be noted that no results were available during the preparation of this non-financial statement.

<sup>11</sup> Code of Laws related to Occupational Safety and Health (Article 42 L3580/2010, as in force after the changes made by Article 7 L4808/2021, and Article 43 L3850/2010)

<sup>12</sup>Accidents and Injuries KPIS aggregated on a Group level.

<sup>13</sup> Lost Time Incident (LTIs): (Number of incidents)

<sup>14</sup> Lost Time Injury Frequency Rate (LTIFR): (Number of incidents / manhours worked) x10<sup>6</sup>

<sup>15</sup> Absenteeism Rate (AR): (Number of days of absence form work due to any inability other than accidents and illness / manhours (%)



**Holistic approach on employee experience**

The employee onboarding process is essential for the successful integration of new hires into the organisation. This procedure includes activities which allow new employees to complete an initial new-hire orientation process, as well as learn about the Group and its structure, culture, vision, mission and values. Moreover, during the onboarding process, employees become familiar with the “Employees Handbook” which includes all corporate documents and policies outlining areas such as Human Resources forms, guidelines and other procedures about working at the Group. In the 2024 HR Awards, Theon received the Bronze Award for its innovative application of Virtual Reality technology in enhancing the onboarding process.

In addition, the Group’s integrated performance management system plays a pivotal role in driving workforce productivity, fostering higher employee engagement, reducing turnover and maximising revenue per employee. The performance management system supports the Group through:

- **Providing a fair basis for awarding compensation based on merit;**
- **Helping managers distribute and achieve departmental goals;**
- **Helping employees clearly define and understand their responsibilities;**
- **Identifying employees for advancement within**

the Group;

- **Providing criteria for the evaluation of employees’ performance; and**
- **Suggesting ways in which employees can improve their performance.**

**Additional employee benefits**

In fostering a comprehensive reward system, the Group has developed an additional employee benefits’ plan that is offered to all employees despite their job position or hierarchical level and includes both health care and economic benefits. Medical plan is provided for all staff and all their first level family members after three months of employment within the Company.

**Fostering employee wellbeing**

Under the corporate commitment for the provision of safe, equal, and inclusive workplace, the Group has included employee’s wellbeing in its corporate strategic approach in order to attract and retain top human capital. The corporate devotion to wellbeing of its people is highlighted through the following initiatives:

- **Promoting engagement through empowering employees to participate in social events and cultural activities;**
- **Christmas children’s party;**
- **Running team;**
- **Gym subscription;**

- **Webinars in connection with physical and mental health;**
- **24/7 psychological support line, in collaboration with an expert organisation in occupational health and safety;**
- **Healthy way of living through promoting a balanced eating pattern; and**
- **Corporate band (musical band consisting of Group employees including members of the Management).**

The Group recognizes the critical importance of retaining technical and skilled personnel for its operations. Intense industry competition heightens the risk of losing talent to competitors or facing challenges in recruiting new employees. For this reason, and as evidenced by the activities/ initiatives referred to above, the Group ensures that both the wellbeing of its employees as well as their professional growth continue to remain top priorities.

**OTHER WORK-RELATED RIGHTS**

**Data privacy and cybersecurity**

The Group acknowledges notable risks related to data protection and cybersecurity. Compliance with GDPR and similar regulations is pivotal to avoid potential fines or penalties from regulatory authorities. Moreover, the threat of cyber-attacks, encompassing various risks such as computer viruses and phishing attacks,

emphasizes the importance of implementing robust cybersecurity measures to protect the Group’s IT infrastructure. Additionally, the risk of data breaches due to third-party non-compliance or cyber-attacks remains a concern, necessitating proactive risk management strategies to safeguard the Group’s data integrity and operational continuity.

Additionally, given its exposure to infrastructure vulnerabilities and data breaches, as well as potential attacks or disruptions to its IT systems, Theon implements various measures to mitigate these risks. The Group’s information systems adhere to ISO27001 standards and are certified under the Cyber Essentials scheme by IASME, incorporating industry best practices for security. Furthermore, to safeguard against external cybersecurity threats, the Group conducts biannual phishing training, comprehensive annual penetration testing, and monthly automated vulnerability scans of its external IPs and website. Additionally, a 24/7 asset monitoring system is in place to protect the Group’s IT infrastructure.

SOCIAL CONTRIBUTION AND VOLUNTEERING

**The Group places special emphasis on social contribution, reflecting its commitment to contribute in the positive transformation of the world. The Group’s mission extends beyond its core operations as it recognises the importance of acting with a strong sense of responsibility towards the society and the communities in which it operates. Guided by these principles, the Group has established a framework consisting of the following four (4) pillars of social contribution, with the active participation and devotion of its employees aiming to further amplify this commitment.**

**Support vulnerable groups**  
Acknowledging the importance of refining the lives of those in need, the Group is dedicated to creating a more inclusive and equitable world for all. The Group actively supports organisations that address the challenges faced by vulnerable social groups. The goal of the Group is to magnify the impact of those organisations, developing greater social awareness and improving the quality of life for those they serve. The Group provides support to the following organisations:

- **Odyssea:** A non-profit organisation that supports young vulnerable people to have access to employment opportunities in society.
- **Make-A-Wish:** A non-profit organisation that helps fulfil the wishes of seriously ill children.
- **We4All:** A non-profit environmental and humanitarian organisation with the mission ‘to help Earth heal and remind people this planet is our home’.

**Employee volunteering**  
Employee volunteering is a core value embedded in the Group’s culture. The Group encourages and supports its employees who dedicate their time and skills in order to make a difference in the communities served. Encouraged to offer to the society and inspired by a shared sense of social responsibility, employees actively engage in various volunteering programs that champion the values of sports, solidarity and environmental responsibility, strengthening the collective impact and representing the Group’s commitment to corporate citizenship. Some of the volunteering programs in which the Group’s employees were involved include:

- Odyssea Social Cooking (Easter and Christmas events);
- Make-a-Wish: Fulfil a child’s wish;
- Sponsorship for 1000 meals for a year, Odyssea;
- Sponsorship for 5 families’ ‘Boxes of Love’ for a year, Odyssea;
- We4All Tree Planting in Penteli (100 saplings); and
- We4All Marathonas Beach Cleanup

**Support of education and science**  
Education stands as a cornerstone in the Group’s social contribution framework. The Group supports promising young professionals through sponsorships, acknowledging their potential and investing in their growth and development. Furthermore, the Group offers

internship opportunities providing valuable hands-on experience and mentorship to the next generation of talent.

The Group extends its support through sponsorship for conferences, webinars, events, and workshops which cover a broad spectrum of subjects from defence, security, aerospace and emerging technologies to economic growth and entrepreneurship. In these events organised by the Group, esteemed speakers are brought to enrich discussions and the active participation of the company’s management is evident through their involvement in panel discussion. Additionally, the Group has been actively involved in organizing business days, providing young university students with the opportunity to get to know the group and engage in discussions on various job-related topics. This initiative not only helps students gain valuable insights into the industry but also fosters a connection between the academic and professional worlds.

Recognising the importance of Greece’s technological evolution, the Group has participated in HETiA’s<sup>16</sup> 4<sup>th</sup> Emerging Tech Forum 2024: Transforming Greece’s Tech Landscape with Pioneering Discussions on Microchips and AI Innovations. Representatives from the Group offered their views alongside other high-profile industry experts on matters such as advancements in defense innovation and other technological capabilities.

<sup>16</sup> HETiA is Greece’s alliance of highly innovative industrial and academic performers, promoting digital technology proliferation and entrepreneurship in emerging technology domains.



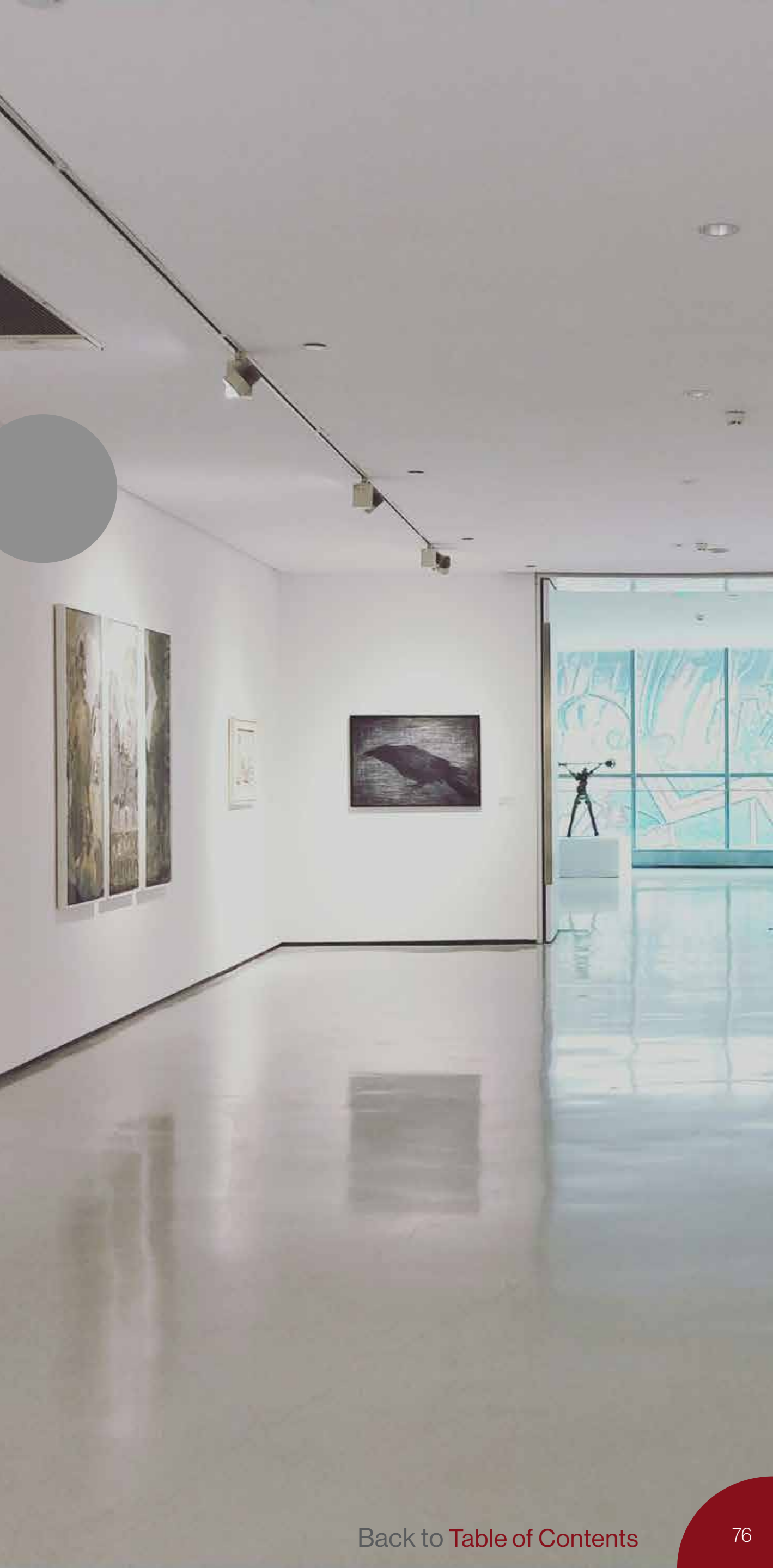
**Support of culture**

The aim of the Group is to cultivate a profound reverence for Greek culture, both domestically and internationally. Through various initiatives such as sponsorship to Greek museums and cultural institutions, the Group actively contributes to the preservation and promotion of Greece’s rich history and heritage on a global scale. The Group’s support has been channelled to notable establishments including:

- **The organisation of the art exhibition ‘Wanderlust’ at the Heinrich Schliemann’s House in Athens;**
- **Sponsorship for the creation of a marble sculpture titled ‘The Antikythera Mechanism’ and its transportation from Athens to Jakarta, with the purpose of its permanent exhibition at the Parliament of Indonesia, November 2024, in commemoration of ‘75 Years of Greek-Indonesian Friendship’.**

- **Sponsorship for the transportation, accommodation, and other production expenses of two Balinese artists, in order for them to create in Athens the Balinese sculpture titled ‘Rahma – Sintha’, with the purpose of offering it to the Greek people, October 2024, in commemoration of ‘75 Years of Greek-Indonesian Friendship’.**

In addition, the Group has supported official festive events organised both by embassies abroad in Greece, as well as by Greek embassies and institutions in various countries around the world.



TRAINING AND SKILLS DEVELOPMENT

The Group supports the continuous advancement of its workforce, and it is dedicated to cultivating the professional growth and development of its employees through comprehensive training initiatives. It recognizes that by investing in its workforce, this will enhance the individual capabilities and will also strengthen the collective capacity to innovate and excel in a constantly changing environment. By providing tailored training programs for the needs and objectives of the employees, it will enable them to attain their maximum potential and drive the success of the organisation forward.

The Group approves and encourages a wide range of training programmes including:

- Training in hard and soft skills
- Employee coaching and mentoring
- Onboarding trainings
- On-the-job trainings
- Learning of foreign languages and
- Global history workshops and reading material (provided by the Group).

In 2024, and as shown in the tables below, the total number of employees trained was 161 including members of the Management under a total of 2,096 hours.

TOTAL TRAINING HOURS BY HIERARCHICAL LEVEL IN 2024 <sup>17</sup>	
Employees (Hierarchical level)	
Technical employees	1,180.50
Administration employees	675.50
Middle Management	212.00
Upper Management	27.50
Total	2,095.50

TOTAL NUMBER OF EMPLOYEES TRAINED BY HIERARCHICAL LEVEL IN 2024 <sup>18</sup>	
Employees (Hierarchical level)	
Technical employees	75
Administration employees	55
Middle Management	25
Upper Management	6
Total	161

Beyond providing training to its internal stakeholders, the Group provides training to its end customers/ users. In particular, the Group provides training performed by skilled and experienced personnel, including either operator training such as in-person demonstrations on equipment handling, or technical training, such as on maintaining and repairing the devices. In both cases, trainees receive relevant documentation, such as manuals, prepared by the Group's dedicated training and integrated logistics support departments. Especially for the technical training, the Group also offers hands-on training to technical personnel of the end-users.

<sup>17</sup> Total training hours by hierarchical level aggregated on a Group level.  
<sup>18</sup> Total number of employees trained by hierarchical level aggregated on a Group level.



SUPPLY CHAIN MANAGEMENT

Aiming to provide high quality equipment, the Group cooperates with an extensive network of suppliers both in Greece and abroad. The Group incorporates best practices and principles ensuring accountability and transparency, and thoroughly assesses all its suppliers prior to any collaboration, as well as evaluating existing suppliers on an ongoing basis.

PURCHASES FROM SUPPLIERS (%)		
Year	Foreign Suppliers (%)	Local Suppliers (%)
2023	91%	9%
2024	92%	8%

The Group uses an international supply chain for the production of all components. This supply chain is partially supported by the in-house Computer Numerical Control (“CNC”) workshop and mostly outsourced, with particular regard to the supply of specific intermediate products, such as image intensifier tubes (“IITs”), lenses, metal bodies and plastic parts, which are necessary for the manufacture of its technological products.

The most relevant suppliers are spread across the EU (Germany, Greece, France, and Netherlands), Asia and the United States, with more than 90% being in Europe and the United States. In 2024, 92% of Theon Sensors’ suppliers were foreign whereas 8% of its suppliers were from the local market (Greece) (please refer to the table above). Due to the strict regulatory requirements concerning the Group’s products, the Group needs to abide by strict selection criteria, including pricing, accessibility, quality and track-record, and policies to ensure that also outsourced services and components and the relevant suppliers comply with such requirements. The Group also keeps a record of the approved suppliers and partners, which is updated every year (“Approved Suppliers-Partners”). For this reason, the Group

maintains a Procurement Policy and Process for selecting its suppliers with its primary objective being to ensure that the quality of every piece of equipment or hardware, and every product supplied meets the prescribed standard and that the service delivered by the supplier complies with the specifications already set.

The Group acknowledges supply chain risks stemming from reliance on specific suppliers for key components like IITs, which have faced shortages due to increased global demand. In addition, as the Group’s supply chains are subject to sales and export restrictions, any delays or failures to comply with such restrictions may lead to increased costs in the form of fines and penalties as well as pose reputational risks. The Group is actively managing such challenges to ensure continued operations and compliance with regulations.

The Group also recognises supply chain opportunities to positively contribute to societal change and align itself with global efforts and legislation aimed at the eradication of forced labour and modern slavery. Specifically, the Group acknowledges its potential to eradicate these practices by leveraging suppliers located in areas where human rights are violated. Overall, the Group aims to establish a good relationship and a long-term collaboration with its suppliers, while seeking to intensify cooperation and expand the number of suppliers in the future in order to ensure that the services delivered by the suppliers continue to comply with the Group’s requirements and that all products of the Group are compatible and fully tested for compliance with military standards. In addition, by participating in tender procurement procedures, the Group benefits from sales volume forecasts and is able to organise its supply chain more efficiently, particularly the supply of IITs, which have the most significant effect on the Group’s ability to meet customer demand. The Group also deals with its suppliers mainly by means of purchase orders, governed by standard terms and conditions provided either by the Group itself, or by the relevant supplier



CONSUMER & END-USERS

DATA PRIVACY AND CYBERSECURITY

The IT infrastructure plays a pivotal role in the operations of the Group, serving as a cornerstone for various functions including product development, manufacturing, sales, customer support, administration, as well as communication channels, both internally and externally. Moreover, it facilitates the management with crucial financial data indispensable for strategy implementation, while ensuring controls, compliance, and uniform reporting across the Group. Given the strategic significance of IT systems and the sensitive information handled, the Group has implemented rigorous measures to forestall incidents such as IT breaches and cyber-attacks. The Group has not observed any incidents of violations or data forgery in 2024.

As an advanced technology-based solutions provider and a government contractor with access to highly confidential government information, the Group is subject to stringent secrecy obligations. The Group's exposure to national security or other sensitive government data accentuates the risk of security breaches or disruptions posed by unauthorised access to its IT networks and related systems. Moreover, compliance with the EU Regulation no. 679/2016

("GDPR") and similar data protection rules mandates adherence to stringent data security protocols.

Theon has proactively adopted an array of measures including employee awareness campaigns and training, dedicated cyber-security teams, and investments in IT infrastructure, which amounted to €258,853.27 in 2024.

Additionally, Theon's IT infrastructure and systems are protected externally and internally by firewalls and the latest versions of the firmware available. The Group has also implemented a software, Veeam, in both of its Greek sites to automatically backup and synchronise repositories, and the Quality Network Appliance Provider ("QNAP") archive, a disaster recovery procedure and back-up facility, in order to mitigate the IT risks.

In relation to the system maintenance, the Group has adopted a proactive approach in the IT asset lifecycle management for core and backbone IT infrastructure and implemented a dedicated software to monitor the lifecycle of the Group's products.

The Group must also rely on the safeguards put in place by customers, suppliers, vendors, subcontractors or other third parties to minimise the impact of cyber threats, other security threats or business disruptions. These third parties may have varying levels of cybersecurity expertise and safeguards, and their relationships with government contractors may increase their likelihood of being targeted by cyber threats. The Group's commercial arrangements with these third parties include processes designed to require that the third parties and their employees and agents agree to maintain certain standards for the storage, protection and transfer of confidential, personal and proprietary information.





PRODUCT SAFETY AND QUALITY

The Group designs and manufactures cutting-edge optoelectronic devices across both man-portable platform-based systems that allow the visualisation of images in low light or obscure conditions using different state-of-the-art technologies. Securing product safety and quality is of vital importance to the Group.

The Group recognises its profound obligation that holds towards its customers and the world. All products undertake rigorous scrutiny to meet industry standards as well as the Group’s uncompromising quality standards. The advanced production facility in Greece upholds NATO security clearance and conducts thorough testing of all systems in accordance with standard military test procedures prior to their launch. The Group’s unique competitive edge lies on the utilisation of its extensive range of in-house designed and assembled test and measurement equipment. The Group’s process capabilities include Research, Design & Prototyping, Testing & Evaluation, Product Development & Enhancement, Enhanced Automation & Technology and Aftermarket Support & Modernization.

In view of the above, the Group maintains and implements a Quality Management System (“QMS”), in

accordance with the requirements of the international standard ISO 9001:2015 and ISO 14001:2015 aiming at the continual effectiveness improvement of all its processes. Quality assurance, which is implemented throughout the production process from design to final achievement of the product, is implemented for both internal and external purposes. Internal Quality Assurance provides trust to management while external quality assurance provides trust to customers or third parties and is aligned with Quality Control functions.

After determining the specifications and requirements regarding production and product disposal, a program is implemented, through which the scope of Quality Assurance is the “prevention of error” by ensuring quality at all stages of production.

Through the QMS, all the processes applied in Theon are defined as well as resources, criteria and methods to ensure that both the operation and the control of these processes are effective. A critical part of quality assurance procedures is the quality control process. Quality control is implemented in different parts of the Group’s processes such as incoming inspection, during production, and outgoing inspection.

Theon is also a NATO Security certified organisation. Its Facility Security Plan is approved by the Hellenic Ministry of Defence (“MoD”) regarding the application of measures that ensure the security of sensitive products, military material, documentation and other information as well as personnel security. The Group, registered in the Defence Material Manufacturers Registry of the Hellenic MoD, has consistently demonstrated exceptional performance in contract fulfilment, earning certificates of achievement from numerous clients.

The Group acknowledges the potential risks associated with keeping in pace with evolving technology, potentially leading to unsuccessful future products. Custom product requirements pose challenges, including high research and development (“R&D”) investments and difficulties in assessing reliability. Potential supplier failures to meet contractual obligations could also hinder timely fulfilment of customer orders. Adapting swiftly to evolving customer needs and technological changes is imperative for sustaining competitiveness and ensuring future success.





PRODUCT SAFETY AND QUALITY

As described above, the Group’s fundamental principle and commitment, as well as the philosophy of its staff, is to deliver products and services that meet contractual obligations, adhere to relevant laws and regulations, and achieve the quality objectives established for each contract. To achieve this, Theon:

- Develops a company’s business development plan incorporating internal and external factors through SWOT analysis and conducts ongoing stakeholder analysis via a risk assessment process. It also continuously reviews and enhances product features, where possible, as well as the efficiency of its processes, thereby improving the QMS as a whole

- Establishes measurable quality objectives at the company, departmental/ process, and project levels. These objectives are established and reviewed as to the point of achievement during the Management review of the QMS by the leadership and at the end of each project, respectively
- Provides the resources needed for the unobstructed, effective and efficient operation of each department
- Invests in the continual upskilling, advising and training of its staff so as they enhance the quality in all their activities
- Monitors, measures and evaluates critical parameters and processes, in order to ensure quality objectives achievement.

The Group is committed to adhering to product safety regulations in all regions where it operates, ensuring the highest standards of safety and quality. Upon request, each delivered product can leave the production site with a product safety record, stating compliance with all applicable product safety laws.

A product is defective if it does not provide for the safety which one is entitled to expect, taking into account all circumstances, in particular (i) its presentation, (ii) the use to which it could reasonably be expected that it would be put, and (iii) the time when it was put into circulation. The Group recognises the risk that if a defective product causes a person’s death, injury to the body, damage to health, or damage to an item of property, the Group is obliged to compensate the injured person for the respective damage under certain circumstances. To ensure this risk is mitigated, the Group ensures compliance with the safety requirements and also provides consumers with the necessary information in order to assess a product’s inherent risks and take necessary measures to avoid such threats.





# Responsible Governance

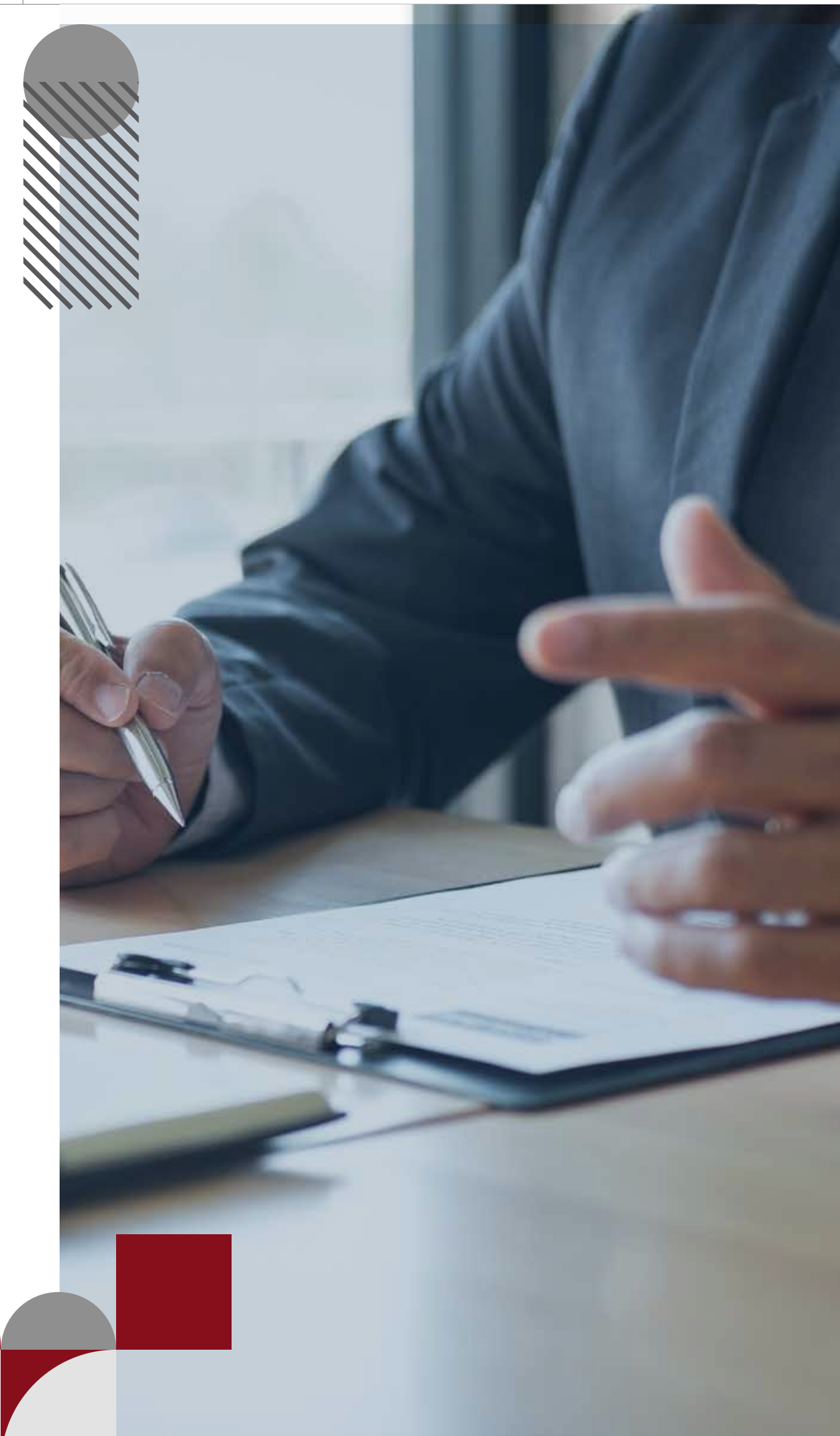
## BUSINESS CONDUCT

### THE GROUP'S GOVERNANCE STRUCTURE

The Group's internal structure reflects the dynamic corporate governance practices adopted which allow a constant flow of information in real time, optimising responsiveness whilst minimising or eliminating potential risks to sensitive information and incidents of corruption.

For FY 2024, the Group had a one-tier board structure consisting of three Executive Directors ("Executive Directors") and four Non-Executive Directors ("Non-Executive Directors"). For the new corporate governance framework that the Group adopted and implements as of 19/1/2024 in the frame of the IPO and listing to Euronext Amsterdam Stock Exchange, please refer to the Corporate Governance Report. The members of the Board of Directors combine unparalleled industry knowledge with extensive experience, providing stable and decisive leadership that nurtures growth and innovation in the Group.

The Board of Directors ("Board") is responsible for the continuity and the businesses of the Group. The Directors are responsible for the Group's general affairs and are in charge of the oversight of the day-to-day management, formulating the strategy and policies and setting the Group's objectives. The Directors focus on the long-term value creation for the Group, thereby considering the interests of all subsidiaries and how Group-wide strategies and policies contribute to the interest of each subsidiary and the interest of the Group as a whole, over the long-term. The Executive Directors are responsible for the Company's day-to-day management. The Non-Executive Directors supervise the Executive Directors' policy and performance of duties as well as the Company's general affairs and business and advise the Executive Directors.



CORPORATE CULTURE

Compliance and Anti-Corruption

In the defence industry, meetings and negotiations with officials from foreign countries are part of the day-to-day business conduct and, as such, the reputation of both parties involved must remain intact at all times. To achieve this, the Group sets the elimination of corruption as a top strategic priority and strives to create conditions that leave no room for such phenomena in its operations.

The Group addresses and communicates this issue through its Code of Ethics and Business Conduct, which, amongst others, clarifies that political contributions are absolutely forbidden by anyone in the Group. The Group's staff have been instructed neither to attempt to give nor accept any favourable treatment from any party. Significant emphasis is also placed on dealing fairly with all other counterparties, as is the only way to conduct business at the Group and it is expected from all employees, executives, and partners in general to respect the Group's rules and principles.

The Group acknowledges significant compliance risks related to anti-corruption and anti-money laundering regulations, particularly within jurisdictions like Greece, the United Kingdom, and the United States. Compliance

efforts are complicated due to the evolving nature of sanctions and regulatory regimes, posing challenges in interpretation and implementation. In addition, the industry's susceptibility to corruption, compounded by international sales in high-risk jurisdictions, emphasizes the importance of stringent compliance measures. While non-compliance could lead to adverse consequences such as fines and reputational harm, the Group remains committed to maintaining robust compliance policies to mitigate these risks.

In tandem with these regulatory challenges, the Group remains steadfast in its commitment to uphold a rigorous code of business conduct. Therefore, the Group has implemented a structured set of guidelines setting out its organisation's processes, standards, and best practices to aggregate and harmonise its operations with the applicable established regulations and legislation, which is enforced and overseen by the Legal Department of the Group in coordination with the Contracts and Purchasing Department, which handles the compliance issues of the day to day business, including export control.

Compliance issues are closely monitored on an ongoing basis ensuring both the smooth performance of the Group's contractual obligations and the adherence to the corresponding regulatory framework. To this end, the Group ensures its staff and employees periodically receive accommodated training and updates on any legal and regulatory developments that need to be strictly followed when doing business. External advisors and counsels are also engaged by the Group on an ad-hoc basis to provide tailored-made advice and solutions and support the Group when bespoke solutions are required.

The Group conducts its business activities in accordance with applicable anti-corruption laws, rules, and regulations, and its Code of Ethics and Business Conduct. The Group recognises the corrosive effect that corruption has on democracy and good governance and is committed to ensuring that the Group and those who conduct business on its behalf do so with integrity and the highest ethical business standards and in full compliance with the U.S. Foreign Corrupt Practices Act, the U.K. Bribery Act, and other applicable ant-corruption laws.

Furthermore, the Group has zero tolerance for bribery and corruption in any form in its business dealings. The Code of Ethics and Business Conduct applies to all officers, members of the Board of Directors, and employees of the Group, and, by written agreement, all appropriate provisions apply to any domestic or international representative, distributor, reseller, consultant, agent, or any other person or firm by whatever name known, of any nationality, who is conducting business for or on behalf of the Group.

**The Group has experienced zero allegations of corruption and/ or bribery in 2024.**



Business Ethics

The Group promotes transparency, integrity, accountability, and ethical behaviour throughout its organisation and entrusts its people with the responsibility to further its ambition and commitment to responsible business conduct beyond its borders. In view of this, the Group adopted a Code of Ethics and Business Conduct (“Code”). The Code reaffirms the Group’s core business principles and ethos and is addressed to all of its employees, members of the Board, officers, associates, contractors, as well as any agents or third parties when representing or cooperating with the Group.

In the Code, Theon reiterates its unwavering commitments towards continuous compliance with the applicable legislation, elimination of instances of bribery and corruption, respecting confidentiality at all times and practising fair dealing in accordance with established rules of competition.

Specifically, the Code of Ethics and Business Conduct covers mainly the following areas of business:



**Compliance with applicable legislation**

**Avoiding conflicts of interest**

**No bribery – anti-corruption clauses –  
business courtesies**

**Political contributions**

**Health & safety – quality**

**Competition and fair dealing**

**Accuracy in business record keeping**

**Sensitive information / confidentiality**

Compliance with applicable legislation

The Group is fully committed to competing in strict compliance with all appropriate laws and regulations in all jurisdictions of countries in which it operates. The Group, as well as each person to whom this Code applies to, shall at all times be in full compliance with all national, European and international laws, rules and regulations which apply to the Group’s and its counterparties’ business, regarding data privacy, competition and anti-trust, anti-bribery, anti-money laundering and anti-corruption legislation including, amongst others, the Organisation for Economic Development (“OECD”) Convention and recommendations and guidelines thereto, the United Nations Convention against Corruption (“UNCAC”), the Foreign Corrupt Practices Act (“FCPA”) legislation and the European Commission’s applicable rules and regulations and their implementation thereof.

The Group, as well as each person to whom this Code applies to, does not, and will not, whether directly or indirectly, breach or evade the laws of any country in which it seeks to do business in, even if such illegality constitutes “customary” business or practice. Accordingly, full compliance with all laws applicable to the Group’s business operations is the very minimum to be demonstrated.

**Avoiding conflicts of interest**

The Group’s conflicts of interest arrangements and procedures are derived from the Code and the applicable Greek legal and regulatory framework. All Group personnel and any other persons to which this Code applies to, must avoid any actual or threatened conflict of interest between the Group’s and their own (private) interests, whether by way of relationship or activity and regardless of whether such conflict may impair their ability to render fair and objective judgements or effectively perform their duties.

In addition, on January 19th, 2024, the Board of Directors of Theon International PLC approved the “Conflicts of Interest Policy” for the Group. Theon’s arrangements and procedures in connection with conflicts of interest are designed to prevent, manage, and eliminate cases of conflicts of interest and, in particular, specify what constitutes a conflict of interest as well as outline the general principles, rules, and regulations for their prevention and management. Arrangements and procedures regarding conflicts of interest apply to all “Covered Persons”, including members of the Board, executive officers, employees, and shareholders with a participation rate or voting rights equal to or higher than 5% of the company’s issued share capital.

The Group requires all actual and potential conflicts of interest to be communicated, discussed, documented, and managed appropriately. It also specifies procedures for the prevention of conflicts of interest, measures for the disclosure and management of the conflicts of interest, and conditions under which a member of the Board or Senior Executive Officer may have a conflict of interest.

The Conflicts of Interest Policy is enforced by the Group compliance function, which is responsible for evaluating and managing conflicts of interest, as well as maintaining a record of all declared cases.

**No bribery - anti-corruption clauses - business courtesies**

Neither the Group, nor any person to whom this Code applies to, shall offer, authorise or provide, whether directly or indirectly, a bribe, kick-back or benefit (including facilitation of payments, favours, gratuities or anything of value to the recipient), in return for an unfair business advantage resulting from an act or omission on behalf of such bribed party. Such acts are prohibited regardless of the reason, the persons involved, the means (pecuniary or other) or whether they involve intermediaries or not.

**Political contributions**

Political contributions are strongly prohibited and Theon is, at all times, compliant with all applicable public disclosure requirements and any applicable legislation.

**Health & safety – quality**

The Group, in compliance with applicable legislation, takes any steps necessary to assure a healthy and safe work environment for its employees and business invitees, while offering extensive training in this regard. The services provided by Theon must be delivered in a manner unreservedly respecting the health and safety of any employees and customers.

The Group is subject to provisions on product safety in all countries and jurisdictions where it delivers products and could therefore be held liable in cases concerning damage caused by defective products manufactured. As a principle, each delivered product leaves the production site with a product safety record stating compliance with all applicable product safety laws.

The Group is committed to preventing accidental loss of resources, including employees and physical assets,

striving to provide and maintain a safe and healthy work environment in compliance with industry standards and legislative requirements. The aim is to eliminate any foreseeable hazards that may result in property damage, accidents, or personal injury/illness.

The responsibility for health and safety is shared among all employees, with safety being the direct responsibility of all managers, supervisors, employees, and contractors. All management activities comply with company safety requirements related to planning, operation, and maintenance of facilities and equipment.

**Competition and fair dealing**

Dealing fairly with companies or individuals whom the company does business with, as well as its competitors, is considered of paramount importance to the company which treats this as the only way forward. For this reason, neither the Group nor its employees, officers or third parties representing it may take any unfair advantage by way of manipulating any person, misrepresenting or concealing facts of material nature, abusing any privileged information or in any other manner practising unfair dealing.



Accuracy in business record keeping

Theon and its employees shall safely maintain an accurate and complete financial record to be able to make responsible business decisions. It shall also be ensured that any transactions are accurately documented and completely reflected in the company's books. False or artificial entries aiming to alter, conceal or destroy any document to misrepresent a circumstance or transaction are prohibited.

Sensitive information / confidentiality

Disclosure of Theon non-public information to third parties may irreparably harm the company and its business. It is for this reason that the company requires its employees and contractors to demonstrate the highest level of confidentiality in relation to the information entrusted with them in the context of their employment or otherwise cooperation unless disclosure is expressly authorised or required by law. Any obligation relating to confidentiality remains binding even after the termination of employment or cooperation, regardless of the reason.

Whistleblowing Policy

Theon maintains, amongst others, arrangements and practices around whistleblowing (the Board of Directors of Theon approved the Whistleblowing Policy on January 19<sup>th</sup>,2024), which aim at encouraging and urging all employees of the Group to report violations within the Group as soon as they come to their attention and to express concerns regarding violations within the Group.

Anyone from an employee, officer, consultant, intern, secondee or agent of the Group is encouraged and urged to report any violations including information and reasonable suspicions about actual or potential illegal acts, omissions and breaches, which occurred or are very likely to occur in the Group. The Group's arrangements also set out reporting channels that enable named or anonymous reporting, in writing and/ or orally, as well as an investigative process monitored by a compliance officer.

The investigative process commences with the receipt of a report, followed by an evaluation of the reported violation and whether it falls under the scope of the

whistleblowing arrangements and practices. If the reported violation is considered credible, the compliance officer, alone or with the assistance of third parties, decides whether the case is to be closed or if it requires further investigation. Written feedback and update on the progress of the investigation is provided to the reporting person. The compliance officer decides whether disciplinary measures need to be imposed, based on the result of the investigation process. The Group keeps a record of all the reports. In addition, specific measures have been established for protection against retaliation.

**On January 19<sup>th</sup>, 2024, the Board of Directors of Theon approved the Whistleblowing Policy.**





Design and Development (D&D)

The Group's Design and Development (D&D) efforts are focused on in-house product development, building on existing basic research and studies by third parties. Depending on their complexity, the technology and systems the Group develops typically take between one and three years to yield a product that qualifies for operational service. After initial entry into service, products are regularly improved and further customized in close cooperation with the customer.

The Group's D&D department comprises a mixture of highly skilled and well-educated experienced professionals in the fields of optical, mechanical and electronic engineering. The group initiates the development of a product either upon a market need or a tender requirement. Capitalizing on more than twenty-five years of experience in optronics, a new design effort kicks off with a requirements review. Next, the technical specification is formed and detailed design commences with optical design followed by mechanical and electronics hardware and software development. The phases of integration, prototyping and design verification (with possible design re-spins and iterations) ensure a successful product before releasing to production.

This development cycle, depending on the specifications, complexity and technological challenges of the product, usually lasts from one to three years which is typical for yielding a proper qualified product for such a demanding sector as defence.

Interaction with the end-user is always a requirement for continuous improvement and customization of the product throughout its life cycle. The Group considers its ability to be flexible and address users' feedback to be one of its key strengths.

The Group's D&D processes are designed to produce efficient and effective innovation that relies on deep company know-how, individual skills and practices that have been acquired and developed over many years. This valuable asset of novelty and innovation is protected as a trade secret and as confidential information pursuant to contracts entered into with the Group's various counterparties.

A recent example of the process flow of the development of a product can be seen in the development of THEA an Head Up Display (HUD) for the dismounted soldier that was developed and proposed to the German Future Soldier (IdZ) program upgrade. In this case the program integrator, Rheinmetall, came to Theon Sensors with a requirement; the develop a modern HUD suited to substitute a technologically obsolete product in service. As this product category contained new technology blocks for Theon Sensors, such as compact optical optics for daytime use, extensive search of the state-of-the-art in technology was conducted on a worldwide scale which lasted a few months. Subsequently the correct optical component was chosen and designed, while the electronics and mechanical design followed to result in world-class compact daytime HUD. After a couple of demonstrations with the customer and digestion of the lessons learnt,

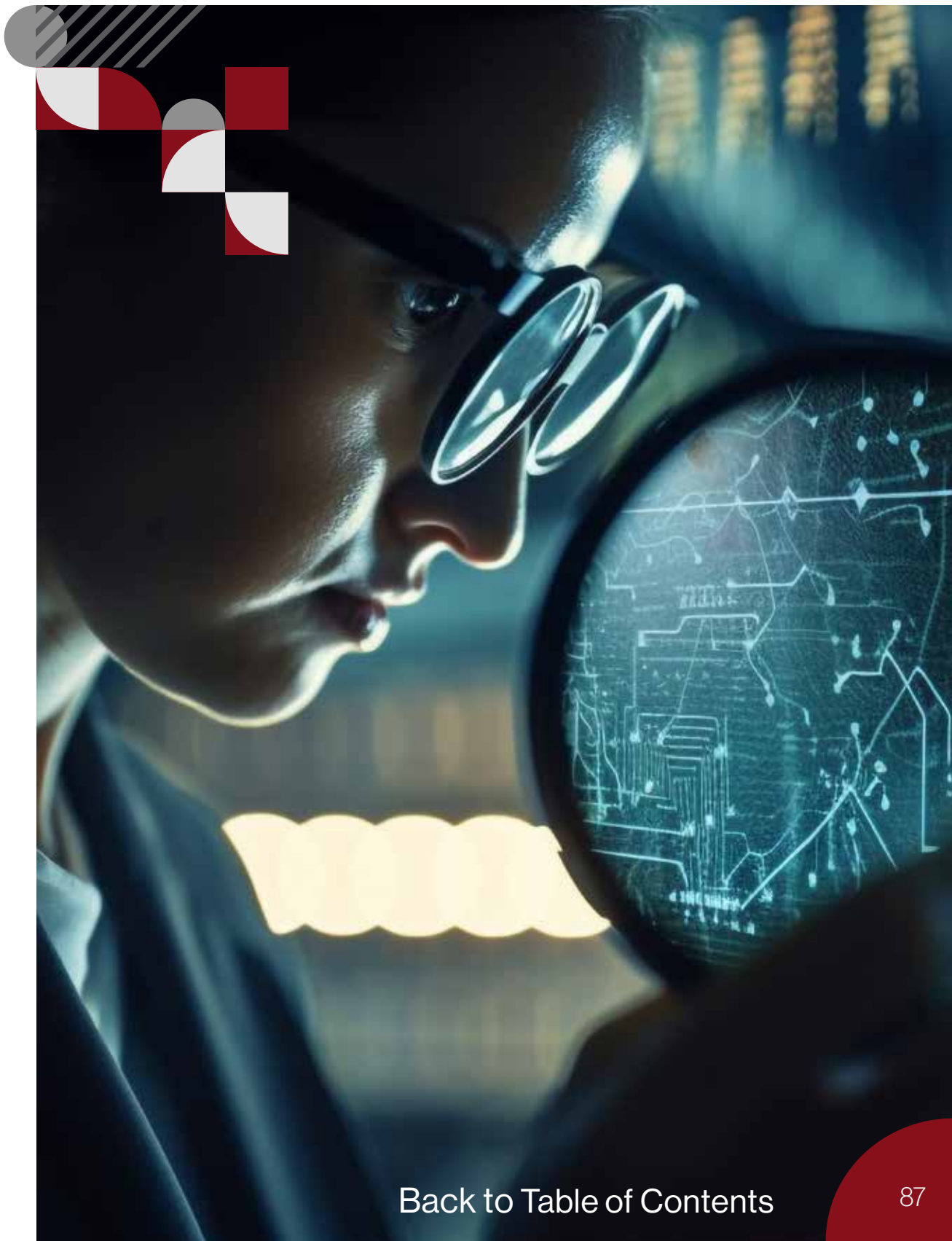
a second iteration of the design was performed. That resulted in a full customer satisfaction and THEA being admitted as the successor product. In the meantime, Theon Sensors lead the integrator appreciate their high technical capacity and was assigned to design an accessory to THEA, a head-worn computer, called the Smart Gateway. In the meantime, the integrator was awarded the contract, which demonstrated the success of this design.

Design & Manufacture

Theon is focused on producing reliable, high-quality products, in addition to its ability to maintain and repair its products over long periods of time. The Group produces its products out of its main factory located in Koropi (Athens), Greece, which has obtained NATO security clearance, as all systems are tested according to standard military test procedures prior to launch.

The original Koropi facility has an area of 3,500m2, which was further expanded with an additional building completed in 2023, to a total of 8,300m2. This production facility has annual capacity for approx. 56,000 monoculars with one shift. The Koropi facilities also have five 10,000 class clean rooms and a solar plant serving the original facilities. In addition, the Group uses joint facilities with Hensoldt in Wetzlar, Germany, with a total of 300m2, in a production facility area having annual capacity for approx. 12,000 monoculars which may be further increased in the future. We also have a 100m² production facility area in Plymouth, U.S. with EOTECH, where Theon products are partly manufactured and

assembled before being delivered to local customers. Approximately 380 of the Group's employees are allocated to the Koropi facilities. The Group also has a maintenance center in Denmark.





**Export and customs control**

Navigating the exports legal framework is a major challenge for the Group, due to the particularities of business operations, products, and global reach. The Group is required to comply with three distinct and interrelated levels of legislation: national, EU, and international.

As products in the Group's portfolio qualify as military goods or, alternatively, as dual-use goods or military services under export control regulations, they are subject to strict sales and export restrictions.

In particular, as to European law, the regulatory framework concerning customs is the Union Customs Code (Regulation (EU) No 952/2013), with the powers of the customs authorities being further set out in the national laws of the Member States.

Since the products are sold worldwide and given that most of them are to a large extent export controlled, these goods and services are subject to export control regulations of the country in which the relevant Group's affiliate is located.

In addition, the Group procures goods from suppliers worldwide, who might also be subject to export restrictions. Such export restrictions from suppliers could also impose further legal requirements when the Group provides goods and services to customers. To

this end, exporting companies have to comply with, in particular, European export control regulations, as well as the U.S. re-export regulations (for example, the ITAR/EAR), applicable depending on (i) the kind of product and the purpose for which the product has been developed, (ii) the country of destination, (iii) the intended use of the exported goods, and (iv) as part of the U.S. re-export regulations, the classification status of the receiving company.

Furthermore, some of the Group products qualify as dual-use items. Dual-use items are goods, software and technology that can be used for both civilian and military applications. To that end, the Group complies with EU export control regime for dual-use items, governed by Regulation (EU) 2021/821 of May 21, 2021 ("Dual-Use Regulation") entered into force on September 9, 2021, and repealed Council Regulation (EU) 428/2009 of May 5, 2009. The Dual-Use Regulation provides for common EU control rules, a common EU dual-use items list and harmonized policies for implementation.

The Group acknowledges the complexities of export and customs control, particularly in complying with laws governing military items and navigating diverse export regimes across jurisdictions, which may entail additional costs and administrative burdens. Moreover, evolving export restrictions pose risks to component suitability and availability, potentially impacting customer access, underscoring the importance of proactive supply chain management to ensure regulatory compliance and

sustain operational continuity while safeguarding the Group's reputation.

Therefore, compliance with all applicable restrictions and controls is essential for the Group. The Group places a strong emphasis on comprehensive due diligence processes for each business deal involving clients, suppliers, and business partners, ensuring that all necessary authorisations and certifications are obtained. The Contracts & Purchasing and Business Development departments play a vital role in this process and are considered to be at the heart of the Group's operations, as they are responsible for navigating the complex legal landscape and ensuring compliance with export control regulations.

By diligently adhering to the export control laws and regulations, the Group aims to mitigate the risks associated with sales and export restrictions.

By staying informed and proactive, the Group aims to ensure compliance with all applicable restrictions and controls, safeguarding its business, assets, and prospects. Remaining aware and vigilant of the dynamic nature of the international trade landscape is paramount for effectively and efficiently responding to any changes in governments' composition, elections, media coverage, geopolitical events, and policy changes, which may lead to the introduction of new or more stringent restrictions and controls.

Finally, countries like the United States, as well as supranational organisations like the EU and the United Nations, impose sanctions or other restrictive measures against countries/territories, organisations, groups, non-state entities, and individuals who infringe upon internationally accepted behaviour and norms, or otherwise pose national security or foreign policy risks. As both embargoes and trade sanctions can occur or change at any moment, and compliance with them is of highest importance, the Group puts significant effort in remaining up to date, with any developments and abide accordingly with relevant sanctions frameworks.





# Diversity & Inclusion and Human Rights

The Group is committed to workforce diversity, creating equal opportunities, and advancing a culture of inclusion where everyone feels valued and able to achieve their full potential. A culture of belonging is about uniting different backgrounds, beliefs, abilities and experiences in an environment where everyone feels valued and works together to achieve meaningful outcomes. Any form of discrimination shall be avoided, and to contribute effectively, individuals must actively promote understanding, empathy and open communication. This culture outlines the responsibility to create an inclusive environment and respect the dignity and diversity of all people. It guides how the Group engages with one another and inspires in order to take purposeful action to support the customers, employees and local communities.

Diversity, equity and inclusion (“DEI”) is everyone’s responsibility within the Group. Theon sets out the principles and requirements by which the Group enhances DEI throughout. Arrangements regarding DEI are applicable—but not limited—to the practices and policies on recruitment and selection; compensation and benefits; professional development and training; promotions; transfers; social and recreational programs, layoffs, terminations; and the ongoing development of a work environment built on the premise of gender and diversity equity. These arrangements apply to all employees and anyone conducting work on behalf of

the Group. The DEI strategy is guided by internal and external insights, global best practices, and continual employee feedback, which together remind the Group that while diversity changes by location, inclusion is the same everywhere. This approach allows the Group to continually evaluate its Global DEI strategy to ensure it remains relevant to meet the changing demands of the communities it serves.

**On January 19th, 2024, the Board of Directors of Theon approved the Diversity, Equity & Inclusion Policy.**

The Group aims to support equality, equal opportunities and diversity in the work environment, and it is also committed to supporting community-driven projects that enhance social inclusiveness.

Furthermore, with the aim of practical and substantial support of equality, equal opportunities and diversity in the working environment, Theon Sensors is part of the Diversity Charter. Participation in the “Diversity Charter” confirms the Company’s commitment to respecting human rights and shaping a culture based on inclusion, promoting equal opportunities to all employees, without exclusion or discrimination, and fully accepting and integrating uniqueness at work.

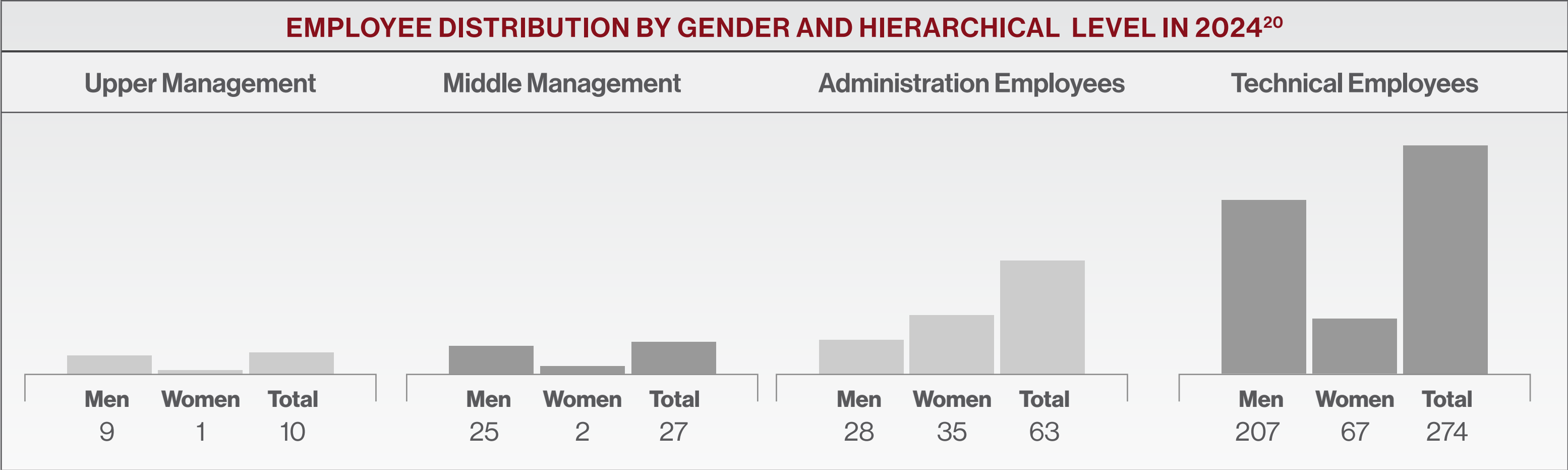
The Nominations and Remuneration Committee plays a key role in ensuring diversity by identifying and proposing suitable candidates for the Board. The said arrangements and practices aim at ensuring that independent non-executive members constitute at least one third of the Board, contributing to diversity of thought. These arrangements have been designed to promote diversity at multiple levels and to ensure this diversity is maintained and valued. Aiming to uphold its diversity and inclusion principles, The Board is currently composed of five (5) male members and two (2) female members.





# Diversity & Inclusion and Human Rights

The tables below indicate the levels of diversity across Theon:



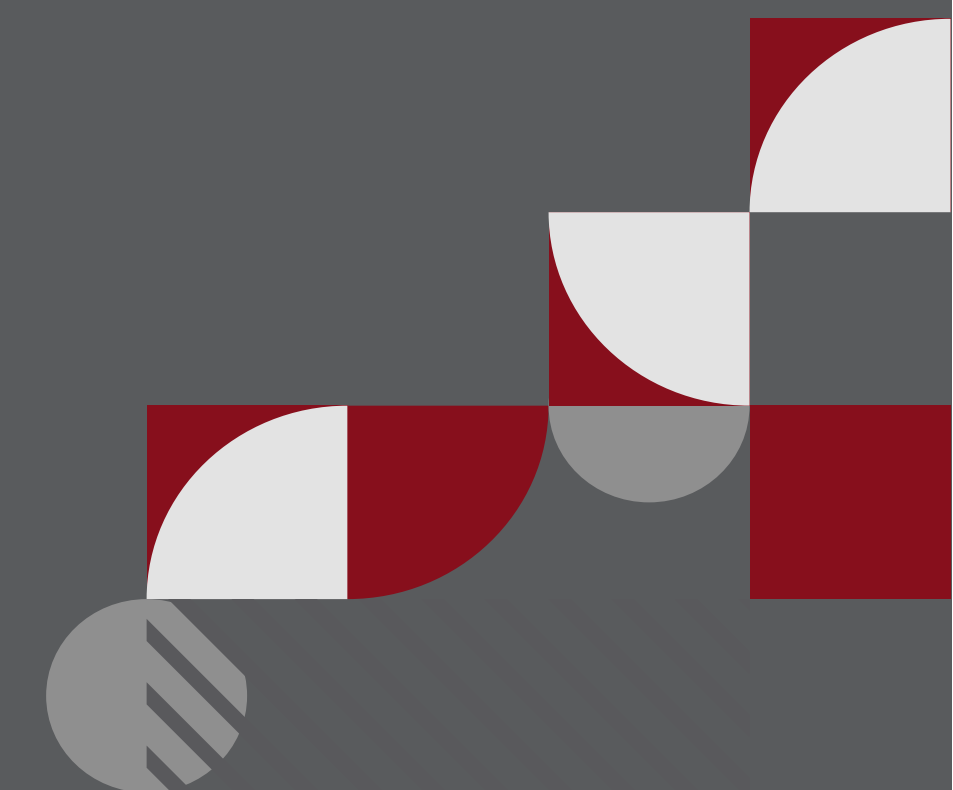
**EMPLOYEE DISTRIBUTION BY AGE AND GENDER<sup>21</sup>**

Age range	2023		2024	
	Men	Women	Men	Women
<30	50	28	62	39
30-50	159	36	173	53
51+	20	10	34	13

<sup>19</sup> Number of employees on 31<sup>st</sup> December 2024, aggregated on a Group level.  
<sup>20</sup> Employee distribution on 31<sup>st</sup> December 2024, by gender and hierarchical level, aggregated on a Group level.  
<sup>21</sup> Employee distribution on 31<sup>st</sup> December 2024, by age and gender, aggregated on a Group level.

# 08

## Declaration by the Members of the Board of Directors and the Company Officials responsible for the drafting of the consolidated financial statements





## Declaration by the Members of the Board of Directors and the Company Officials responsible for the drafting of the consolidated financial statements

(In accordance with the provisions of Law 190(I)/2007 on Transparency Requirements)

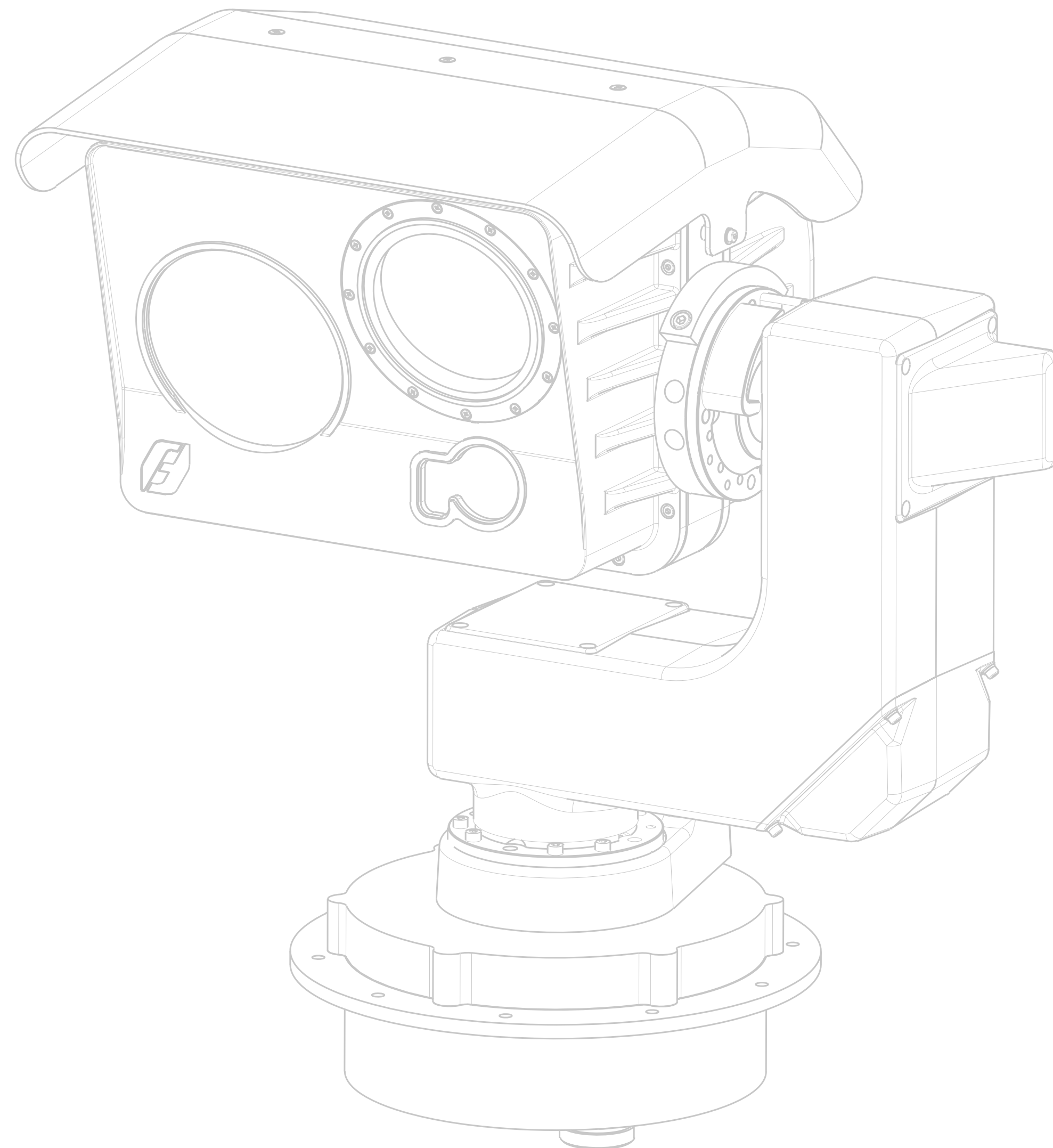
In accordance with sections (3)(c) and (7) of Article 9 of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190(I)/2007, as amended from time to time (the “Law”), we, the members of the Board of Directors, the Chief Financial Officer and the Chief Executive Officer responsible for the drafting of the consolidated financial statements of the Company and its subsidiaries (the “Group”), confirm, to the best of our knowledge, that:

A.  
the consolidated financial statements of the Group for the year ended 31 December 2024, that are presented on pages 102 to 184:

(i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of section (4) of Article 9, of the Law; and

(ii) give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group; and

B.  
the Management Report provides a fair review of the information required by section (7) of Article 9, of the Law.



Name and Position
Signature
**MEMBERS OF THE BOARD OF DIRECTORS:**

Christianos Hadjiminis - Vice-Chair of the Board of Directors and CEO

Kolinda Grabar-Kitarovic - Chairperson of the Board of Directors and Non-Executive Director

Stelios Anastasiou - Executive Director

Philippe Jean Mennicken - Business Development Director and Executive Director

Efsthathios Potamitis - Non-Executive Director, Non-independent

Hans Peter Bartels - Non-Executive Director, Non-independent

Maria Athienitou Anastasiou - Non-Executive Director, Independent

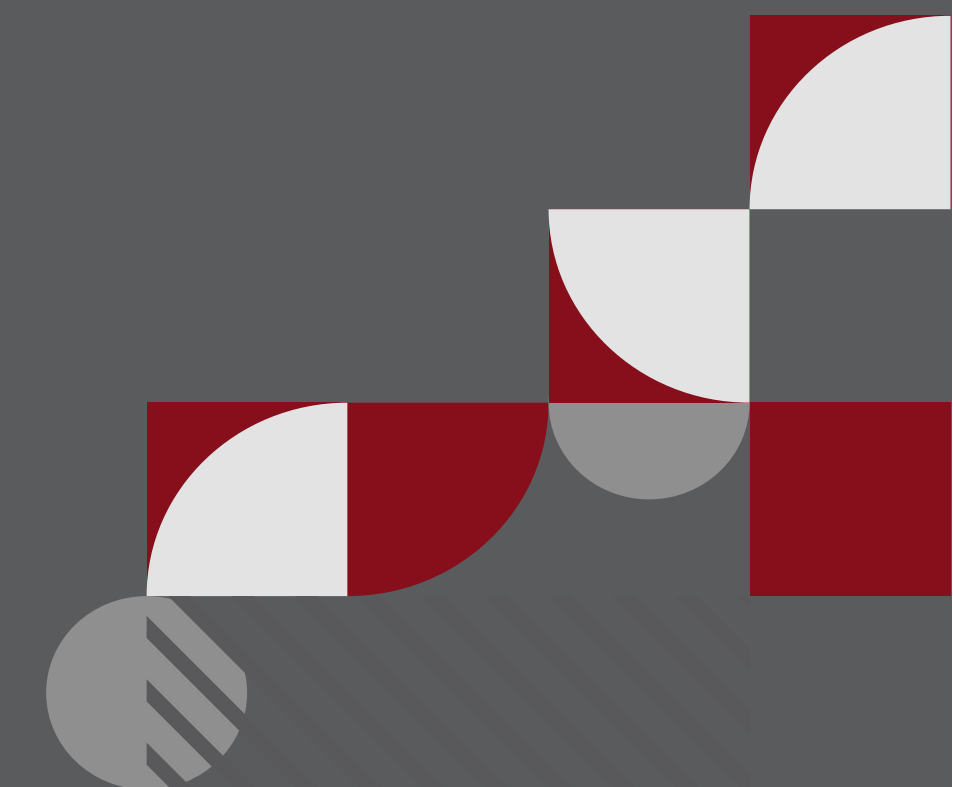
**RESPONSIBLE FOR DRAFTING THE FINANCIAL STATEMENTS:**

Dimitrios Parthenis - Chief Financial Officer

Nicosia, 14 April 2025



# 09 Independent Auditors' Report





KPMG Limited  
Chartered Accountants  
14 Esperidon Street, 1087 Nicosia, Cyprus  
P.O. Box 21121, 1502 Nicosia, Cyprus  
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Theon International PLC (the “Company”) and its subsidiaries (the “Group”), which are presented on pages 102 to 184 and comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113 (the “Companies Law, Cap.113”).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the consolidated financial statements” section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the International Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants (“IESBA Code”) together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Limited is a private company limited by shares, registered in Cyprus under registration number HE 132822 with its registered office at 14, Esperidon Street, 1087, Nicosia, Cyprus.

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INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition	
Refer to note 10 of the consolidated financial statements	
Key audit matter	How the matter was addressed in our audit
<p>The Group's revenue for the year ended 31 December 2024 amounted to €352.364.019.</p> <p>Due to the significance of the amounts, the volume of transactions, the inherent risk of revenue recognition at the wrong time and amount and due to the nature of the Group's operations, we have concluded that revenue recognition is considered to be a key audit matter.</p>	<p>Our audit procedures regarding the Revenue recognition included amongst others the following:</p> <ul style="list-style-type: none"><li>• Obtained and examined the Group's accounting policy with respect to revenue recognition and ensured that the policy is in compliance with the provisions of IFRS 15.</li><li>• Assessed the design and implementation of controls related to revenue.</li><li>• A sample of sales transactions which was derived from the general ledger and selected using statistical sampling methods, has been vouched to the related sales contracts or purchase orders submitted by clients, delivery notes, invoices, CMRs (shipping documents). Subsequent settlement of invoices was also examined.</li><li>• For a sample of sales transactions that occurred close to the reporting date, selected using the specific items sampling method, we have examined the related sales documentation (delivery notes, invoices, CMRs and collections against the relevant invoices) to assess whether revenue has been properly recognized in the correct accounting period.</li><li>• A sample of credit notes issued subsequent to 31 December 2024 has been examined in order to assess whether they have been properly recognized in the correct accounting period.</li><li>• Considered adequacy of the disclosures in the consolidated financial statements.</li></ul>

**INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC**

**Reporting on other information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and the auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

With regards to the other information, with the exception of the Management Report and the Corporate Governance Report, we have nothing to report.

With regards to the Management Report and the Corporate Governance Report, our report in this regard is presented in the “Report on other legal and regulatory requirements” section.

**Responsibilities of the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the European Union and the requirements of the Companies Law, Cap. 113 and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group’s operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group’s financial reporting process.



**INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC**

**Auditor’s responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC**

**Auditor’s responsibilities for the audit of the consolidated financial statements (continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

**Report on other regulatory and legal requirements**

**Other regulatory requirements**

Requirements of Article 10(2) of European Union (EU) Regulation 537/2014:

Date of appointment and period of engagement

We were first appointed auditors of the Company on 16 August 2023 by the General Meeting of the Company’s members to audit the financial statements of the Company for the year ended 31 December 2023. Our total uninterrupted period of engagement is 2 years covering the periods ended 31 December 2023 to 31 December 2024.

Consistency of auditors’ report to the additional report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report presented to the Audit Committee of the Company, which is dated 14 April 2025, in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services (‘NAS’)

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017 (“Law L.53(I)/2017”).

**European Single Electronic Format**

We have examined the digital files of the European Single Electronic Format (ESEF) of Theon International PLC for the year ended 31 December 2024 comprising an XHTML file which includes the consolidated financial statements for the year then ended and XBRL files with the marking up carried out by the entity of the consolidated statement of financial position as at 31 December 2024, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and all disclosures made in the consolidated financial statements or made by cross-reference therein to other parts of the annual financial report for the year ended 31 December 2024 that correspond to the elements in Table 1 of Annex II of the EU Delegated Regulation 2019/815 of 17 December 2018 of the European Commission, as amended from time to time (the “ESEF Regulation”) (the “digital files”).



**INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC**

**European Single Electronic Format (continued)**

The Board of Directors of Theon International PLC is responsible for preparing and submitting the consolidated financial statements for the year ended 31 December 2024 in accordance with the requirements set out in the ESEF Regulation.

Our responsibility is to examine the digital files prepared by the Board of Directors of Theon International PLC. According to the Audit Guidelines issued by the Institute of Certified Public Accountants of Cyprus (the “Audit Guidelines”), we are required to plan and perform our audit procedures in order to examine whether the content of the consolidated financial statements included in the digital files correspond to the consolidated financial statements we have audited, and whether the format and marking up included in the digital files have been prepared in all material respects, in accordance with the requirements of the ESEF Regulation.

In our opinion, the digital files examined correspond to the consolidated financial statements, and the consolidated financial statements included in the digital files, are presented and marked-up, in all material respects, in accordance with the requirements of the ESEF Regulation.

**Other legal requirements**

Pursuant to the additional requirements of law L.53(I)/2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the Management Report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the business and the Group’s environment obtained in the course of the audit, we have not identified material misstatements in the Management Report.
- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, have been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated financial statements.
- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap.113.

**INDEPENDENT AUDITOR’S REPORT  
TO THE MEMBERS OF  
THEON INTERNATIONAL PLC**

**Other matter**

This report, including the opinion, has been prepared for and only for the Company’s members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor’s report is Antonis I. Shiammoutis.



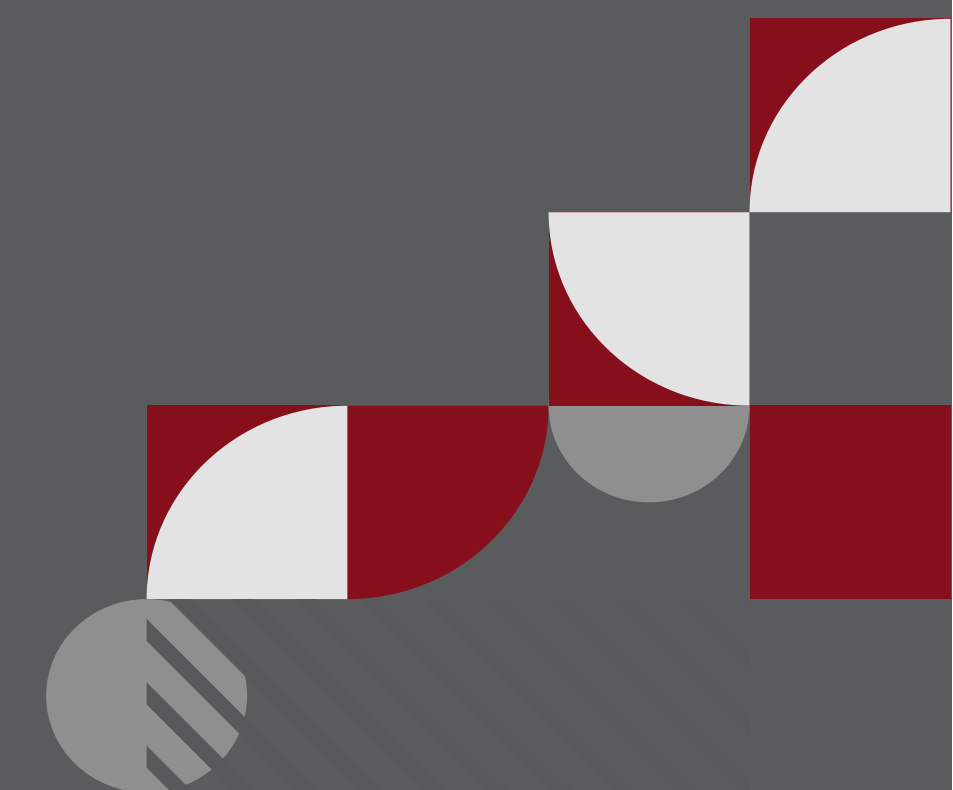
Antonis I. Shiammoutis, FCA  
Certified Public Accountant and Registered Auditor  
for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors  
14 Esperidon Street  
1087 Nicosia  
Cyprus

14 April 2025

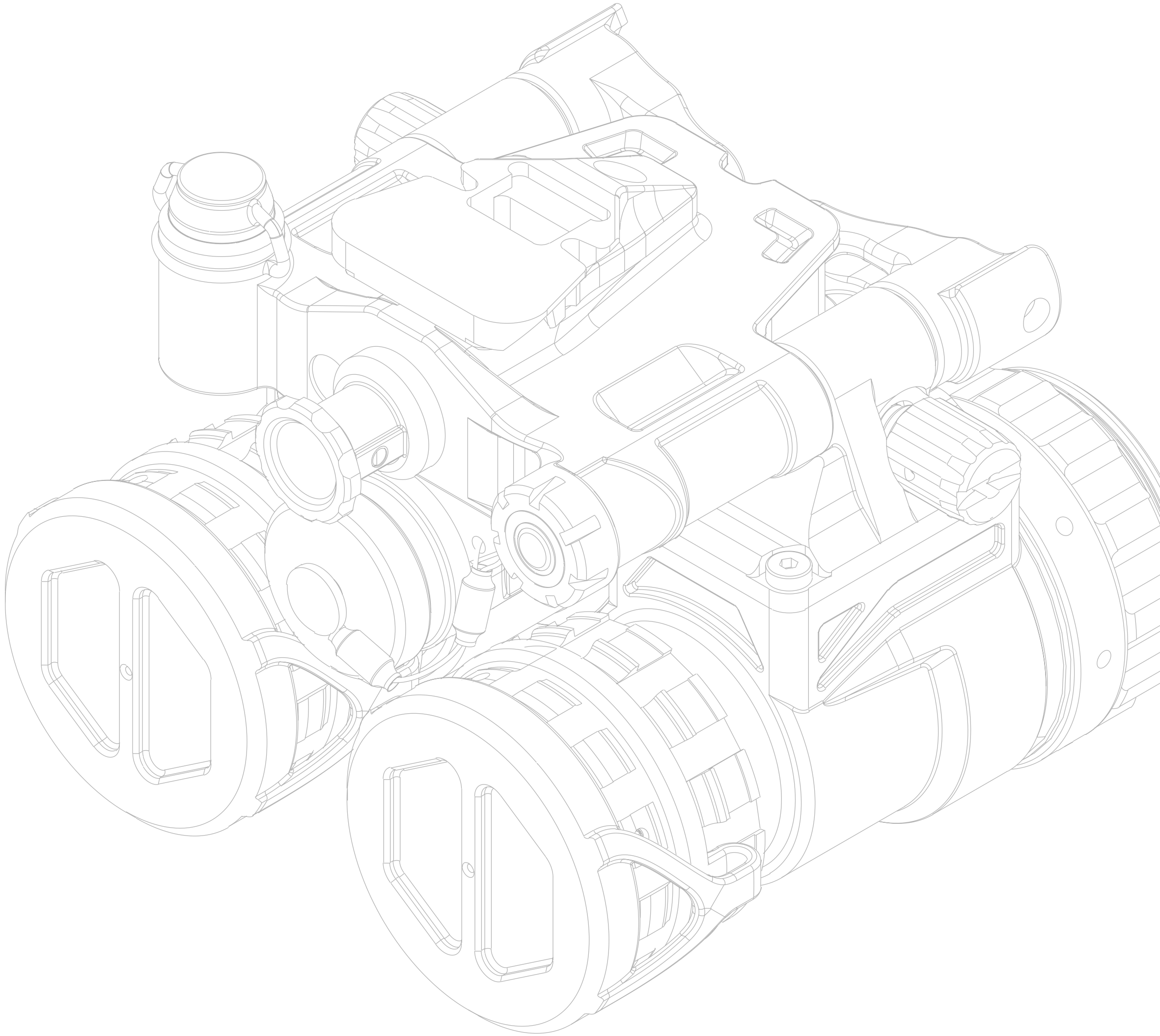


# 10 CONSOLIDATED STATEMENT of financial position



# Consolidated statement of financial position (1/2)

IN EURO	Note	31 December 2024	31 December 2023
Assets			
Property, plant and equipment	17.	32,382,731	17,358,467
Intangible assets and goodwill	18.	22,115,520	1,470,095
Right-of-use assets	19.	1,034,232	908,907
Investment property	20.	641,662	703,802
Investment in equity-accounted investees	22.	3,546,272	1,099,085
Other non-current assets		177,945	150,932
Other financial assets	26.	14,505	-
Deferred tax assets	14.	1,027,877	48,258
Non-current assets		60,940,744	21,739,546
Inventories	24.	75,897,083	63,613,462
Trade accounts receivable	25.	125,949,916	46,087,790
Other receivables	25.	7,620,624	10,977,857
Other financial assets	26.	721,746	208,156
Prepayments	27.	3,499,908	2,255,011
Term deposits	38a.	30,000,000	-
Cash and cash equivalents	28.	87,805,420	65,639,067
Current assets		331,494,697	188,781,343
Total assets		392,435,441	210,520,889



The notes on pages 112-184 are an integral part of the consolidated financial statements.



# Consolidated statement of financial position (2/2)

The notes on pages 112 -184 are an integral part of the consolidated financial statements.

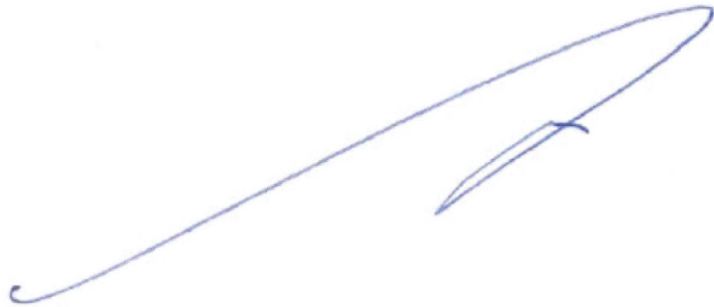
IN EURO	Note	31 December 2024	31 December 2023
<b>Equity</b>			
Share Capital	29.	700,000	600,000
Capital Reserve	29.	93,917,316	-
Merger Reserve	29.	(27,937,057)	(27,937,057)
Reserves	30.	157,685,137	104,694,565
<b>Equity attributable to the owners of the Company</b>		<b>224,365,396</b>	<b>77,357,508</b>
<b>Non-controlling interests</b>	29.	<b>11,837,225</b>	<b>-</b>
<b>Total equity</b>		<b>236,202,621</b>	<b>77,357,508</b>
<b>Liabilities</b>			
Loans and borrowings	31.	46,767,331	25,521,669
Amount owed for share buy-back	29.	-	6,656,157
Provision for staff retirement indemnities	15.	294,140	198,320
Lease liabilities	19.	533,644	564,634
Government grants	32.	50,623	128,257
Deferred tax liabilities	14.	1,034,085	-
<b>Non-current liabilities</b>		<b>48,679,823</b>	<b>33,069,037</b>
Trade accounts payable	33.	36,382,023	41,811,689
Lease liabilities	19.	512,680	401,526
Loans and borrowings	31.	28,280,395	25,391,700
Amount owed for share buy-back	29.	6,661,494	6,984,086
Contract liabilities	34.	4,859,278	5,240,112
Income tax payable		14,802,925	7,974,569
Accrued and other current liabilities	33.	16,054,202	12,290,662
<b>Current liabilities</b>		<b>107,552,997</b>	<b>100,094,344</b>
<b>Total liabilities</b>		<b>156,232,820</b>	<b>133,163,381</b>
<b>Total equity and liabilities</b>		<b>392,435,441</b>	<b>210,520,889</b>

On 14 April 2025, the Board of Directors of Theon International Plc authorized the issuance of these consolidated financial statements.



CEO & Vice Chairman  
of the Board of Directors

Christianos Hadjiminias



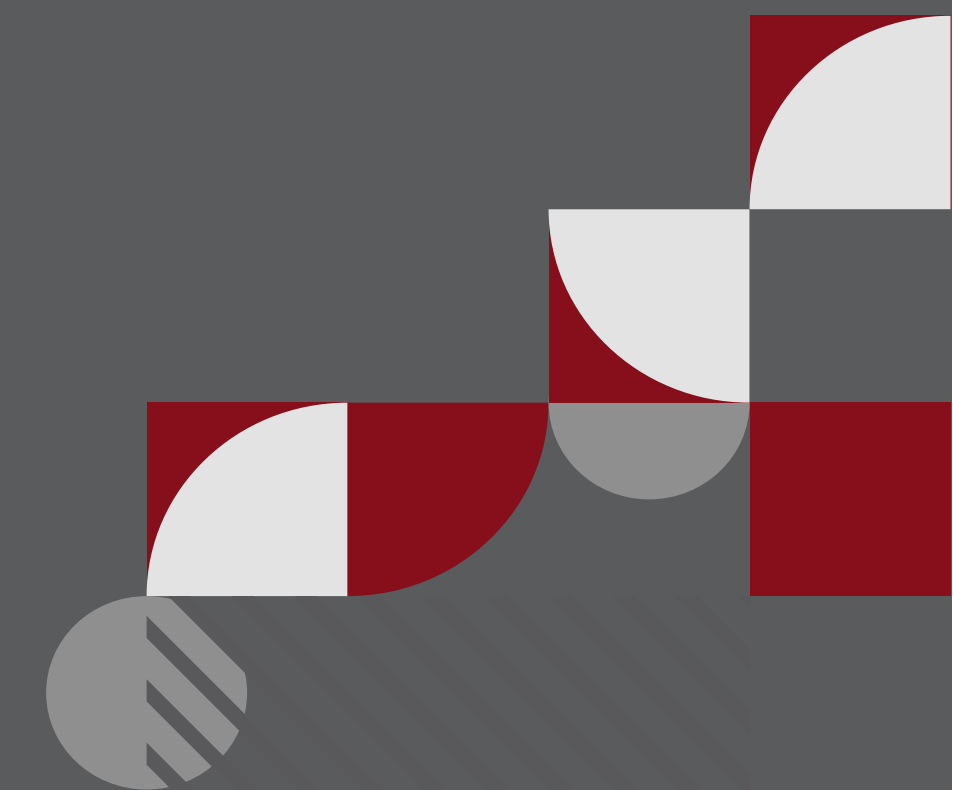
Director

Stelios Anastasiou



## 11

# CONSOLIDATED STATEMENT of profit or loss and other comprehensive income





# Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December

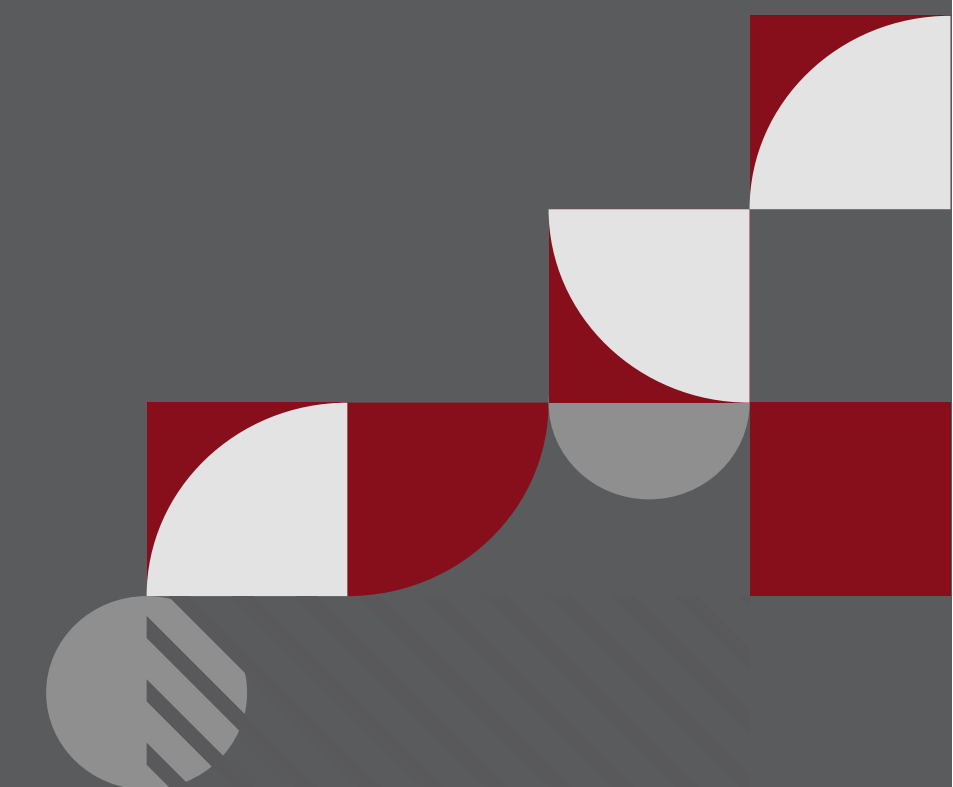
IN EURO	Note	2024	2023
Revenue	10.	352,364,019	218,722,904
Cost of sales	11c.	(243,154,074)	(148,511,795)
Gross profit		109,209,945	70,211,109
Other income	11a.	1,635,272	496,641
Administrative expenses	11c.	(14,357,687)	(9,326,455)
Selling and distribution expenses	11c.	(3,734,355)	(2,744,204)
Research and development expenses	11c.	(4,799,400)	(2,807,368)
Impairment loss on financial assets	25., 26.	(662,622)	-
Other expenses	11b.	(439,302)	(92,152)
Operating profit		86,851,851	55,737,571
Finance income		5,369,212	681,119
Finance costs		(7,970,294)	(7,137,587)
Net finance costs	12.	(2,601,082)	(6,456,468)
Share of profit of equity-accounted investees	22.	2,447,187	585,614
Profit before tax		86,697,956	49,866,717
Income tax expense	13.	(20,169,815)	(13,187,548)
Deferred tax	14.	910,854	(583,581)
Profit for the year after tax		67,438,995	36,095,588

The notes on pages 112-184 are an integral part of the consolidated financial statements.

IN EURO	Note	2024	2023
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Staff leaving indemnity	15.	(49,442)	(317)
Deferred tax	14.	10,877	70
Merger Reserve		-	10,341
		(38,565)	10,094
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation reserves		43,438	2,709,690
		43,438	2,709,690
Other comprehensive income for the year, net of tax		4,873	2,719,784
Total comprehensive income for the year		67,443,868	38,815,373
Profit attributable to:			
Owners of the Company		67,420,163	36,095,588
Non-controlling interests	29.	18,832	-
		67,438,995	36,095,588
Total comprehensive income attributable to:			
Owners of the Company		67,425,036	38,815,373
Non-controlling interests	29.	18,832	-
		67,443,868	38,815,373
Earnings per share			
Basic earnings per share	16.	0.98	0.60
Diluted earnings per share	16.	0.98	0.60
Adjusted Earnings before interest, tax, depreciation and amortisation (Adj EBITDA)	39.	90,896,347	57,741,171

12

# CONSOLIDATED STATEMENT of changes in equity





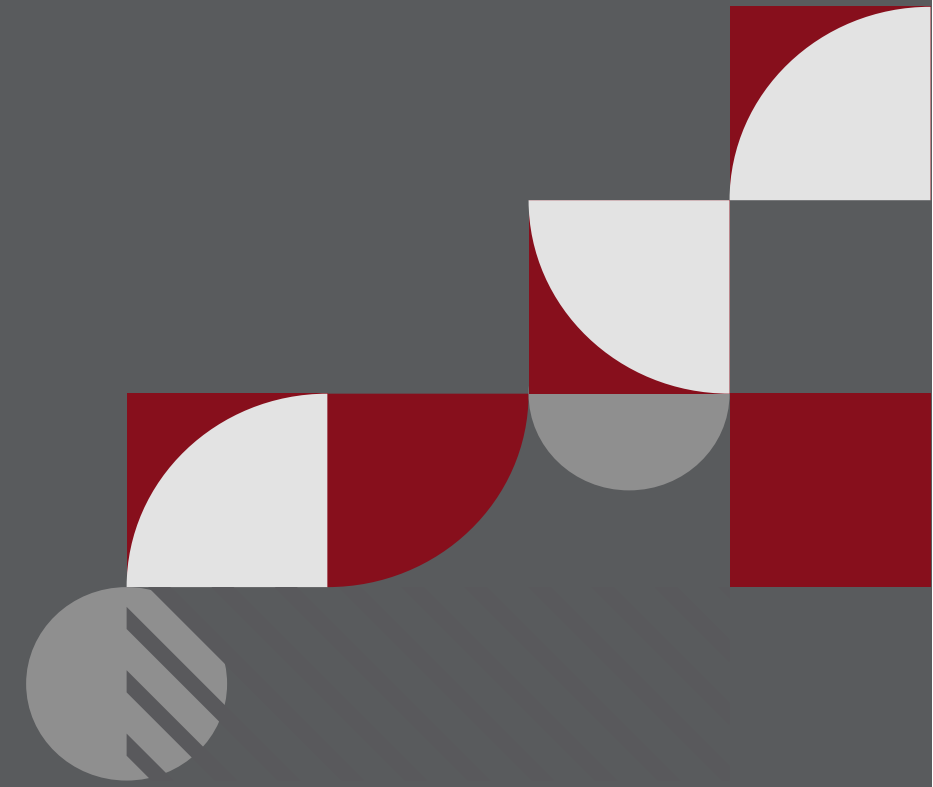
Consolidated  
statement of  
changes in  
equity

The notes on pages 112-184 are an  
integral part of the consolidated  
financial statements.

INEURO	Note	Share Capital	Capital Reserve	Legal Reserve	Other Reserves	Treasury Reserve	Foreign Exchange reserve	Merger Reserve	Retained Earnings	Total	Non-controlling interests	Total Equity
Balance at 1 January 2023		200,000	-	2,666,034	3,603,943	-	667,559	(27,947,398)	85,073,794	64,263,932	-	64,263,932
Total comprehensive income for the year												
Profit for the year		-	-	-	-	-	-	-	36,095,588	36,095,588	-	36,095,588
Other comprehensive income		-	-	-	-	-	1,863,147	10,341	846,296	2,719,784	-	2,719,784
Total comprehensive income for the year		-	-	-	-	-	1,863,147	10,341	36,941,884	38,815,373	-	38,815,373
Transactions with owners of the Company												
Issue of ordinary shares	29.	400,000	-	-	-	-	-	-	(400,000)	-	-	-
Share buy-back	29.	-	-	-	-	(17,173,937)	-	-	-	(17,173,937)	-	(17,173,937)
Change in the present value of amounts owed for share buy-back	29.	-	-	-	-	1,452,140	-	-	-	1,452,140	-	1,452,140
Reallotment of treasury shares	29.	-	-	-	-	15,721,797	-	-	(15,721,797)	-	-	-
Dividends	29.	-	-	-	-	-	-	-	(10,000,000)	(10,000,000)	-	(10,000,000)
Total transactions with owners of the Company		400,000	-	-	-	-	-	-	(26,121,797)	(25,721,797)	-	(25,721,797)
Transfer from retained earnings to legal reserves		-	-	1,430,540	-	-	-	-	(1,430,540)	-	-	-
Balance at 31 December 2023		600,000	-	4,096,574	3,603,943	-	2,530,706	(27,937,057)	94,463,342	77,357,508	-	77,357,508
Balance at 1 January 2024		600,000	-	4,096,574	3,603,943	-	2,530,706	(27,937,057)	94,463,342	77,357,508	-	77,357,508
Total comprehensive income for the year												
Profit for the year		-	-	-	-	-	-	-	67,420,163	67,420,163	18,832	67,438,995
Other comprehensive income		-	-	-	-	-	43,438	-	(38,565)	4,873	-	4,873
Total comprehensive income for the year		-	-	-	-	-	43,438	-	67,381,598	67,425,036	18,832	67,443,868
Transactions with owners of the Company												
Issue of ordinary shares	29.	100,000	99,900,000	-	-	-	-	-	-	100,000,000	-	100,000,000
Qualifying costs attributable to equity transactions	29.	-	(5,982,684)	-	-	-	-	-	-	(5,982,684)	-	(5,982,684)
Arising from business combinations	21.	-	-	-	-	-	-	-	-	-	11,815,888	11,815,888
Dividends	29.	-	-	-	-	-	-	-	(14,438,234)	(14,438,234)	-	(14,438,234)
Other movements		-	-	3,745	-	-	-	-	25	3,770	2,505	6,275
Total transactions with owners of the Company		100,000	93,917,316	3,745	-	-	-	-	(14,438,209)	79,582,852	11,818,393	91,401,245
Balance at 31 December 2024		700,000	93,917,316	4,100,319	3,603,943	-	2,574,144	(27,937,057)	147,406,731	224,365,396	11,837,225	236,202,621

# 13

## CONSOLIDATED STATEMENT of cash flows





# Consolidated statement of cash flows (1/2)

For the year ended 31 December

IN EURO	Note	2024	2023
Cash flows from operating activities			
Profit for the year after tax		67,438,995	36,095,588
Adjustments for:			
Depreciation of property, plant and equipment	17.	1,802,645	914,235
Depreciation of right of use assets	19.	496,158	353,178
Depreciation of investment property	20.	69,154	75,098
Amortisation of intangible assets	18.	142,204	(72,427)
Impairment of receivables	25.	661,876	(59,476)
Impairment of other financial assets	26.	746	-
Net losses / (gains) on disposal of tangible assets	11a.,11b.	5,755	(20,030)
Impairment of inventory	24.	2,281,910	613,331
Amortization of grants	32.	(304)	(40,256)
Losses / (Gains) from valuation of forward contracts	26.	48,988	(48,988)
Net fair value gains on financial assets at fair value through profit or loss	26.	(99,835)	(58,633)
Dividend Income	11a.	(8,979)	(17,688)
Foreign Exchange losses	12.	16,133	2,881,444
(Gains) / losses on disposal of financial assets	26.	-	(69,832)
Day one gains from fair value recognition	11a.	(152,002)	-
Loss from financial liabilities modifications	11b.	82,594	-
Share of profit of equity-accounted investees, net of tax	22.	(2,447,187)	(585,614)
Finance cost net	12.	2,684,784	3,763,923
Tax expense	13.	19,258,961	13,771,129
		92,282,596	57,494,982

IN EURO	Note	2024	2023
Changes in:			
Increase in inventories	24.	(6,411,056)	(30,205,219)
(Increase) / Decrease in prepayments		(611,487)	1,519,235
(Increase) / Decrease in trade and other receivables	25.	(74,410,176)	16,434,317
(Decrease) / Increase in trade and other payables	33.	(18,322,792)	27,024,262
Provision for staff retirement indemnities		61,954	36,294
Decrease in contract liabilities		(1,713,979)	(20,997,097)
Cash (used in) / from operating activities		(9,124,940)	51,306,774
Income tax paid		(13,518,737)	(11,278,027)
Interest paid		(3,472,440)	(2,341,760)
Net cash (used in) / from operating activities		(26,116,117)	37,686,987

The notes on pages 112-184 are an integral part of the consolidated financial statements.

# Consolidated statement of cash flows (2/2)

For the year ended 31 December

INEURO	Note	2024	2023
Cash flows from investing activities			
Payments for property, plant and equipment	17.	(4,572,546)	(7,002,221)
Payments for investment property	20.	(7,014)	-
Payments for intangible assets	18.	(6,154,645)	(573,350)
Proceeds from business combinations, net of cash acquired	21.	569,685	-
Payments for acquisition of associates	22.	-	(513,471)
Payments for financial assets at fair value	26.	(456,000)	(147,923)
Proceeds from sale of tangible and intangible assets		2,051,848	20,031
Investment in term deposits	38a.	(30,000,000)	-
Proceeds from sale of financial assets		-	530,636
Proceeds from sale of associates		-	45,425
Proceeds from loans receivables		12,649	7,526,149
Dividends received		8,979	17,689
Interest received		2,880,771	310,181
Net cash flows (used in) / from investing activities		(35,666,273)	213,147

INEURO	Note	2024	2023
Cash flows from financing activities			
Repayment of borrowings	31.	(147,538,630)	(72,948,581)
Proceeds from borrowings from financial institutions	31.	154,163,623	89,617,241
Proceeds from government grants		-	35,797
Outflows of lease liabilities	19.	(503,297)	(336,783)
Proceeds from share capital increase	29.	100,000,000	-
Repayment of amounts owed for share buy-back	29.	(7,778,157)	(2,425,391)
Dividends paid	29.	(14,438,234)	(10,000,000)
Net cash flows from financing activities		83,905,305	3,942,283
Net increase in cash and cash equivalents		22,122,915	41,842,417
Cash and cash equivalents at 1 January		65,639,067	24,035,135
Foreign exchange differences		43,438	(238,485)
Cash and cash equivalents at 31 December	28.	87,805,420	65,639,067



# 14 Notes to the CONSOLIDATED FINANCIAL STATEMENTS



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# 14 Notes to the CONSOLIDATED FINANCIAL STATEMENTS

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# Notes to the consolidated financial statements

## 1. Reporting entity

Theon International Plc (the “Company”) together with its subsidiaries form the Group “Theon” (the “Group”).

Theon International Plc was incorporated in Cyprus on 10 August 2021 as a Private Limited Liability Company under the provisions of the Cyprus Companies Law, Cap. 113, is domiciled in the country of its incorporation and was converted to a Public Limited Liability Company on 13 September 2021. Its registered office is at 5 Agios Antonios Street, 1st floor, Office 102, 2002 Nicosia, Cyprus.

The Company was incorporated with the purpose to acquire the 100% of the issued share capital of Theon Sensors AG, a Company incorporated in Switzerland. The acquisition agreements were concluded on 27 August 2021. For the acquisition of the share capital of Theon Sensors AG, the Group issued on 13 September 2021, 199,000 ordinary shares of €1.00 each in exchange for 204,082 issued and fully paid shares in Theon Sensors AG.

Until 19 September 2023, the Group was listed on the Emerging Companies Market of the Cyprus Stock Exchange. On this date, the Group's shares were delisted from the market. Simultaneously, the Group's shares were also removed from the Central Securities Depository and Central Registry, in accordance with Article 19 of the Securities and Cyprus Stock Exchange (Central Securities Department and Central Registry) Law.

The Group is a leading developer and manufacturer of customizable night vision, thermal imaging and Electro-Optical ISR systems for military and security applications in Europe with a global footprint.

All products of the Group are compatible and fully tested for compliance with military standards, focusing on highly effective and ergonomically advanced systems that increase the safety and performance of soldiers during night operations.

One of the featured advantages is that systems can be adjusted to meet the specific requirements of end users. By following flexible procedures, prompt responses to adjustment requests are ensured within a short timeframe.

The Group offers expert guidance to clients in selecting the ideal systems tailored to their specific purposes and mission profiles and provides training services at all levels. Professional and full after-sales support is yet another key feature of the Group's international success, as it provides customized support and maintenance solutions.

# 1. Reporting entity

## Significant developments in the current financial year

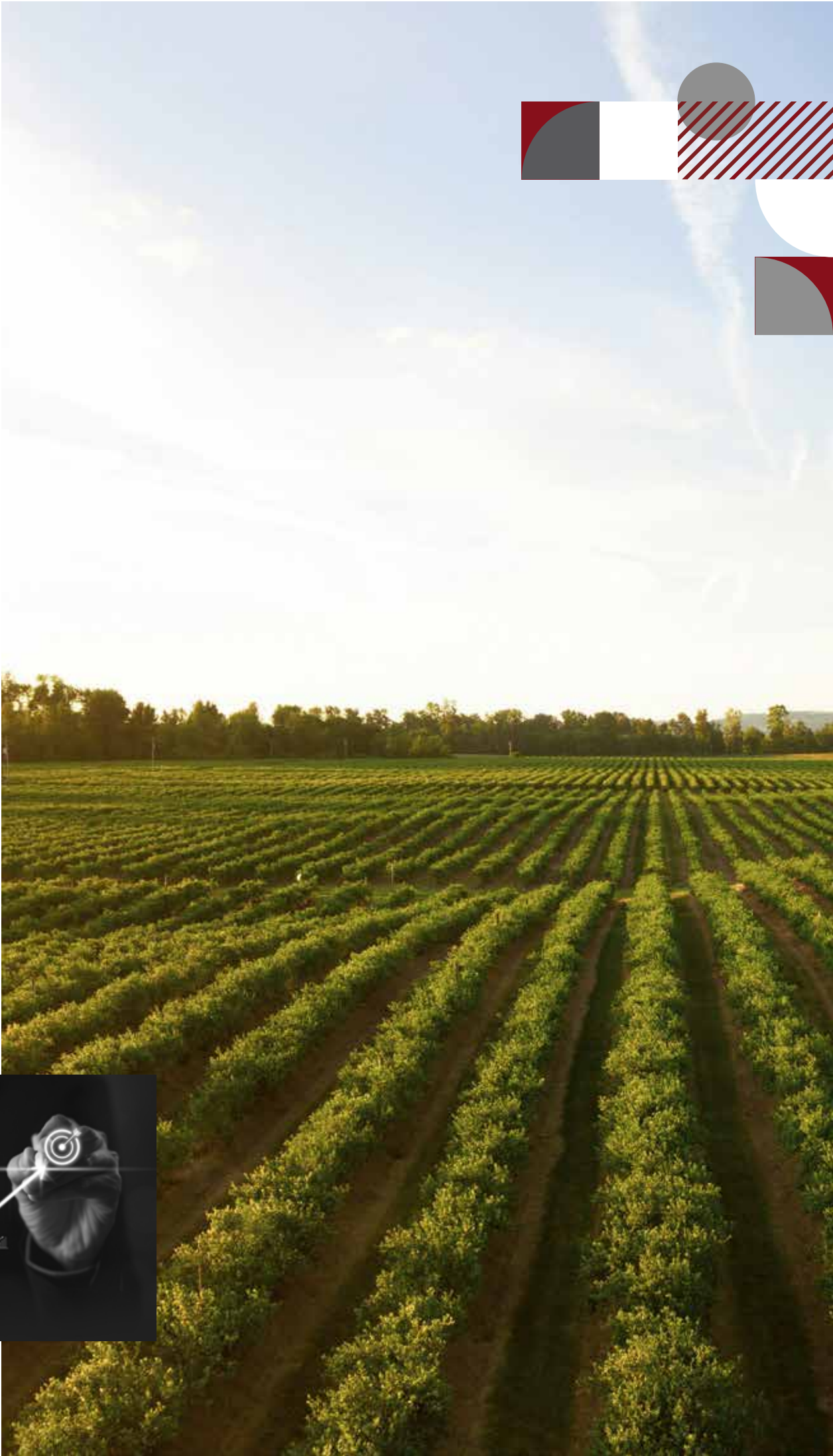
- The following events and transactions occurred during the financial year:
- The Initial Public Offering (IPO) in the regulated market of Euronext Amsterdam (refer to Note 29).
  - The acquisition of Harder Digital Ingenieur-und Industriegesellschaft mbH on 14 November 2024 (refer to Note 21).

## Operating environment of the Group

The Group's Management assesses continuously the possible impact of any changes to the macroeconomic and financial environment in global level, in order to ensure that all the necessary action and measures are taken to minimise any effects on the Group's activities. Management considers that the projected increase in defense and security expenditure worldwide will have a positive impact on the Group's financial results throughout 2025.

The Management team consistently evaluates industry trends within the Group's operational sector and strategically assesses emerging conditions to devise measures aimed at optimizing its financial performance. The global energy crisis that started in 2021 is characterized by the ongoing energy shortage around the world, but also by the rapid increase in its prices, affecting countries in Europe and Asia. Greece was facing a significant increase in prices for all forms of energy. The Group was not significantly affected by the energy crisis for the period 2022 - 2024, nor will it be affected in 2025.

The Group's operations do not extend to regions such as Ukraine, Gaza, or Yemen, nor does it possess significant exposure to commodities susceptible to the crises in those areas, such as energy or agriculture. Consequently, its financial performance remains unaffected. Nonetheless, in light of the ongoing nature of these events, Management diligently monitors developments and stands prepared to enact appropriate measures if deemed necessary. Notably, the Group faces minimal supply risks related to the Red Sea crisis in Yemen. It conducts continuous assessments to gauge potential impacts and promptly implements effective measures to mitigate any adverse effects on its business operations.





## 2. Basis of accounting

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Company Law, Cap. 113. IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards
- International Accounting Standards
- Interpretations developed by the IFRS Interpretations Committee (IFRIC interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The consolidated financial statements were authorised for issue by the Company’s Board of Directors on 14 April 2025.

## 3. Basis of measurement

The consolidated financial statements have been prepared on a historical cost or deemed cost basis except for the provision for staff retirement indemnities, lease liabilities which are measured at present value and other financial assets which are measured at fair value, keeping each year separate, ensuring uniform presentation.

### GOING CONCERN

Management assesses the Group’s financial position in relation to the risks the Group faces, its capital adequacy and any major uncertainties relating to the Group’s ability to continue operating in the foreseeable future, and in particular for at least 12 months from the date of the approval of the consolidated financial statements.

Management considers that the consolidated financial statements can safely be prepared on a going concern basis, since there are no major uncertainties in relation to the Group’s ability to continue to operate in the foreseeable future.

## 4. Functional and presentation currency

The consolidated financial statements are presented in euro, which is the Company’s functional currency. All amounts have been rounded up to no decimals, unless otherwise indicated. Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

## 5. Consolidated Financial Statements

The consolidated financial statements comprise Theon International PLC (the “Company”) and its subsidiaries (together referred to as the “Group”).

## 6. Use of judgements and estimates

In preparing the consolidated financial statements, Management has exercised judgement and used accounting estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expenses. Although these estimates and judgements are based on the Management’s knowledge of current events and actions that may be undertaken in the future, actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual consolidated financial statements.

### A. JUDGMENT

In the process of applying the Group’s accounting policies, Management has made the following judgements, apart from those involving estimations as described below, which have the most significant effect on the amounts recognised in the consolidated financial statements:

#### Net realisable value of inventories

The Group uses its judgment derived from its experience in the industry in which it operates to make the best estimate of future selling prices of its inventory. On a consistent basis, the current selling prices prevailing just before and after the date of the consolidated financial statements are used as the basis for making estimates unless there is certainty that the inventories at the date of the consolidated financial statements will be disposed of at predetermined dates in the future with the result that the estimated selling prices at those dates are used to make the relevant calculations.

### B. ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The key items concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

#### Provision for doubtful debts

The allowance for expected credit losses for trade receivables and contract assets is calculated at an individual level when there is an indication of impairment. For receivables and contract assets without any indication of impairment the expected credit losses are based on historical data combined with forward-looking macroeconomic factors affecting credit risk, such as country risk. Expected loss rates are updated at every reporting date. Details of the key assumptions and inputs used are disclosed in Note 38.

During the year, the estimates used for the calculation of expected credit losses were revised. The net effect of the changes in the current financial year was an increase in loss allowance of €548,652.



## 7. Material accounting policies

### A. CONSOLIDATION

#### Business combinations

The acquisition method of accounting is used to account for all business combinations when all the activities and assets acquired meet the definition of a business and control is transferred to the Group. To determine whether a particular set of activities and assets constitutes a business, the Group assesses whether the set of assets and activities acquired includes at least one input and a substantive process and whether the processes applied to those inputs have the ability to contribute to the creation of outputs. The Group has the option to apply on a transaction level a “concentration control” that allows a simplified assessment of whether an acquired set of activities and assets is not a business. This optional “concentration control” is met if substantially all the fair value of the gross assets acquired is aggregated into a single identifiable asset or a set of similar identifiable assets.

The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to the former owners of the acquired business, the equity interests issued by the Group, the fair value of any asset or liability resulting

from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary.

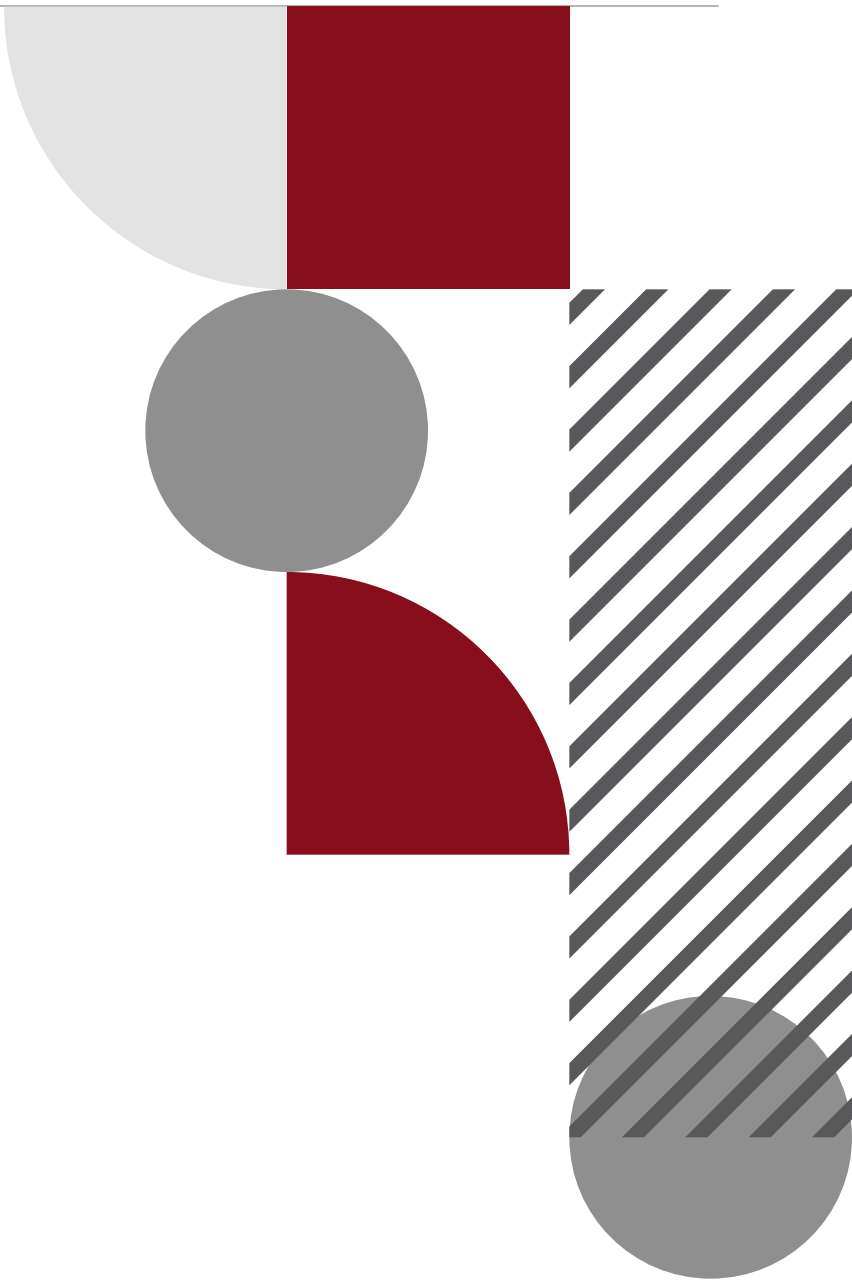
Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity, and the acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. Any goodwill arising is checked annually for impairment. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase. Transaction costs are expensed when incurred, unless related to the issuance of bonds or equity securities.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the interest rate at which the Group could borrow from an independent source under corresponding terms and conditions (incremental borrowing rate).

The price does not include amounts related to any pre-existing relationship settlement. These amounts are generally recognised in the results. Any price payable by the Group is initially recognised at its fair value at the date of acquisition and is categorized either in equity or as a financial liability. Contingent consideration is classified either as equity or as financial liability. Amounts that have been classified as a financial liability are reassessed at fair value and any changes are recognised in profit or loss. There is no subsequent measurement for amounts that have been recorded in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.



## 7. Material accounting policies

### A. CONSOLIDATION

#### Reorganizations – Transactions Not Classified as Business Combinations

Transactions that fall outside the scope of IFRS 3 Business Combinations are accounted for using the method of Business Combinations under Common Control, where the book value method (“Book-value accounting” or “Predecessor Value method”) is applied as follows:

- The assets and liabilities of the acquired entity are recognised at their carrying amounts. The carrying amounts used are generally those derived from the consolidated financial statements of the ultimate parent company, unless specific circumstances justify the use of alternative values.
- No remeasurement of fair value is required.
- No new goodwill arises from these transactions.
- Any difference between the consideration transferred and the total carrying value of the acquired entity’s assets and liabilities at the transaction date is recognised directly in equity, within a separate reserve.

Management has adopted this method of accounting for the business combination, as the restructuring which took place during 2021 (refer to Note 1) did not alter the shareholding structure or impact minority interests. Additionally, the restructuring did not involve any outflows of resources outside the Group. The difference between the acquisition price of an entity and the carrying value of its net assets is recorded as a Merger Reserve within equity reserves. This policy will be applied consistently for similar transactions in the future.

#### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or entitled to variable returns from its involvement with the entity and has the ability to influence those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated (full consolidation) from the date on which control is transferred to the Group and are deconsolidated from the date that such control ceases. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### Eliminations

Transactions between group companies, balances and unrealized gains and losses (excluding foreign exchange gains and losses) related to transactions between group companies are eliminated. Also unrealized losses and unrealized gains are eliminated, but only to the extent that there is no indication of impairment.

#### Non-controlling interests

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

#### Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

#### Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group is involved in one joint venture.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

#### Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group’s interest in these entities. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.



## 7. Material accounting policies

### A. CONSOLIDATION

#### Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised in Retained Earnings within equity.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are

accounted for as if the Group had directly disposed of the related assets or liabilities. This might mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.



## 7. Material accounting policies

B. FOREIGN CURRENCY

### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the group companies using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses arising from the settlement of such transactions during the period and the translation of monetary items denominated in foreign currencies at year-end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses that relate to receivables for the sale of goods are presented in the statement of profit or loss, within Cost of sales. All other foreign exchange gains and losses are presented in the statement of profit or loss within Net finance costs.

Non-monetary items denominated in foreign currencies and valued at historical cost are translated at the exchange rates ruling at that date. Non-monetary items denominated in foreign currencies and valued at fair value are translated at the exchange rates ruling at the dates when the fair value was determined. In this case, the resulting exchange differences from the change in fair value are recognised in profit or loss or directly in other comprehensive income, depending on the item.

### Business activities abroad

The assets and liabilities of the companies participating in the consolidation and which are initially presented in a currency other than the presentation currency of the Group have been translated into euro at the closing rate of the balance sheet date. Income and expenses are translated into the Group's presentation currency at the average exchange rates during the reporting period (unless the average exchange rate is not a reasonable approximation of the cumulative effect of the exchange rates prevailing at the dates of the transactions, in which case the income and expenses are translated at the exchange rates prevailing on the dates of the transactions). All resulting exchange differences are recognised in other comprehensive income and cumulatively in the Foreign Exchange Reserve within equity except for the portion of those differences allocated to non-controlling interests, when any. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.



## 7. Material accounting policies

### C. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at historical cost less accumulated depreciation and any impairment loss, apart from the Land category which is measured at historical cost less any impairment losses.

The historical cost includes all expenses directly associated with acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Subsequent expenditure is depreciated either over the remaining useful life of the asset or the period up to the next planned improvement, whichever is shorter.

Depreciation is calculated using the straight-line method over the useful life of the assets.

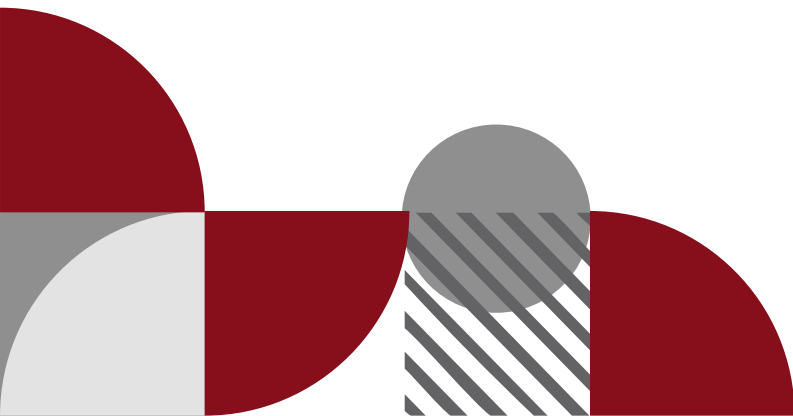
The useful life of each asset category is presented below:

Asset category	Useful life
Buildings	25 to 50 years
Machinery and equipment	10 to 20 years
Motor vehicles	6.2 to 10 years
Fixtures and fittings	5 to 10 years
Computers	2 to 10 years

The residual values and useful lives of assets are re-examined and adjusted at the end of each reporting period if that is considered necessary.

Where the carrying amount of an asset is greater than its recoverable amount, the value of the asset is written down to the recoverable amount.

Each asset and each important part thereof initially recognised is derecognised upon sale or when no future economic gain is expected from use or sale thereof. Gains and losses which arise from the sale of assets are calculated as the difference arising between the proceeds from sale and the carrying amount and included in profit or loss.



## 7. Material accounting policies

D. INTANGIBLE ASSETS

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets acquired separately are recorded at historical cost. After initial recognition, intangible assets continue to be measured at historical cost, less the accumulated depreciation and accumulated impairment losses.

Intangible assets generated in-house are capitalised if the relevant expenditure is associated with an intention on Management's part, and a technical capability, to complete the intangible asset (for use or sale), if there is a strong likelihood that there will be future financial gains and that there is a reliable system for measuring such costs.

In all other cases, the relevant cost is recognised as an expense as incurred.

The Group's intangible assets have a limited useful life and are amortised over their useful life. They are tested for impairment when there are signs that some intangible assets may have suffered impairment. Intangible assets whose usage period is contractually specified are amortised over that period. Such assets without a usage period specified in the contract are amortised based on estimated useful economic life.

The useful life and amortisation method for intangible assets with a specific useful life are re-examined at least in

each year in which financial statements are prepared. Changes to the expected useful life or expected method by which future financial gains accrue for each intangible asset are treated as a change in an accounting estimate. The amortization cost of intangible assets is recognised in the statement of profit or loss.

Amortisation of all intangible assets is calculated using the straight-line method over the useful life of the assets.

**The estimated useful life of the most important categories of intangible assets is as follows:**

Asset category	Useful life
Other intangibles	3 to 10 years
Internally generated intangibles	5 to 10 years
Contractual specified	1 year



## 7. Material accounting policies

### E. INVESTMENT PROPERTY

Investment property is investments that relate to all those properties (including land, buildings or parts of buildings or both) that are held by the Group either to earn rentals or for capital appreciation or both and are not used in commercial or other activities of the Group. Investment property is measured at cost less accumulated depreciation and impairment.

Repairs and maintenance are recognised in the period in which they are incurred. Significant subsequent expenditure is capitalised if it results in an increase in the useful life of the property, enhance its productive capacity, or reduce operating costs. Transfers of property from the category of investment property shall be made only when there is a change in use, evidenced by the commencement of the Group's own use or the commencement of the development with the intent to sale. Where the carrying amount of an asset is greater than its recoverable amount, the value of the asset is adjusted to the recoverable amount.

The useful life of the investment property is 25 years.

### F. IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Tangible and intangible assets which can be depreciated, are tested for impairment in case events or changes in the circumstances suggest that the carrying amount may no longer be recoverable. An impairment loss is recognised in profit and loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of impairment testing, assets are grouped together in the lowest category for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period. The recoverable value of assets is either the fair value of asset less sale costs or the value in use, whichever is higher.

### G. LEASES

When recognising a contract as a lease, the Group examines all relevant facts and circumstances and excludes short-term leases (of less than 12 months) and leases where the leased property has low value.

When a contract is or contains a lease, each lease element is recognised separately from the non-lease elements of the contract, unless the Group opts, as appropriate, for the sake of simplification to apply uniform recognition as a practical solution.

#### The Group as lessee

At the lease start date, the lessee recognises an asset with a right to use and a lease liability.

Initial measurement of the right of use assets includes the lease liability, any rents paid on the rental period start date or prior to it, less any lease incentives collected, any initial direct costs incurred by the lessee and an estimate of the cost of returning the leased property to the state specified in the lease agreement.

The initial measurement of the lease liability includes the current value of rents discounted using the presumed lease interest rate. If that interest rate cannot be easily set, the lessee's differential borrowing rate is used.

Subsequently, the right of use asset is reduced by the accumulated depreciation and impairment losses and any re-measurement of the lease liability is adjusted.

Subsequently, the lease liability increases by the interest on the lease liability, and is reduced by the payment of rental costs, and is re-measured when the leased property is revalued, or the lease is amended.

#### The Group as lessor

The Group classifies the lease either as an operating lease or finance lease. Leases where the Group does not in effect transfer all risks and rewards of ownership are classified as operating leases.

When the assets are leased in the context of operating leases, they are presented in the statement of financial position in accordance with the nature of each asset.

Rental costs under operating leases are recognised in the results using the straight-line method over the duration of the lease.

Initial direct costs incurred when signing an operating lease are added to the book value of the leased asset and are recognised in expenses over the term of the lease on the same basis of recognition as revenues from rental income.

Any rental income is recognised as revenues in the period in which they are generated.

## 7. Material accounting policies

H. FINANCIAL ASSETS  
AND FINANCIAL LIABILITIES

### Classification

At initial recognition financial assets are classified in two measurement categories, those to be measured at amortised cost and those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss).

The criteria which must be taken into account in order to decide on how financial assets are to be initially categorised are as follows:

- The business model used by the business to manage such assets. There are 3 types of business models:
  - The business model where the objective is to hold financial instruments to collect the contractual cash flows (hold to collect)
  - The business model where the goal is achieved either by collecting the contractual cash flow or by selling the financial assets (hold to collect and sell)
  - Other business models
- The characteristics of the instruments' contractual cash flows

### Recognition of financial assets

Regular way purchases and sales of financial assets are recognised on the trade date, being the date on which the Group commits to purchase or sell the asset.

### Measurement of financial assets

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments.

In order for a financial instrument to be classified as measured at amortised cost, all the following criteria must be met:

- the instrument must be under a business model where the objective is to hold financial instruments to collect the contractual cash flows
- the contractual terms governing the asset must exclusively seek cash flows of principal and interest on the unpaid principal which must be paid on specific dates (known as Solely Payments of Principal and Interest- SPPI)

Interest income from these financial assets is included in Finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in Other income/ (expenses). Impairment losses are presented as a separate line item in the statement of profit or loss.

If an instrument meets such criteria but is held both for sale and to collection of contractual cash flows, it must be classified as measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in Other income/(expenses).

Interest income from these financial assets is included in Finance income using the effective interest rate method. Impairment expenses are presented as a separate line item in the statement of profit or loss.

Instruments not falling into any of the two classification categories are measured at fair value through profit or loss (FVTPL). A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within Net finance costs in the period in which it arises.

#### Equity instruments

The Group subsequently measures all equity investments at fair value. Where management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVTPL are recognised in Net finance costs in the statement of profit or loss as applicable.



## 7. Material accounting policies

**H. FINANCIAL ASSETS  
AND FINANCIAL LIABILITIES**

**Measurement of financial liabilities**

The Group measures financial liabilities at their carrying amount.

**Impairment of financial assets**

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For further details refer to Note 38.a.

**Derecognition of financial assets**

Financial assets (or a part of a financial asset or part of a group of financial assets, as appropriate) cease to be recognised when:

- the rights to an inflow of cash resources have expired or
- the Group retains the right to an inflow of cash resources from a specific asset but has simultaneously undertaken an obligation to a third party to fully pay them without major delay, in the form of a transfer agreement or
- the Group has transferred the right to an inflow of cash from a specific asset and at the same time has: (a) either materially transferred all risks and rewards of ownership or (b) has not materially transferred all risk and rewards of ownership but has transferred control over the specific asset
- the Group's write off policy is when it has exhausted its legal actions against the customers.

Where the Group has transferred the rights to an inflow of cash resources from a specific asset but at the same time has not materially transferred all risks and rewards or control of the specific asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. A corresponding liability is also recognised.

Continuing involvement in the form of a guarantee over the transferred asset is valued at either the initial value of the asset or the maximum amount the Group may be called to pay, whichever is lower.

**Derecognition of financial liabilities**

Financial liabilities cease to be recognised when the relevant obligation is cancelled or has expired. Where a financial liability is replaced by another one from the same lender with materially different terms, or where the terms of an existing obligation have materially changed, the swap or change is considered to be derecognition of the initial obligation and recognition of a new obligation. The difference with current values is recognised in the income statement.



## 7. Material accounting policies

### I. INVENTORIES

Inventories are stated at the lower of acquisition cost and net realisable value.

Acquisition cost is calculated using the average weighted cost method. The cost of finished goods and work in progress consists of the cost of raw materials, direct labour, other direct costs and general industrial overheads associated with production (in accordance with normal production capacity). Net realisable value is the estimated selling price in the normal course of business, less the estimated selling and transaction costs necessary to make the sale.

Any write-down to net realizable value is recognized as an expense in Cost of Sales in the statement of profit or loss. When impairment losses on inventories are significant, they are presented separately in the statement of profit or loss to ensure fair presentation.

Provisions are recognized for impaired, obsolete, or slow-moving inventories. Inventory write-downs and losses are recognized in the period in which they are incurred.

### J. TRADE ACCOUNTS RECEIVABLE

Trade receivables are the balances owed by customers from the sale of goods or provision of services in the

context of the Group's normal course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance. See Note 38.a for a description of the Group's impairment policies.

### K. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, demand deposits, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Term deposits comprise term deposits which have an expiry date of longer than 3 months.

Cash equivalents in the cash flow statement include not just cash and sight deposits but also short-term highly liquid investments and bank overdrafts, when applicable.

Bank overdrafts are shown in Loans and borrowings within current liabilities in the statement of financial position. Cash and cash equivalents entail negligible risk of a change in their value.

### L. CAPITAL AND RESERVES

Ordinary shares with and without voting rights are shown in the Share Capital within equity. The Share Capital shows the nominal value of the Company's shares which have been issued and are in circulation.

When new shares through public offering are issued, they are recorded in Share Capital at their nominal value. The excess of the offer price over the nominal value is recorded in Capital Reserve.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Information about reserves is presented in Note 29.

### M. DIVIDEND DISTRIBUTION

Dividends to shareholders are recognised as a liability for the period in which Management's proposal for distribution is approved by the General Meeting of Shareholders.

### N. LOANS AND BORROWINGS

Loan obligations are initially recognised at fair value, net of transaction costs incurred (bank charges and bank or third-party commission).

In subsequent periods, the loan obligations are measured at amortised cost using the effective interest rate method. Loan obligations are derecognised when the obligation specified in the contract is extinguished, cancelled or expired.

Loan obligations are classified as current liabilities unless, at the end of the reporting period, the Group has the right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

### O. SHARE BUY BACK

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity in Treasury Reserve. Repurchased shares are classified as treasury shares and are presented in the Treasury Reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in Treasury Reserve and the resulting surplus or deficit on the transaction is presented within Retained Earnings.



## 7. Material accounting policies

### P. EMPLOYEE BENEFITS

#### Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period, and they are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as Salaries and employee-related payables in Accrued and other current liabilities in the statement of financial position.

#### Pension and other post-employment obligations

The Group does not participate in pension and other post-employment benefit plans or defined benefit, or defined contribution plans apart from the statutory social security schemes which are mandatory by the laws.

#### Defined Contribution Plans

Defined contribution plans mean pension plans where the Group pays fixed contributions to a separate entity. The Group has no legal or presumed obligation to pay additional contributions in the case where the fund's

resources would not be adequate to pay employees benefits for their service, relating to the current period and past periods.

For defined contribution plans, the Group pays the mandatory contributions required by public social security funds. Once the contributions are paid, the Group is not obliged to pay any additional contributions. Regular contributions are recognised as a cost of employee benefits when they become payable.

Any prepaid contributions are recognised as an asset to the extent that prepayment would lead to a reduction in future payments or the return of cash.

#### Defined Benefit Plans

Defined benefit plan means a pension plan or plan involving other post-employment benefits which is not a defined contribution plan. Post-employment benefit obligations at the end of the current and previous period are calculated in line with an actuarial study using the projected credit unit method.

The obligation arising from defined benefit plans is the present value of the commitment to provide a defined benefit at the end of the reporting period less the fair value of any assets the plan has.

The present value of the commitment to provide a defined benefit is calculated using the discount rate for corporate bonds with a high credit rating in euro, whose term approximates the duration of the relevant pension obligation.

The cost of past service is recognised in the statement of profit or loss, broken down into current cost of service and cost of past service, gains and losses from reductions and the cost of settling pay.

The net financial income or expenses are recognised in Net finance costs in the statement of profit or loss.

Re-assessments, broken down into actuarial gains or losses and the difference between the estimated and actual performance of the plan's assets, are recognised in the statement of financial position in the Retained earnings account through the statement of other comprehensive income for the period. The re- assessments are not reclassified in the income statement in subsequent periods.

#### Employment termination benefits

Employment termination benefits are payable when an employee's employment is terminated by the Group before the normal retirement date or when the employee agrees to voluntarily leave in return for these benefits.

The Group records these benefits on whichever of these dates is first: a) when the Group can no longer withdraw the offer of such benefits and b) when the Group recognises an expense from restructuring which is in the context of implementing IAS 37, which includes payment of employment termination benefits.

Where an offer to encourage voluntary redundancy is made, employment termination benefits are calculated based on the number of employees who are expected to accept the offer. Employment termination benefits due 12 months after the end of the reporting period are discounted at present value.

#### Employee profit sharing and bonus schemes

The obligation to provide benefits to employees in the form of profit sharing or performance bonuses is shown in Other provisions within Accrued and other current liabilities when there is an official scheme and the amounts to be paid have been specified before the date on which the consolidated financial statements are published, or if previous Group practices have given rise to a strong expectation from employees that they will be paid a performance bonus / profit share-out and the amount can be estimated before the date on which the consolidated financial statements are approved.

## 7. Material accounting policies

### Q. GOVERNMENT GRANTS

Government grants are recognised at fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all relevant conditions.

Government grants relating to expenses are initially recognised as liabilities in the period in which they are collected or there is a reasonable assurance that will be received. Subsequently, they are recognised as income in the period in which the subsidised expenses are incurred.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

### R. TRADE ACCOUNTS PAYABLE

Trade payables are liabilities for goods or services provided from suppliers in the normal course of the Group's business prior to the end of the financial year which are unpaid.

Trade payables are recorded as current, unless payment is not due within 12 months after the reporting period.

Trade payables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method.

### S. PROVISIONS

Provisions are recognised when there is a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be needed to settle the obligation, and the amount required can be reliably estimated.

Provisions are not recognised for future operating losses. The Group forms a provision for onerous contracts when the financial gain expected to flow from such contracts is less than the unavoidable cost of complying with contractual obligations.

Restructuring provisions include penalties for early termination of leases and payment of employment termination benefits and are recorded in the period in which the Group acquires the legal or presumed obligation to make payment. Costs associated with the Group's normal business activity are not recognised as provisions before binding events occur.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine

the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as financial expense.

### T. INCOME TAX

Tax for the period consists of current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax is calculated based on the tax laws adopted or substantively adopted at the end of the reporting period in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates the positions taken in the tax returns when applicable tax laws are subject to interpretation and forms provisions, when needed, based on the amounts expected to be paid to the tax authorities.

Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.





U. DEFERRED TAX

Deferred income tax is calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority.

Deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

V. REVENUE RECOGNITION

Revenue from contracts with customers

The Group's revenues derive from a) the sale of night vision and thermal systems (thermal sights), other innovative electro-optical equipment and equipment for application to Defense and Security, and b) the provision of training / maintenance services related to the above sales.

The Group recognizes revenue, excluding interest and dividend income and other related income from financial instruments recognised under IFRS 9, upon the transfer of promised services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods based on the following five-step approach:

- Step 1:** Identify the contract for the sale of the goods.
- Step 2:** Identify the separate performance obligations arising from the contract with the customer.
- Step 3:** Determine the transaction price.
- Step 4:** Allocate the transaction price to the obligations under the contract.
- Step 5:** Recognise revenue as the Group satisfies its obligations under the contract with the customer.

Revenue is recognised, in accordance with IFRS 15, at the amount that the Group expects to be entitled to a consideration for the transfer of goods when the customer obtains control of the goods, specifying the timing of the transfer of control - either at a point in time or over time.

Revenue is defined as the consideration amount in exchange for the services or goods transferred to a customer, excluding amounts received on behalf of third parties (value added tax, other sales taxes).

The Group recognizes revenue when (or as) it satisfies its performance obligation to fulfil a contract by transferring the goods or services promised to the customer. The time of transfer of control is usually when the goods have been shipped to the customer's location, unless otherwise specified in the terms of the contract. The terms governing contracts with customers are consistent with international commercial terms (Incoterms). Receivable from the customer is recognised when there is an unconditional right for the entity to receive consideration for the performed obligations of the contract to the customer.

The Group has determined that sales of night vision, thermal and other equipment is a distinct performance obligation. The Group has concluded that revenue from the sale of products meets the criteria to be recognised at a particular point in time since it does not meet the recognition criteria to recognised over time. Transaction price is determined in the contract and it does not include variable consideration.

The Group does not enter contracts where the period between the sale of goods promised to the customer and payment by the customer exceeds one year. Therefore, the Group does not adjust the transaction price for a significant financing component or the time value of money. Sales Invoices are issued the date that products are shipped to customer locations and they are generally payable between 0 and 120 days.

Revenue from training and maintenance services is a distinct performance obligation where revenue is recognised over time since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. The transaction price is determined in the contract, and it does not include variable consideration. Progress is determined based on the cost-to-cost method.

The Group does not provide volume discounts to customers.

The Group provides warranty for its products and has assessed that the warranty is not a separate performance obligation since it is an assurance warranty in order for the products to comply with agreed upon specifications. As a result, provision for warranty is accounted in accordance with IAS 37.

Some customers require the Group to comply with contractual terms, including industrial development or localization agreements, commonly referred to as offset agreements, as a condition for securing orders for its products. These agreements generally obligate the Group to fulfill specific commitments, such as in-country purchases, technology transfers, local manufacturing support, consulting services for domestic projects, investments in joint ventures, or financial support initiatives.

Failure to meet these obligations may result in penalties payable to the customer. Such penalties constitute variable consideration and are deducted from revenue in accordance with IFRS 15.

## 7. Material accounting policies

### Contract assets

A contract asset is recognised when a performance obligation is satisfied, meaning the work is complete and revenue has been recognised, but the payment remains conditional on the Group's future performance.

### Contract liability

A contract liability is recognised if a payment is received or a payment is due – whichever is earlier – from a customer before Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract (i.e., transfers control of the related goods or services to the customer).

### W. EXPENSES

Expenses are recognised in the statement of profit or loss on an accrued basis. Interest expenses recognised on an accrual basis.

### X. BORROWING COST

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. The Group considers that a time of over 4 months is an extensive time period.

All other borrowing costs are expensed as incurred. Borrowing costs consist of the interest and other costs that an entity incurs in connection with the borrowing of funds.

### Y. EARNINGS PER SHARE

Earnings per share are calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares. There were no bonds convertible into shares or other potential securities convertible into shares that are less profitable during the reporting period, and therefore no diluted earnings per share have been calculated.



## 8. Adoption of new Standards, Interpretations, Revisions and Amendments to existing Standards by the European Union (EU)

From 1st January 2024 the Group has adopted all amendments in IFRS as these were adopted by the European Union (“EU”) which relate to its operations. This adoption did not have a significant impact on the consolidated financial statements of the Group.

The following new or amended Accounting Standards and interpretations have been issued by International Accounting Standards Board (“IASB”), but are not yet effective for annual periods beginning on 1 January 2024.

Those which may be relevant to the Group are set out below. The Group does not plan to adopt these new or amended Accounting Standards and interpretations early.

**A.**  
**NEW STANDARDS, INTERPRETATIONS, REVISIONS AND AMENDMENTS TO EXISTING STANDARDS ADOPTED BY THE EU**

• **IAS 21 The Effects of Changes in Foreign Exchange Rates (Amendments): Lack of Exchangeability**  
(effective for annual periods beginning on or after 1 January 2025)

The amendments, as issued in August 2023, aim to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. According to the amendments, a currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable at the measurement date, the company will be required to estimate a spot rate as the rate that would have been applied to an orderly exchange transaction between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate, but they set out a framework under which an entity

can determine the spot rate at the measurement date using an observable exchange rate without adjustment or another estimation technique.

Companies will be required to provide also new disclosures to help users assess the impact of a currency not being exchangeable to the entity’s financial performance, financial position, and cash flows. To achieve this objective, entities will disclose information about the nature and financial impacts of a lack of exchangeability, the spot exchange rate(s) used, the estimation process and risks to the company because the currency is not exchangeable.

## 8. Adoption of new Standards, Interpretations, Revisions and Amendments to existing Standards by the European Union (EU)

### B. STANDARDS, INTERPRETATIONS, REVISIONS AND AMENDMENTS TO EXISTING STANDARDS NOT ENDORSED BY THE EU

#### • IFRS 18 Presentation and Disclosure in Financial Statements (effective for annual periods beginning on or after 1 January 2027)

On 9 April 2024, the IASB issued a new accounting standards that will replace IAS 1 Presentation of Financial Statements, with retrospective application. A significant change introduced by this new standard is the requirement for companies to present a more structured statement of profit or loss. This involves classifying income and expenses into five distinct categories: operating, investing, financing, income taxes, and discontinued operations.

With the adoption of IFRS 18, companies will also have to present two defined subtotals: the operating profit or loss and the profit or loss before finance expenses and income taxes.

Additionally, companies will need to disclose

management-defined performance measures (MPMs) in a single and separate note in the financial statements if they meet the following criteria: the MPMs consist of subtotals of income and expenses included in the financial statements, are used by management in their public communications outside the financial statements and reflect management’s view in relation to the company’s overall financial performance. For each MPM disclosed, management will have to inform users of the financial statements how it was calculated, why it is important for their understandability and provide a reconciliation to the most comparable subtotal either listed in IFRS 18 or required by other IFRS Accounting Standards.

Moreover, the new standard is expected to provide enhanced guidance on grouping of financial information in the primary financial statements or notes based on shared characteristics.

#### • IFRS 19 Subsidiaries without Public Accountability: Disclosures (effective for annual periods beginning on or after 1 January 2027)

On 9 May 2024, the IASB issued IFRS 19, allowing

eligible subsidiaries to present reduced disclosures under IFRS 19 instead of the more extensive disclosure requirements in other IFRS Accounting Standards. In line with IFRS 18, a specific disclosure required by IFRS 19 can be omitted, if information resulting from that disclosure, is not material.

This election is available for subsidiaries preparing consolidated, separate, or individual financial statements, if and only if, at the end of the reporting period they do not have public accountability and have a parent company (ultimate or intermediary) that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards.

If election is made, the subsidiary must state that it has applied IFRS 19 in its statement of compliance. A subsidiary applying IFRS 19 can later choose to revoke this election.

#### • IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Amendments): Classification and Measurement of Financial Instruments (effective for annual periods beginning on or after 1 January 2026)

The IASB, following the post-implementation review of IFRS 9, issued on 30 May 2024 amendments to IFRS 9 and IFRS 7 to address identified issues.

These amendments address the recognition and derecognition of financial assets and financial liabilities and include an accounting policy option for the derecognition of financial liabilities settled through an electronic payment system, if certain conditions are met.

In addition, the amendments introduce an additional SPPI test for financial assets with environmental, social and governance (“ESG”)-linked features and other similar contingent features, which must be met to qualify for measurement at amortised cost. Additional disclosures will be required under IFRS 7 for those financial assets and liabilities with contingent features.

The amendments clarify the key characteristics of contractually linked instruments (“CLIs”) and how they differ from financial assets with non-recourse features. The amendments also include factors that a company needs to consider when assessing the cash flows underlying a financial asset with non-recourse features (the “look through” test).



## 8. Adoption of new Standards, Interpretations, Revisions and Amendments to existing Standards by the European Union (EU)

Finally, there are new disclosure requirements for investments in equity instruments that are measured at fair value with gains or losses presented in other comprehensive income.

Companies can choose to early-adopt amendments that relate to the classification of financial assets (including the associated disclosure requirements), separately from the amendments for the recognition and derecognition of financial assets and financial liabilities.

• **Annual Improvements to IFRS Accounting Standards - Volume 11** (effective for annual periods beginning on or after 1 January 2026)

On 18 July 2024, the IASB issued the Annual improvements to IFRS Accounting Standards (“IFRSs”) - Volume 11. These improvements aim to improve clarity and enhance the internal consistency of IFRS Accounting Standards.

The amendments apply to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7. One of the key amendments resolves the existing conflict between IFRS 9 and IFRS 15 regarding the transaction price, by requiring companies to initially

measure a trade receivable without significant financing component at the amount determined by applying IFRS 15. Additionally, amendments to IFRS 9 address the lack of clarity related to how a lessee accounts for the derecognition of a lease liability.

• **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures (Amendments): Contracts Referencing Nature-dependent Electricity** (effective for annual periods beginning on or after 1 January 2026)

On 18 December 2024, the IASB issued targeted amendments to IFRS 9 and IFRS 7, to help companies better report the financial effects of nature-dependent electricity contracts, sometimes referred to as power purchase agreements (PPAs).

The amendments apply only to contracts referencing nature-dependent electricity in which a company is exposed to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions (e.g. the weather).

The amendments apply retrospectively using facts and circumstances at the beginning of the reporting period of initial application without requiring prior periods to be restated.

In addition, subject to certain conditions, the amendments permit companies to designate a variable nominal volume of forecasted sales or purchases of renewable electricity as the hedged transaction. The variable hedged volume is based on the variable volume expected to be delivered by the generation facility referenced in the hedging instrument. This would facilitate an economic offset between the hedging instrument and the hedged transaction, enabling companies to apply hedge accounting. The amendments apply prospectively to new hedging relationships designated on or after the date of initial application.

The last amendment relates to additions of new disclosure requirements to enable investors to understand the effect of such contracts on a company’s financial performance and cash flows.

• **IFRS 10 Consolidated Financial Statements (Amendments) and IAS 28 Investments in Associates and Joint Ventures (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (effective date postponed indefinitely; early adoption continues to be permitted)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Boad of Directors expects that the adoption of these standards or interpretations in future periods cannot be reliably estimated at this point of time.

## 9. Segment information

The Group is active in one main operating business segment, **Optronics**.

The Chief Operating Decision Maker (CODM) is the function responsible for allocating resources and assessing the operating segment’s performance. In the Group, this function has been identified as the Management team. The amounts reported to Management, with respect to segment revenue and segment assets, are measured consistently with the Group’s external reporting. Segment assets are tracked and managed based on the operations of the segment and the physical location of the asset.

Given the relative uniformity of the Group’s components and its geographically based management structure, the consolidated financial statements provide segmental information organized by geography. Specifically, this information is categorized into the regions of Europe, Asia, America and Oceania. For further details, please refer to Note 10. Revenues from external customers have been identified on the basis of the customer’s geographical location. The parent entity, Theon International Plc, domiciled in Cyprus, generates no direct revenue, as it functions solely as a holding company.

The Group’s non-current assets (other than investments accounted for using the equity method, other financial assets and deferred tax assets) are located into the following geographic regions:

IN EURO	31 December 2024	31 December 2023
Cyprus (domicile)	2,163	2,433
Greece	26,733,365	20,317,921
Germany	20,183,827	-
Other countries	9,432,735	271,849
Total	56,352,090	20,592,203

Non-current assets are allocated based on their physical location.

The geographic information for the Group’s revenue is as follows:

IN EURO	31 December 2024	31 December 2023
Germany	200,176,291	104,753,579
Estonia	33,757,240	-
United States of America	32,713,014	15,303,552
Other countries	85,717,474	98,665,773
Total	352,364,019	218,722,904



## 10. Revenue

### A. DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue is disaggregated by primary geographical market, major products and timing of revenue recognition.

For the year ended 31 December

IN EURO	2024	2023
Primary geographic markets		
Europe	287,230,530	178,679,985
Asia	24,284,986	22,127,515
Americas	39,749,195	17,904,379
Oceania	1,099,308	11,025
Total	352,364,019	218,722,904
Major products categories		
Night	320,997,353	202,674,167
Thermal	27,477,822	12,233,656
Miscellaneous	1,728,935	1,699,175
Other	2,159,909	2,115,906
Total	352,364,019	218,722,904
Timing of revenue recognition		
Products transferred at a point in time	351,225,505	218,128,624
Services transferred over time	1,138,514	594,280
Total	352,364,019	218,722,904
Revenue from contracts with customers	352,364,019	218,722,904
	352,364,019	218,722,904
Total Revenue	352,364,019	218,722,904

The Group has two optronic divisions which are night and thermal divisions. Segmentation is based on the fact that the relevant devices have different technologies, characteristics, and components (tubes/sensors), specifically, night vision products have image intensification technology and thermal products have thermal imaging technology.

3 European customers (30%, 15% and 10% respectively) individually comprise more than 10% of total revenue in 2024 regarding mainly Night vision products (2023: 3 European customers accounting for 23%, 14% and 12% mainly for Night vision products).

The 61.10% increase is due to the awarding of new contracts and the exercise of options on existing contracts. Additionally the soft order backlog amounts to €654.2 million as at 31.12.2024 (31.12.2023: €540.2 million), and is expected to be executed and recognised in revenue during the years 2025 & 2026. Backlog is defined as the value of the order book as at the respective reporting date. It is calculated by taking the opening order book, adding new orders received during the reporting period, subtracting revenue recognized, and adjusting for any modifications, resulting in the closing order book.

The “Other” category encompasses services and spare parts, while the “Miscellaneous” category includes any products that do not fit within the other defined categories.

The Group has assessed that offset agreements (for more information on the accounting policy refer to Note 7.v) are accounted for as variable consideration in revenue for the years ended 31 December 2024 and 31 December 2023. Based on its plans and the progress made, the Group has determined that no penalties will be incurred concerning these offset agreements, as it expects to fulfill its contractual obligations.

## 10. Revenue

### B. CONTRACT BALANCES

The Group has recognised the following assets and liabilities related to contracts with customers:

IN EURO	31 December 2024	31 December 2023
Receivables which are included in trade accounts receivable	125,949,916	46,087,790
Contract Liabilities	(4,859,278)	(5,240,112)
Total	121,090,638	40,847,678

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods:

IN EURO	Client Down Payments	Deferred Income	TOTAL
Balance as at 1 January 2023	20,456,989	5,780,220	26,237,209
Revenue recognised	(16,297,102)	(5,780,220)	(22,077,322)
New contract liabilities outstanding at year end	957,051	123,172	1,080,223
Balance as at 31 December 2023	5,116,938	123,172	5,240,110

IN EURO	Client Down Payments	Deferred Income	TOTAL
Balance as at 1 January 2024	5,116,938	123,172	5,240,110
Arising from business combinations	1,333,145	-	1,333,145
Revenue recognised	(4,577,327)	(123,172)	(4,700,499)
New contract liabilities outstanding at year end	2,986,522	-	2,986,522
Balance as at 31 December 2024	4,859,278	-	4,859,278

Contract liabilities have decreased by 7.27%, primarily due to the planned completion of key contracts.



11. Income and expenses

A. OTHER INCOME

For the year ended 31 December

IN EURO	2024	2023
Subsidies received	144,750	370
Unused provisions	100,077	-
Various revenues from sales	676	11,026
Gains from disposal of property, plant and equipment	3,228	20,030
Income from rent	98,503	119,700
Dividends	8,979	-
Day one gains from fair value measurement	152,002	-
Other income	1,127,057	345,515
Total	1,635,272	496,641

Other income primarily comprises derecognition of liabilities that are deemed no longer payable. Management has determined that these obligations are no longer enforceable, resulting in their derecognition and recognition as income, as no future outflows are expected.

B. OTHER EXPENSES

For the year ended 31 December

IN EURO	2024	2023
Taxes and duties	(32,467)	(1,247)
Losses from disposal of property, plant, and equipment	(8,983)	-
Prior years' expenses	(68,033)	(65,439)
Loss from financial liabilities modifications	(82,594)	-
Other expenses	(247,225)	(25,466)
Total	(439,302)	(92,152)

C. EXPENSES BY NATURE

For the year ended 31 December

IN EURO	2024	2023
Change in inventories	(218,608,990)	(130,142,070)
Employee wages and salaries and other benefits	(16,350,945)	(10,320,191)
Third party remuneration and expenses	(18,968,177)	(16,243,688)
Taxes & duties	(136,606)	(121,177)
Depreciation & amortisation	(2,510,161)	(1,270,084)
Foreign exchange gains	371,674	107,405
Sundry expenses	(7,037,658)	(3,138,056)
Provisions	(3,049)	(5,356)
Transportation expenses	(1,249,192)	(1,184,415)
Travelling expenses	(1,549,412)	(1,072,190)
Total cost of sales, administrative, selling and distribution, and research and development expenses	(266,045,516)	(163,389,822)

As illustrated in the adjacent table, most of the increase in expenses can be attributed to the cost of materials and inventories, reflecting the Group's increased sales in 2024.

11. Income and expenses

Third-party remuneration and expenses mainly consist of production subcontracting fees and sales commissions paid to agents. They also include €1,534,335 non-recurring expenses of which €356,500 concern initial admission fees to the Euronext stock exchange in Amsterdam, €297,109 IPO legal expenses and €708,726 other acquisition related expenses. A 16.78% increase in third-party remuneration and expenses is primarily attributed to higher sales commissions and various processing fees, such as façon and testing fees, reflecting the Group's increased sales for the current year. Additionally, a substantial portion of this increase is due to the payment of subscription fees for advanced software tools.

The increase of € 3,899,602 in sundry expenses is primarily due to the write-downs of inventories and increase in warranty provisions.

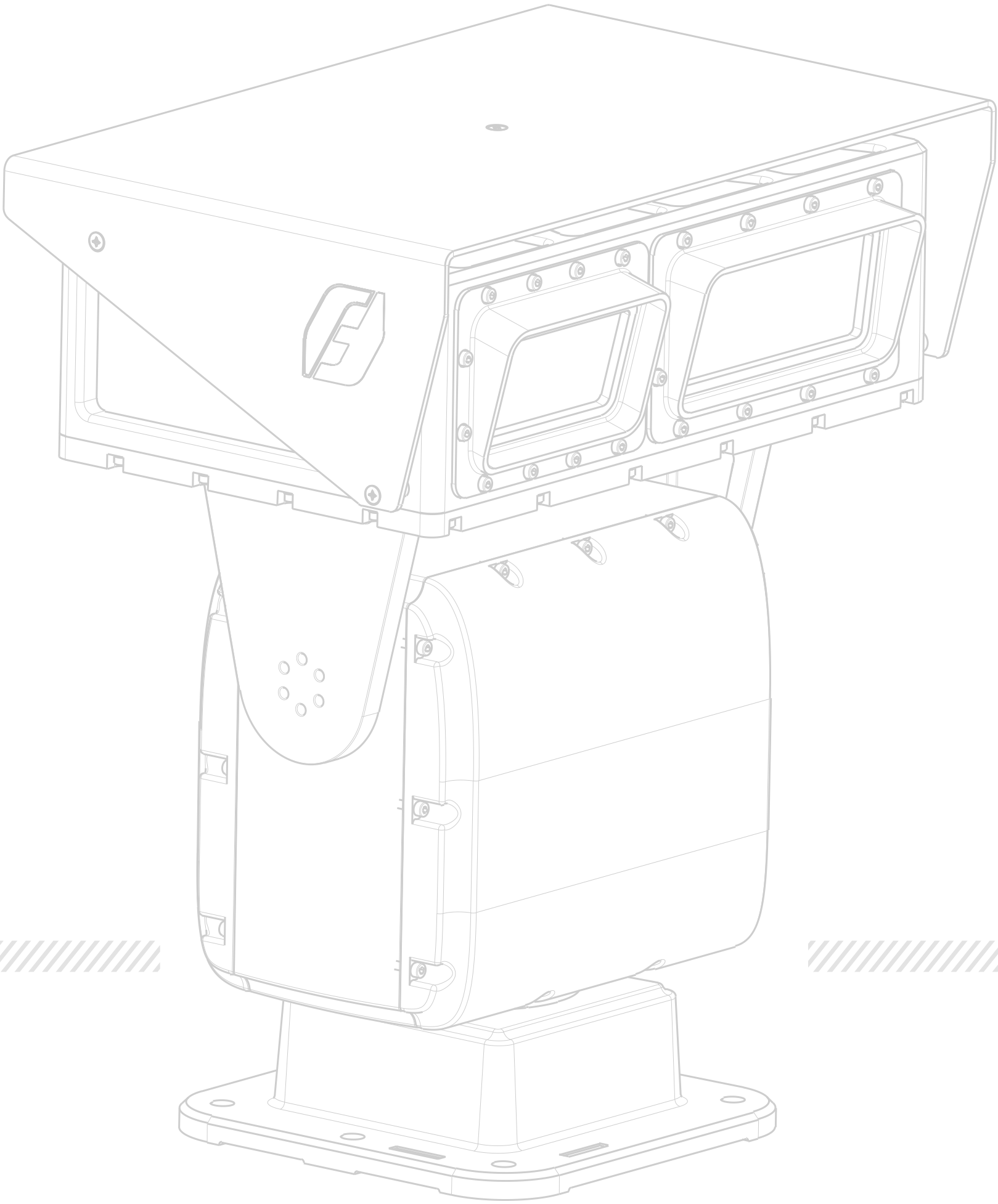
The independent auditors' remuneration regarding the statutory audits of the annual financial statements amounted to €125,000 (2023: €99,000). Non audit services provided totaled €62,150 (2023: €222,000).

As at 31 December 2024, the Group employed 633 employees, compared to 303 on 31 December 2023, resulting in an increase in employee wages, salaries and other benefits of €6,030,754. The average number of full-time equivalent employees in 2024 was 378 (2023: 272).

STAFF COSTS

For the year ended 31 December

IN EURO	2024	2023
Salaries	11,578,347	7,555,270
Employer's contributions	2,569,268	1,673,295
Insurance	181,788	111,972
Staff leaving indemnity	103,505	23,322
Other benefits	2,357,475	1,296,284
Capitalised expenses	(439,438)	(339,952)
Total	16,350,945	10,320,191





## 12. Net finance costs

For the year ended 31 December

IN EURO	Note	2024	2023
Interest income from bank deposit		2,880,771	297,831
Interest income from debt securities		7,489	-
Gain from sales of financial asset		-	188,899
Net fair value gains on financial assets at fair value through profit or loss		104,887	-
Foreign exchange gains		2,376,065	182,039
Other financial income		-	12,350
Finance income		5,369,212	681,119
Interest on long-term loans	31.	(1,785,345)	(217,263)
Interest on short-term loans	31.	(1,784,824)	(2,264,423)
Net fair value losses on financial assets at fair value through profit or loss		(5,052)	-
Foreign exchange losses		(2,392,198)	(3,063,483)
Unwinding of discount	29.	(716,814)	(343,836)
Other finance expenses		(1,218,804)	(1,213,548)
Interest on lease liabilities	19.	(67,257)	(35,034)
Finance costs		(7,970,294)	(7,137,587)
Net finance costs recognised in profit or loss		(2,601,082)	(6,456,468)

The primary contributor to the increase in the Group's interest income is the inflow of the net IPO proceeds on 7 February 2024, totaling €93.9 million, which is invested in fixed term deposits. Additionally, interest expense increased by 43.86%, primarily driven by the recognition of interest on newly acquired borrowings. The line Other finance expenses includes expenses related to letters of guarantee issued for customs, project performance, tender participation, and other requirements commonly associated with government defense contracts. These expenses are directly linked to the increase in the Group's sales.

## 13. Income taxes

For the year ended 31 December

IN EURO	2024	2023
Current tax	(20,129,740)	(13,244,295)
Deferred tax	910,854	(583,581)
Previous year's tax expense	(40,075)	56,747
Tax Expense	(19,258,961)	(13,771,129)

### 13. Income taxes

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

IN EURO		2024		2023
Profit before tax		86,697,956		49,866,717
Tax rate using the Group's domestic tax rate	24.5%	(21,274,582)	40.4%	(20,161,579)
Additional local taxes	0.1%	(62,332)	-	-
Tax allowances on research and development	(0.3%)	222,162	-	-
Movement of deferred tax asset not recognised	(0.2%)	182,981	0.4%	(192,450)
Expenses non-deductible for tax purposes	1.2%	(1,051,597)	(16.1%)	8,050,599
Income exempt from taxation for tax purposes	(3.2%)	2,770,918	-	-
Prior year income tax	0.1%	(62,828)	(0.1%)	56,747
Reversal of prior year deferred tax	-	-	0.1%	(50,781)
Movement of accumulated tax losses	(0.1%)	54,834	-	-
Other movements	(0.0%)	4,168	0.0%	(16,274)
Overseas taxes	0.0%	(42,685)	2.9%	(1,457,391)
Tax Expense		(19,258,961)		(13,771,129)
Effective tax rate	22.2%		27.6%	

The Group's effective tax rate varies depending on the mix of taxable profits by territory, the non deductibility of certain expenses, non-taxable income, and other one-off tax items across its territories.

Regarding the Greek Subsidiary “Theon Sensors SA” (“Greek Subsidiary”):

Current corporate income tax is calculated at 22% in Greece for the year 2024, based on the Article 120 of Law No. 4799/2021 (2023: 22%).

The Greek subsidiary has obtained tax compliance certificates with unqualified opinion by certified auditor for each fiscal year from 2011 up to and including 2023 according to Greek tax laws (years 2011- 2013 pursuant to the provisions of Article 82 of Law No. 2238/1994 , years 2014-2022 pursuant to the provisions of Article 65A of Law No. 4174/2013 and year 2023 pursuant to provisions of Articles 78 and 83 par. 54 of Law 5104/2024). The tax compliance audit for the year ended 31 December 2024 is still in progress and is expected to be completed within 2025.

The companies for which a Tax Compliance Certificate has been issued are not excluded from a further tax audit, if requested by the relevant Tax Authorities. Therefore, the Tax Authorities may carry out their tax audit as well within the period dictated by the law. However, Management believes that the outcome of such future audits, should these be performed, will not have a material impact on the financial position of the Group.

The audit of the Greek subsidiary conducted by the Tax Authorities, initiated in January 2023 for the financial years 2018 and 2019, has been completed without material findings. No additional audit instructions have been received for the financial years 2020 to 2022, while tax years up to 31 December 2018 remain time-barred in accordance with paragraph 1, Article 36 of Law 4174/2013.

For German subsidiaries, a corporation tax rate of 15% was applied. Additionally, a solidarity surcharge of 5.5% on the corporation tax and a trade tax rate ranging from 14% to 15.4% were considered. This resulted in an overall tax rate ranging from 29.8% to 31.2% for German subsidiaries.



### 13. Income taxes

The tax rates on the profits of the remaining subsidiaries of the Group, based on their country of tax residence, are as follows:

- **Theon International Plc, Cyprus: 12.5%**
- **Theon Sensors AG, Switzerland: 11.8%**
- **Theon Sensors MEA FZC, United Arab Emirates: 9%**
- **Theon Sensors Far East Ltd, Singapore: 17%**
- **Industries DK ApS, Denmark: 22%**
- **Harder Digital SOVA D.O.O., Photon Optronics D.O.O. and Real Electronics D.O.O., Serbia: 15%**
- **Baltic Photonics SIA and InfiGamma SIA, Latvia: 20%**
- **Theon Sensors USA Inc and T Industries Inc, USA: 21%**
- **T Industries Belgium, Belgium: 25%**

According to the Swiss Federal Tax Administration, Theon AG paid the amount of €42,685 (2023: €1,457,391) as withholding tax on dividends paid to Theon Plc.

Tax losses for which no deferred tax assets were recognized expire as follows:

IN EURO	2024
Expire	1,098,098
Never expire	5,579,824



## 14. Deferred tax

For the year ended 31 December

2023			RECOGNISED IN		BALANCE AT 31 DECEMBER		
IN EURO	NET BALANCE AT 1 JANUARY	ARISING FROM BUSINESS COMBINATIONS	PNL	OCI	NET	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Property, plant and equipment	-	-	(131,680)	-	(131,680)	-	(131,680)
Trade receivables	316,118	-	(288,610)	-	27,508	27,508	-
Lease liabilities	193,949	-	(12,698)	-	181,251	181,251	-
Right of use assets	(185,824)	-	16,168	-	(169,656)	-	(169,656)
Derivatives	(9,211)	-	(1,566)	-	(10,777)	-	(10,777)
Inventories	-	-	125,704	-	125,704	125,704	-
Employee benefits	33,133	-	6,301	70	39,504	39,504	-
Provision/ accruals	-	-	44,537	-	44,537	44,537	-
Deferred income	328,163	-	(328,163)	-	-	-	-
Trade payables	(83,629)	-	40,044	-	(43,585)	-	(43,585)
Other items	39,070	-	(53,618)	-	(14,548)	-	(14,548)
Net tax assets (liabilities)	631,769	-	(583,581)	70	48,258	418,504	(370,247)



## 14. Deferred tax

For the year ended 31 December

2024			RECOGNISED IN		BALANCE AT 31 DECEMBER		
IN EURO	NET BALANCE AT 1 JANUARY	ARISING FROM BUSINESS COMBINATIONS	PNL	OCI	NET	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES
Property, plant and equipment	(131,680)	(960,825)	93,078	-	(999,427)	10,908	(1,010,335)
Trade receivables	27,508	-	107,277	-	134,785	134,785	-
Lease liabilities	181,251	-	26,263	-	207,514	207,514	-
Right of use assets	(169,656)	-	(36,853)	-	(206,509)	-	(206,509)
Intangible assets	-	(680)	(90,082)	-	(90,762)	-	(90,762)
Derivatives	(10,777)	-	(7,504)	-	(18,281)	-	(18,281)
Inventories	125,704	(18,494)	568,234	-	675,444	755,171	(79,727)
Employee benefits	39,504	-	1,088	10,877	51,469	51,469	-
Provision / accruals	44,537	3,802	93,577	-	141,916	141,916	-
Trade payables	(43,585)	-	85,321	-	41,736	41,736	-
Other payable	-	-	681	-	681	3,432	(2,751)
Other items	(14,548)	-	69,774	-	55,226	55,226	-
Net tax assets (liabilities)	48,258	(976,197)	910,854	10,877	(6,208)	1,402,157	(1,408,365)

The deferred tax assets and liabilities are offset only when there is legally enforceable right for the current tax assets to be offset against the current tax liabilities and when the deferred income taxes concern the same tax authority.

## 15. Employee benefits

### A. ACTUARIAL ASSUMPTIONS

The assumptions (weighted average for the Group) used in computing the defined benefit obligation comprised the following for the year ended 31 December:

	2024	2023
Discount rate	2.8%	3.0%
Future salary growth	2.4%	2.4%
Inflation rate	2.0%	2.1%
Longevity	Eurostat 2019_GR	EVK 2000
Incapability	EVK 2000 * 50%	EVK 2000 * 50%
Retirement age	62	62

### C. SENSITIVITY ANALYSIS

The sensitivity analysis presented below is based on a change in assumption while all other assumptions remain constant.

IN EURO	INCREASE 2024	INCREASE 2023	DECREASE 2024	DECREASE 2023
Discount rate (0,5% movement)	229,027	176,213	239,151	183,091
Future salary growth (0,5% movement)	239,104	183,094	228,985	176,179

### B. DEFINED BENEFIT LIABILITY

The employee benefits analysis of the Group is the following:

IN EURO	2024	2023
Balance at 1 January	198,320	162,026
Arising from business combinations	33,866	-
Included in Profit and Loss		
Current service cost	97,092	52,837
Interest cost / (income)	5,351	5,316
Total	102,443	58,153
Included in Other Comprehensive Income		
Actuarial loss / (gain) arising from:		
Financial assumptions	2,157	3,676
Experience adjustment	47,285	(3,359)
Total	49,442	317
Other		
Benefits paid	(89,931)	(22,176)
Balance at 31 December	294,140	198,320

The actuarial estimate of obligations has been prepared in accordance with the relevant legislation contained in Laws 2112/1920 and 3026/1954 and amended by Laws 4093/2012, 4336/2015 and 4194/2013.

Retirement benefits are specified in the relevant legislation and are payable as a lump sum upon an employee's retirement. Under Greek labor law, compensation upon retirement is based on an employee's length of service with the Group and their final salary at the departure date.

These retirement benefits are not pre-funded or sourced from any specialized fund. The Group has not established any specific benefits plan beyond those mandated by legislation for employees leaving the Group.

The present value of the defined benefit obligation, along with the current service cost and, where applicable, any past service cost, is determined according to the projected unit credit method, as outlined in IAS 19. Following the International Financial Reporting Standards Interpretations Committee (IFRIC) decision in 2022 regarding IAS 19's application to this actuarial liability, the actuarial liability is now recognised over the final 16 years of service before retirement.

### D. SOCIAL SECURITY CONTRIBUTIONS

The liability for social security contributions amounts to €587,104 (31 December 2023: €395,888) and is included in Salaries and employee-related payables in current liabilities.



## 16. Earnings per share

The calculation of basic EPS has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

### A. PROFIT FOR THE YEAR AFTER TAX

For the year ended 31 December

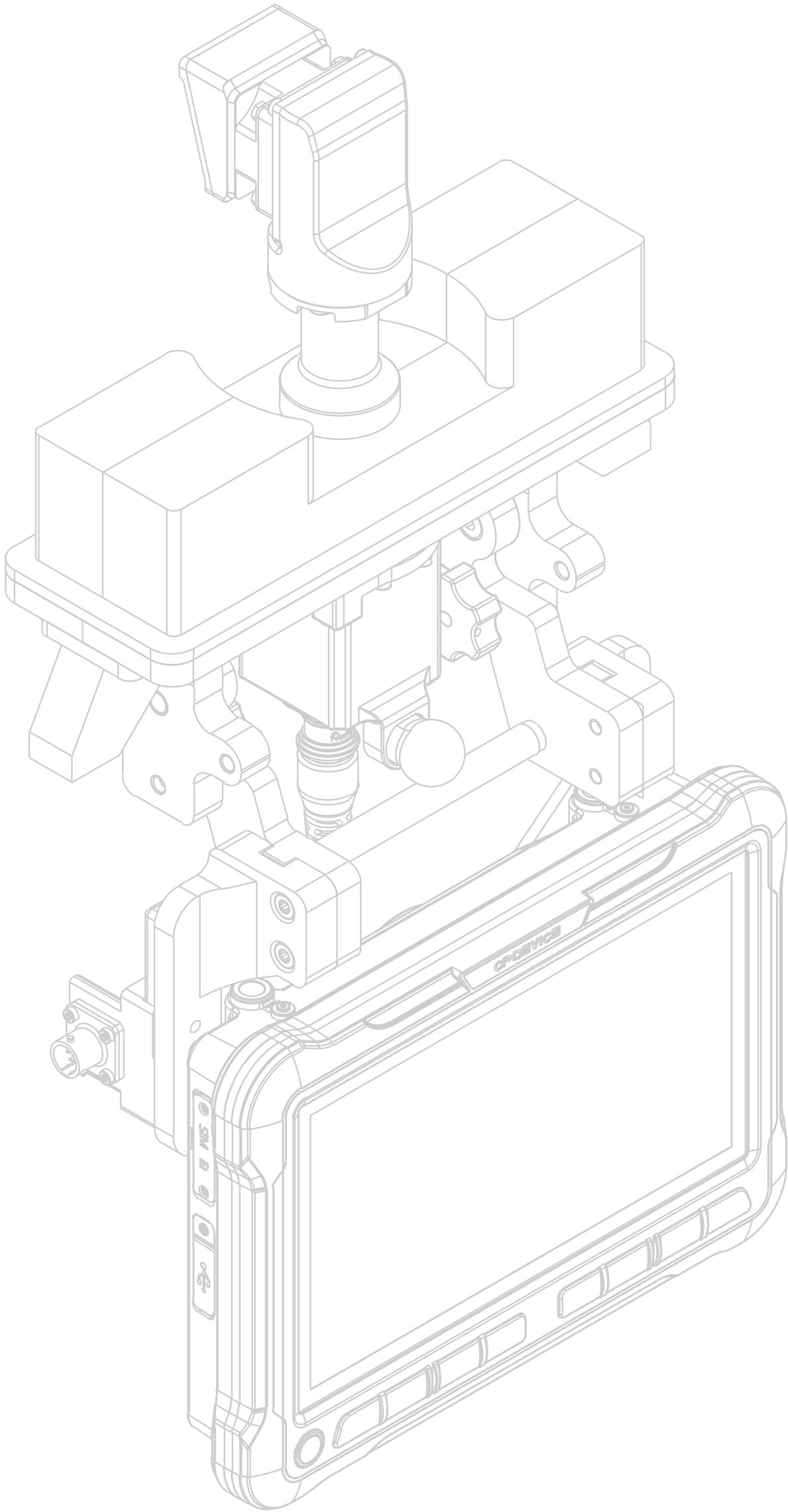
IN EURO	2024	2023
Profit for the year after tax	67,438,995	36,095,588

### B. WEIGHTED – AVERAGE NUMBER OF ORDINARY SHARES (BASIC AND DILUTED)

For the year ended 31 December

IN EURO	2024	2023
Issued ordinary shares 1st January	60,000,000	200,000
Issued ordinary shares 14th November 2023	-	400,000
Issued ordinary shares 7th February 2024	10,000,000	-
<b>Total issued ordinary shares</b>	<b>70,000,000</b>	<b>600,000</b>
Share split from €1 to €0.01 14th November 2023	-	60,000,000
<b>Weighted average number of ordinary shares at 31 December</b>	<b>69,166,667</b>	<b>60,000,000</b>
<b>Basic and Diluted earnings (in euro) per share</b>	<b>0.98</b>	<b>0.60</b>

During 2023, the number of ordinary shares outstanding increased as a result of a share split. Therefore, the calculation of basic and diluted earnings per share for all periods presented was adjusted retrospectively. For more details on the share split of 14th November 2023 and the ordinary shares issuance, please refer to Note 29.



IN EURO	LAND	BUILDINGS	MACHINERY & EQUIPMENT	MOTOR VEHICLES	FIXTURES & FITTINGS	UNDER CONSTRUCTION	TOTAL
Cost							
Balance at 1 January 2023	1,055,447	7,516,123	6,342,507	641,402	4,104,203	43,000	19,702,682
Additions	-	2,478,948	1,097,857	105,558	1,071,861	2,247,997	7,002,221
Transfers	-	688,540	-	-	-	-	688,540
Disposals	-	-	(91,401)	-	(441)	-	(91,842)
Balance at 31 December 2023	1,055,447	10,683,611	7,348,963	746,960	5,175,623	2,290,997	27,301,601
Balance at 1 January 2024	1,055,447	10,683,611	7,348,963	746,960	5,175,623	2,290,997	27,301,601
Arising from business combinations	485,268	8,249,219	9,377,707	44,580	690,913	2,654,525	21,502,212
Additions	792,929	586,539	1,483,504	10,770	1,108,354	590,450	4,572,546
Transfers	-	938	385,720	-	511,800	(898,458)	-
Exchange differences	-	9	1	-	20	1	31
Disposals	(891)	(9,389)	(160,686)	(8,470)	(206,914)	(2,050,000)	(2,436,350)
Balance at 31 December 2024	2,332,753	19,510,927	18,435,209	793,840	7,279,796	2,587,515	50,940,040
Accumulated depreciation							
Balance at 1 January 2023	-	2,631,926	3,616,401	68,594	2,748,738	-	9,065,659
Depreciation	-	296,585	355,270	52,299	210,081	-	914,235
Transfers	-	55,083	-	-	-	-	55,083
Disposals	-	-	(91,401)	-	(442)	-	(91,843)
Balance at 31 December 2023	-	2,983,594	3,880,270	120,893	2,958,377	-	9,943,134
Balance at 1 January 2024	-	2,983,594	3,880,270	120,893	2,958,377	-	9,943,134
Arising from business combinations	-	1,631,786	5,131,730	-	426,761	-	7,190,277
Depreciation	-	392,185	845,361	62,905	502,194	-	1,802,645
Disposals	-	(9,389)	(155,849)	(8,018)	(205,491)	-	(378,747)
Balance at 31 December 2024	-	4,998,176	9,701,512	175,780	3,681,841	-	18,557,309
Carrying amount 31 December 2024	2,332,753	14,512,751	8,733,697	618,060	3,597,955	2,587,515	32,382,731
Carrying amount 31 December 2023	1,055,447	7,700,017	3,468,693	626,067	2,217,246	2,290,997	17,358,467

## 17. Property, plant and equipment

### A. RECONCILIATION OF CARRYING AMOUNT

The increase in the carrying amount is primarily attributable to the acquisition of Harder Digital Group (refer to Note 21), a group with a significant proportion of property, plant, and equipment.

In 2024, Theon Sensors SA acquired a 3,600-square-meter plot of land in the industrial zone of Koropi, adjacent to its main facility. Additionally, the company made significant investments in machinery. The disposals during the year were primarily due to the early termination of a machinery manufacturing contract.

In 2023, the Group reassessed the useful lives of its assets, resulting in a positive impact on profits for the year of €202,745. This adjustment pertains to fixtures and fittings, buildings, machinery, and equipment.



## 17. Property, plant and equipment

### B. IMPAIRMENT LOSS

In 2024, no circumstances or events were identified that would indicate potential non-recoverability of the carrying amount of assets.

The current environmental legislation does not negatively impact on the Group's operations or suggest that the assets' net book values may be unrecoverable.

Management has concluded that projected future cash expenditures to comply with environmental legislation are not material to the Group's financial statements for the current year, as the necessary environmental approvals for Group operations are already in place.

### C. SECURITY

The following security interest has been registered in favor of Piraeus Bank: A first mortgage prenotation on the plot situated at 62 Ioannou Metaxa Str., Koropi, Attica and the industrial building thereon for €2,000,000 to secure a bank loan disbursed in July 2021, with a total outstanding balance of €1,505,000 as of 31 December 2024 (31 December 2023: €1,725,000) and a second mortgage prenotation on the same plot for €9,493,000 to secure a new bank loan disbursed in February 2024, with an outstanding balance of €6,724,241 as of 31 December 2024.

### D. PROPERTY, PLANT AND EQUIPMENT UNDER CONSTRUCTION

The most important additions in property, plant, and equipment under construction as of 31 December 2024 concern machinery additions.





IN EURO	NOTE	OTHER INTANGIBLES	SOFTWARE	INTERNALLY GENERATED DEVELOPMENT COSTS	PROPERTY RIGHTS AND PATENTS	UNDER DEVELOPMENT	GOODWILL	TOTAL
Cost								
Balance at 1 January 2023		193,834	1,318,065	2,787,236	6,790	-	-	4,305,925
Additions		-	118,753	450,697	3,900	-	-	573,350
Balance at 31 December 2023		193,834	1,436,818	3,237,933	10,690	-	-	4,879,275
Balance at 1 January 2024		193,834	1,436,818	3,237,933	10,690	-	-	4,879,275
Arising from business combinations	21.	23,147	375,020	-	-	-	14,584,287	14,982,454
Additions		-	548,866	524,925	50,000	5,030,854	-	6,154,645
Disposals		(900)	(28,388)	-	(190)	-	-	(29,478)
Balance at 31 December 2024		216,081	2,332,316	3,762,858	60,500	5,030,854	14,584,287	25,986,896
Accumulated amortisation								
Balance at 1 January 2023		14,043	1,222,400	2,238,375	6,790	-	-	3,481,608
Amortisation		1,313	(112,839)	37,444	1,654	-	-	(72,428)
Balance at 31 December 2023		15,356	1,109,561	2,275,819	8,444	-	-	3,409,180
Balance at 1 January 2024		15,356	1,109,561	2,275,819	8,444	-	-	3,409,180
Arising from business combinations		22,796	326,674	-	-	-	-	349,470
Amortisation		795	101,275	37,149	2,985	-	-	142,204
Disposals		(900)	(28,388)	-	(190)	-	-	(29,478)
Balance at 31 December 2024		38,047	1,509,122	2,312,968	11,239	-	-	3,871,376
Carrying amount 31 December 2024		178,034	823,194	1,449,890	49,261	5,030,854	14,584,287	22,115,520
Carrying amount 31 December 2023		178,478	327,257	962,114	2,246	-	-	1,470,095

## 18. Intangible assets and goodwill

### A. RECONCILIATION OF CARRYING AMOUNT

In relation to the aforementioned reassessment of useful life, the positive impact on intangible assets in 2023 amounted to €241,863.

During 2024, the Group recorded additions totaling € 6,154,645 primarily related to the development of new platform-based products, achieved through partial outsourcing of Research and Development (R&D) activities specialized in the development of an advanced electrooptic system.

### B. IMPAIRMENT LOSS

In 2024, no circumstances or events were identified that would indicate potential non-recoverability of the carrying amount of intangible assets.



## 19. Leases

The following amounts are recognised in the statement of financial position relating to leases:

### RIGHT OF USE ASSETS

IN EURO	LAND AND BUILDINGS	MOTOR VEHICLES	TOTAL
2023			
Balance at 1 January	595,414	249,239	844,653
Depreciation charge for the year	(219,609)	(102,535)	(322,144)
Derecognition of depreciation	-	44,984	44,984
Additions to right-of-use assets	192,728	193,670	386,398
Derecognition of right-of-use assets	-	(44,984)	(44,984)
Balance at 31 December	568,533	340,374	908,907

IN EURO	LAND AND BUILDINGS	MOTOR VEHICLES	TOTAL
2024			
Balance at 1 January	568,533	340,374	908,907
Depreciation charge for the year	(263,896)	(232,262)	(496,158)
Derecognition of depreciation	419,372	129,953	549,325
Additions to right-of-use assets	138,041	634,881	772,922
Derecognition of right-of-use assets	(545,486)	(155,278)	(700,764)
Balance at 31 December	316,564	717,668	1,034,232

### LEASE LIABILITIES

IN EURO	LAND AND BUILDINGS	MOTOR VEHICLES	TOTAL
2023			
Balance at 1 January	624,467	257,119	881,586
Interest charge for the year	22,372	12,663	35,035
Interest payments	(18,450)	(12,663)	(31,113)
Repayments	(204,323)	(132,460)	(336,783)
Additions to lease liabilities	192,729	193,670	386,399
Derecognition of lease liabilities	-	31,036	31,036
Balance at 31 December	616,795	349,366	966,160

IN EURO	LAND AND BUILDINGS	MOTOR VEHICLES	TOTAL
2024			
Balance at 1 January	616,795	349,365	966,160
Interest charge for the year	28,034	39,223	67,257
Interest payments	(28,034)	(39,223)	(67,257)
Repayments	(254,547)	(248,750)	(503,297)
Additions to lease liabilities	138,041	634,881	772,922
Derecognition of lease liabilities	(164,135)	(25,326)	(189,461)
Balance at 31 December	336,154	710,170	1,046,324

## 19. Leases

The following amounts are recognised in the statement of profit or loss and the statement of cash flows relating to leases:

IN EURO	LAND AND BUILDINGS	MOTOR VEHICLES	TOTAL
2023			
Amounts recognised in profit or loss	(241,981)	(115,198)	(357,179)
Depreciation	(219,609)	(102,535)	(322,144)
Interest	(22,372)	(12,663)	(35,035)
Amounts recognised in statement of cash flows	(222,773)	(145,123)	(367,896)
Interest payments	(18,450)	(12,663)	(31,113)
Repayments	(204,323)	(132,460)	(336,783)

IN EURO	LAND AND BUILDINGS	MOTOR VEHICLES	TOTAL
2024			
Amounts recognised in profit or loss	(291,930)	(271,485)	(563,415)
Depreciation	(263,896)	(232,262)	(496,158)
Interest	(28,034)	(39,223)	(67,257)
Amounts recognised in statement of cash flows	(282,581)	(287,973)	(570,554)
Interest payments	(28,034)	(39,223)	(67,257)
Repayments	(254,547)	(248,750)	(503,297)

The Group holds both property and equipment (car fleet and machinery) under leased contracts.

The period of the leasing may vary from asset to asset, although the Group mostly engages into 4-5 year contracts.



## 20. Investment property

### 2023

IN EURO	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT
Balance at 1 January	1,509,728	(97,374)	1,412,354
Reclassification to property, plant and equipment	(688,540)	55,083	(633,457)
Depreciation	-	(75,095)	(75,095)
Balance at 31 December	821,188	(117,386)	703,802

### 2024

IN EURO	COST	ACCUMULATED DEPRECIATION	CARRYING AMOUNT
Balance at 1 January	821,188	(117,386)	703,802
Acquisitions	7,014	-	7,014
Depreciation	-	(69,154)	(69,154)
Balance at 31 December	828,202	(186,540)	641,662

Investment property is measured at cost less impairment.

In 2024, no circumstances or events were identified that would indicate potential non-recoverability of the carrying amount of assets. During 2023, the Group determined the market value of its properties based on the report of the independent valuer, stating that there is no indication of impairment. More specifically, based on the valuation performed, the fair value of land and buildings was €882,857 and €5,236,718 respectively.

In 2023, the Group reclassified a carrying amount of €633,457 from investment property to property and plant, as the Group now uses much of the property.

The Group classifies cash outflows to acquire or construct investment property as investing, and rental inflows as operating cash flows.

The investment properties are leased to tenants under operating leases, with rentals payable monthly. Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term.

Lease payments for some contracts do not include any variable lease payments that depend on an index or rate.

Minimum lease payments receivable on leases of investment properties are as follows:

IN EURO	2024	2023
Within 1 year	50,014	50,014
Between 1 and 2 years	25,307	50,014
Between 2 and 3 years	-	25,307
Total	75,321	125,335

## 21. Business combinations

### ACQUISITION OF HARDER DIGITAL GROUP

On 14 November 2024, the Company acquired 60% of the issued share capital of Harder Digital Ingenieur, which develops, manufactures and provides manufacturing equipment for image intensifier tubes and components. It is one of very few companies operating in the field of image intensifier manufacturing. The acquisition enhances the Group’s control over the supply chain, potentially leading to cost efficiencies, improved quality, and greater supply reliability.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

IN EURO	2024
Cash capital contribution	13,500,000
Contingent consideration	18,808,118
Total purchase consideration	32,308,118

The 1st installment amounting to €13,500,000 was paid in November 2024.

The 2nd installment amounting to €10,500,000 is contingent upon the fulfillment of the following, which were fulfilled in early 2025:

- a. the first production line is fully set up and running and,
- b. the company has received a quotation for acquiring the necessary equipment to set up an additional production line.

The 3rd installment amounting to €10,500,000 shall be payable any time before 31 December 2025 subject to the Company’s discretion.

The deferred cost of this investment was discounted to its present value as of the acquisition date, as Management determined that the impact of the time value of money is significant.

The fair value of the 75,000 shares issued as part of the consideration paid for Harder Digital Ingenieur was based on the nominal share value of €1.00 per share.

The assets and liabilities recognised as a result of the acquisition are as follows:

IN EURO	Fair Value
Cash	14,069,685
Trade receivables	2,164,631
Receivables from related parties	18,808,564
Inventories	8,154,474
Prepayments	633,410
Financial assets	27,154
Other assets	610,046
Land and buildings	7,102,701
Machinery and equipment	4,554,708
Plants under construction	2,654,525
Intangible assets: software	48,347
Intangible assets: other	350
Deferred tax asset	90,551
Trade payables	(8,175,325)
Contract liabilities	(1,333,145)
Loans	(17,496,378)
Deferred tax liability	(1,066,741)
Other liabilities	(1,307,838)
Net identifiable assets acquired	29,539,719
Less: non-controlling interests	(11,815,888)
Add: goodwill	14,584,287
Net assets acquired	32,308,118

The fair value of inventories (finished goods) was estimated in accordance with IFRS 13.B35. More specifically, the fair value reflects the price to either customers or retailers that would be received in a transaction after completing required selling efforts. In this regard, the inputs to measure the fair value of finished goods are (i) the selling price and (ii) selling/ marketing costs.

In order to estimate the market value of the land and buildings two approaches were considered and applied: income (discount cash flow) and sales comparison approach and applied these. Income approach was used for the valuation of buildings while sales comparison approach was used for the fair value of land plots.

The goodwill is primarily attributable to strategic considerations, such as the expansion of market share. Specifically, Theon Sensors SA had a long-standing relationship of approximately 15 years with Harder Digital as a client. The integration of Harder Digital into the Group will enhance vertical integration, enabling the Group to accommodate a larger volume of orders.

Management has considered and assessed reasonably possible changes in key assumptions used for the value-in-use calculations and has determined that no such changes would cause the carrying amount of the group of assets to which goodwill has been allocated to exceed their recoverable amount.

The Group recognises non-controlling interests in an acquired entity either at fair value or at the non-controlling interest’s proportionate share of the acquired entity’s net identifiable assets. This decision is made on an acquisition-by-acquisition basis. For the non-controlling interests in Harder Digital, the Group elected to recognise the non-controlling interests at their proportionate share of the acquired net identifiable assets.



## 21. Business combinations

The acquired business contributed revenues of € 2,661,096 and net profit of €220,565 to the Group for the period from 14 November to 31 December 2024.

If the acquisition had occurred on 1 January 2024, consolidated pro-forma revenue and profit for the year ended 31 December 2024 would have been €15,600,000 and €(435,822) respectively.

### Cash outflow, net of cash acquired

IN EURO	
Cash consideration	13,500,000
Less: balances acquired	
Cash	14,069,685
	<b>14,069,685</b>
Net inflow of cash – investing activities	<b>(569,685)</b>

Acquisition-related costs of €86,930 that were not directly attributable to the issue of shares are included in administrative expenses in the statement of profit or loss, and in operating cash flows in the statement of cash flows.

### FOUNDATION OF T INDUSTRIES BELGIUM

On 16 October 2024, the Company founded the subsidiary “T-industries Belgium”, in which it owns 100% of its share capital. The above company’s main operations will be to act as the industrial branch of Theon International Plc in Belgium.

There were no acquisitions in the year ended 31 December 2023.





## 22. Investment in equity-accounted investees

The tables below provide summarised financial information for Hensoldt Theon NightVision GmbH and Hensoldt-Theon GBR. The information disclosed reflects the amounts presented in their financial statements and not the Group’s share of those amounts.

In 2022 the Group invested in 49.9% stake in Hensoldt Theon NightVision GmbH (“HTN”) which is based in Wetzlar Germany. The remaining 50.1% stake is held by Hensoldt Optronics GmbH. Based on the Group’s holding in the investee, the Group has a meaningful representation of 1 out of 3 members in the Board of Directors, thus HTN is classified as an associate.

Hensoldt-Theon Gbr (“GBR”) is an entity established in Germany by Theon Sensors SA and Hensoldt Optronics GmbH, jointly controlled by these entities. GBR serves as a project entity established for a specific purpose, which is to be an invoicing vehicle for project OCCAR (Organisation for Joint Armament Co-operation), with a limited lifespan. It is classified as a joint venture. GBR is determined to be acting as an agent. All agent sales of products invoiced to GBR relate to OCCAR located in Germany. In 2024, sales to GBR amounted to €103,663,120 (2023: €47,149,355) with an outstanding receivable of €33,016,757 as at 31 December 2024 (31 December 2023: €8,557,569).

	HENSOLDT THEON NIGHTVISION GMBH		HENSOLDT-THEON GBR	
IN EURO	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
Assets				
Property, Plant and Equipment	220,978	248,307	-	-
<b>Non-current assets</b>	<b>220,978</b>	<b>248,307</b>	<b>-</b>	<b>-</b>
Inventories	2,699,780	2,635,584	-	-
Trade accounts receivable	28,303,507	15,442,849	-	-
Cash and cash equivalents	2,361,096	1,386,761	14,988,086	784,203
<b>Current assets</b>	<b>33,364,383</b>	<b>19,465,194</b>	<b>14,988,086</b>	<b>784,203</b>
<b>Total assets</b>	<b>33,585,361</b>	<b>19,713,501</b>	<b>14,988,086</b>	<b>784,203</b>
<b>Liabilities</b>				
Trade accounts payable	(21,762,485)	(15,441,554)	(14,713,640)	(733,558)
Income tax payable	(2,608,734)	(490,950)	-	-
Accrued and other current liabilities	(1,931,466)	(1,582,421)	(272,338)	(39,363)
<b>Current liabilities</b>	<b>(26,302,685)</b>	<b>(17,514,925)</b>	<b>(14,985,978)</b>	<b>(772,921)</b>
<b>Total liabilities</b>	<b>(26,302,685)</b>	<b>(17,514,925)</b>	<b>(14,985,978)</b>	<b>(772,921)</b>
<b>Net assets (100%)</b>	<b>7,282,676</b>	<b>2,198,576</b>	<b>2,108</b>	<b>11,282</b>
49.9%/50% of ownership	3,634,055	1,097,089	1,052	5,630
Goodwill	1,996	1,996	-	-
<b>Carrying amount of interest in associate</b>	<b>3,636,051</b>	<b>1,099,085</b>	<b>1,052</b>	<b>5,630</b>

### For the year ended 31 December

	HENSOLDT THEON NIGHTVISION GMBH		HENSOLDT-THEON GBR	
IN EURO	2024	2023	2024	2023
Revenue	59,170,860	20,723,253	3	845
Operating profit	7,185,075	1,729,475	3	845
<b>Profit for the year after tax</b>	<b>5,084,100</b>	<b>1,241,242</b>	<b>(34)</b>	<b>576</b>
Prior years' losses	-	(67,667)	-	-
<b>Accumulated profit</b>	<b>5,084,100</b>	<b>1,173,575</b>	<b>(34)</b>	<b>576</b>
49,9%/50% of ownership	2,536,966	585,614	(17)	287



22. Investment in equity-accounted investees

Reconciliation to carrying amounts:

IN EURO	31 December 2024	31 December 2023
Balance at 1 January	1,099,085	45,425
Additions	-	513,471
Disposals	-	(45,425)
Share of profit for the year	2,536,966	585,614
Unrealised profit of downstream transactions	(89,779)	-
Balance at	3,546,272	1,099,085



## 23. List of subsidiaries and equity-accounted investees

Theon International Plc is the holding Company of the Group, which consists of 18 companies active in several different jurisdictions, mainly Greece, Germany, Denmark, the USA, the UAE and Singapore. The acquisition from the shareholders of Theon Sensors AG became fully effective on 13 September 2021, whereby the Company became the parent entity of the Group. The Company’s primary role is to function as the management and finance holding of the Group. The business is conducted primarily through its subsidiaries.

Theon Sensors AG is domiciled in Switzerland with the purpose of investing in businesses, particularly in the area of Night Vision and Thermal Imaging Systems for military and security applications. As mentioned above, this company served as the holding company of the Group until 2021. Theon Sensors Single-Member Commercial and Industrial Société Anonyme (Theon Sensors SA) is domiciled in Athens, Greece and is involved in the manufacture and trade of a large range of sensors, and in particular it manufactures night vision systems, thermal systems (thermal sights) and other innovative electro-optical equipment and equipment for defense and security applications.

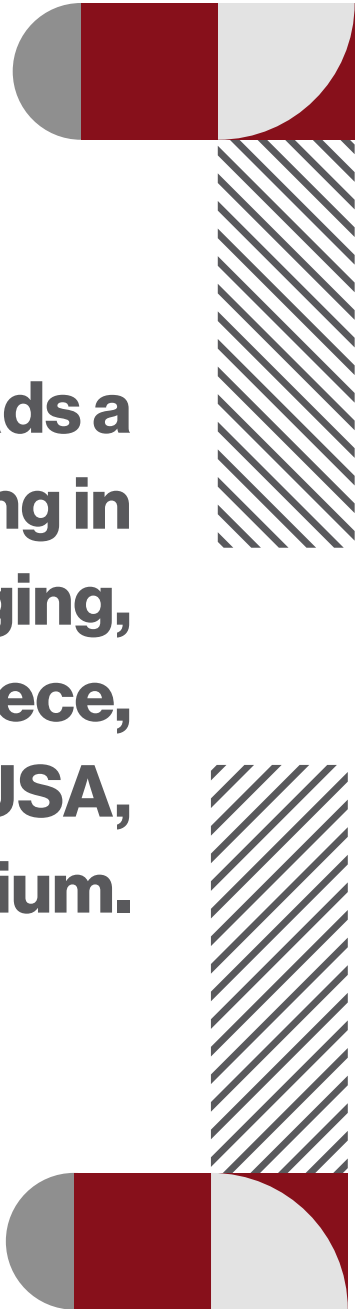
Theon Sensors Far East PTE LTD is incorporated and domiciled in Singapore, while Theon Sensors MEA FZC in Ras Al Khaimah, UAE, Theon Sensors GMBH in Germany and Theon Sensors USA Inc in USA. The principal activity of those companies is the design of electro-optical, thermal and night vision equipment including sensors and electronics, as well as marketing representation and advisory-consulting services.

T- Industries DK APS, T Industries INC and T-Industries Belgium are incorporated and domiciled in Denmark, USA and Belgium respectively and their principal activity is to act as the industrial branches of Theon International Plc in those countries.

Harder Digital Group develops, manufactures and provides manufacturing equipment for image intensifier tubes and components. It is one of very few companies operating in the field of image intensifier manufacturing. Harder Digital Ingenieur was founded in 1999 and is located in Woltersdorf, Germany.

HTN concerns an associate which was formed along with Hensoldt Optronics GmbH, giving the Group the ability and advantage to produce the night vision and thermal products of both companies in Wetzlar, Germany.

GBR is a joint venture established in Germany, set up by Theon Sensors SA and Hensoldt Optronics GmbH for specific purpose which is to be an invoicing vehicle for project OCCAR.



**Theon International Plc leads a 18-company Group specializing in night vision and thermal imaging, operating across Greece, Germany, Denmark, the USA, UAE, Singapore, and Belgium.**

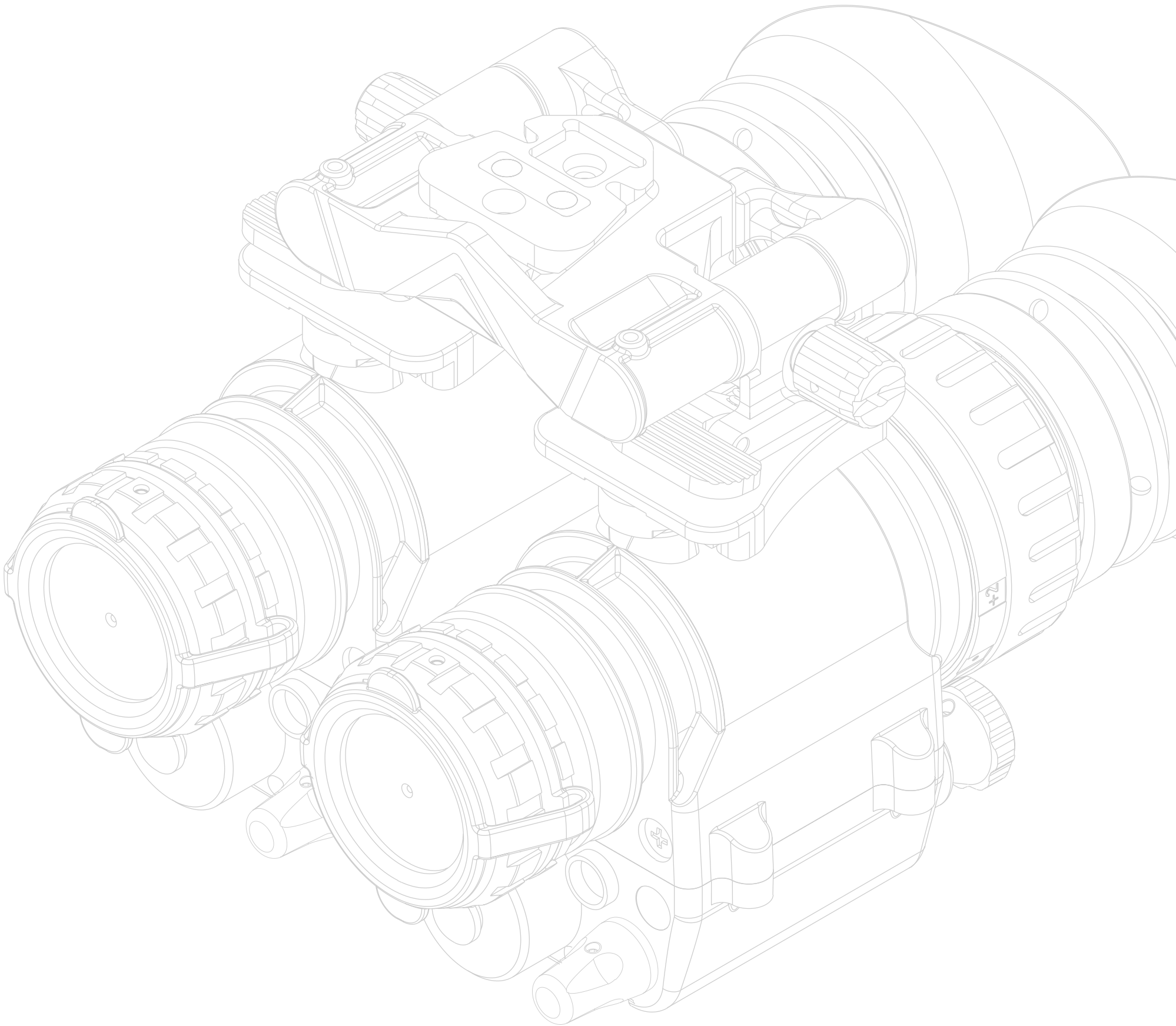


## 23. List of subsidiaries and equity-accounted investees

Companies included in the consolidated financial statements and the method of consolidation are presented in the following table:

	NAME OF SUBSIDIARIES AND ASSOCIATES	COUNTRY OF INCORPORATION	CONSOLIDATION METHOD	DIRECT %
*	Theon International PLC	Cyprus	Holding	-
*	Hensoldt Theon NightVision GmbH	Germany	Equity	49.99%
*	T Industries DK APS	Denmark	Full	100%
*	T Industries INC	USA	Full	100%
*	Theon Sensors AG	Switzerland	Full	100%
	- Theon Deutschland GmbH	Germany	Full	100%
	- Theon Sensors Far East Long Ltd	Singapore	Full	100%
	- Theon Sensors SA	Greece	Full	100%
	- Hensoldt-Theon Gbr	Germany	Equity	50%
	- Theon Sensors USA Inc	USA	Full	100%
	- Theon Sensors MEA FZC	UAE	Full	99.33%
*	T-Industries Belgium	Belgium	Full	100%
*	Harder Digital Ingenieur-und Industriegesellschaft mbH	Germany	Full	60%
	- Turm Thurau GmbH	Germany	Full	100%
	- GIDS GmbH	Germany	Full	80%
	- Harder Digital SOVA D.O.O.	Serbia	Full	100%
	- Photon Optronics D.O.O.	Serbia	Full	100%
	- Real Electronics D.O.O.	Serbia	Full	100%
	- Baltic Photonics SIA	Latvia	Full	70%
	- InfiGamma SIA	Latvia	Full	80%

(\*) Direct investments of Theon International Plc





24. Inventories

INEURO	31 December 2024	31 December 2023
Finished goods and work in progress	23,171,600	16,578,514
Raw materials and various materials	50,760,157	41,157,191
Raw materials and various materials in transit	1,844,404	5,877,757
Merchandise inventory	120,922	-
Inventories	75,897,083	63,613,462

In 2024, inventories of €218,608,990 (2023: €130,142,070) were recognised as an expense in Cost of Sales.

Write-downs of inventories amounted to €2,281,910 (2023: €915,637). These were recognised as an expense during the year ended 31 December 2024 and included in Cost of sales.

The 19.3% increase in inventory, primarily in raw materials, as at 31 December 2024, is attributable to the strong backlog the Group has secured and the Management’s proactive measures to ensure the fulfillment of all future sales orders. The increase in finished goods is attributed to the rising demand for the Group’s products.

The amount of €2,428,979 (31 December 2023: €688,482) represents the work in progress included in the first line of the table above.





## 25. Trade accounts receivable and other receivables

IN EURO	31 December 2024	31 December 2023
Trade accounts receivable	127,244,828	46,606,320
Provision for doubtful debts	(1,294,912)	(518,530)
<b>Total trade accounts receivable</b>	<b>125,949,916</b>	<b>46,087,790</b>

IN EURO	31 December 2024	31 December 2023
V.A.T. and other receivables from state	2,553,493	1,455,306
Accrued income - Prepaid expenses	2,982,536	1,960,303
Sundry creditors prepayments	312,601	-
Other short-term receivables	1,787,147	7,562,248
Provision for doubtful debts of other receivables	(15,153)	-
<b>Total other receivables</b>	<b>7,620,624</b>	<b>10,977,857</b>
<b>Total trade and other receivables</b>	<b>133,570,540</b>	<b>57,065,647</b>

The 173.3% increase in trade receivables can be attributed to a substantial rise in sales. This significant growth in revenue has led to a higher volume of outstanding invoices.

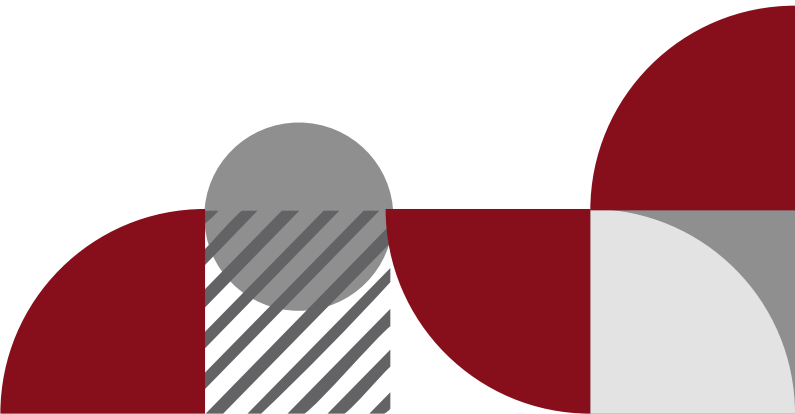
Due to the short-term nature of the Trade and other receivables, their carrying amount is considered to be a reasonable approximation of their fair value.

As at 31 December 2024, the trade accounts receivable balance includes € 22,118,256 receivables from related parties, mainly attributable to Hensoldt Theon Nightvision Gmbh (31 December 2023: €16,247,838). Detailed information on related parties is available in Note 37.d.

The Other short-term receivables account comprises amounts reserved for imports (cash guarantees) and various balances from miscellaneous debtors. In addition, other short-term receivables in 2023 amounting to €5,982,684 relate to qualifying costs attributable to the issue of share capital due to the IPO that took place in February 2024. These costs were written against the Capital Reserve in 2024 when the listing of shares occurred.

The overall impairment of trade accounts receivable as at 31 December 2024 and 31 December 2023, stands at €1,310,065 and €518,530 respectively. Information about the impairment of trade receivables and the Group's exposure to credit risk is available in Note 38.a.

IN EURO	31 December 2024	31 December 2023
<b>Balance as at 1 January</b>	<b>(518,530)</b>	<b>(578,006)</b>
Arising from business combinations	(129,659)	-
Impairment loss recognized	(661,876)	-
Impairment loss reversed	-	59,476
<b>Balance as at 31 December</b>	<b>(1,310,065)</b>	<b>(518,530)</b>



## 26. Other financial assets

### FINANCIAL ASSETS AT AMORTISED COST

Financial assets at amortised cost include the following debt instruments:

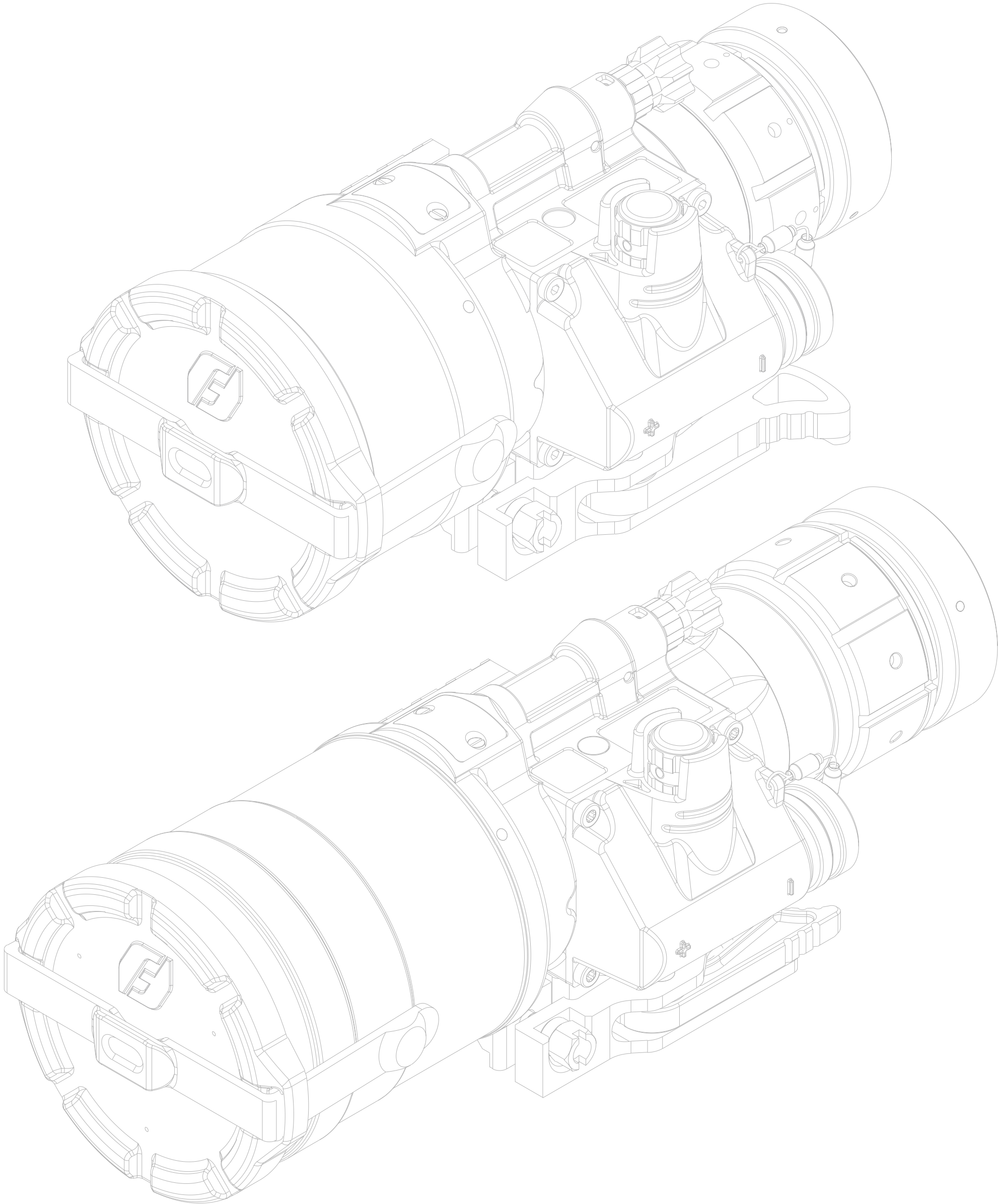
	31 December 2024			31 December 2023		
IN EURO	Current	Non current	Total	Current	Non current	Total
Loans to third parties	200,021	14,505	214,526	-	-	-
Total	200,021	14,505	214,526	-	-	-

Due to the short-term nature of the other current receivables, their carrying amounts are considered to be reasonable approximations of their fair values. For the majority of the non-current receivables, the fair values are also not significantly different from their carrying amounts.

The fair values were calculated based on cash flows discounted using a current market lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

All of the financial assets at amortised cost are denominated in Euro. As a result, there is no exposure to foreign currency risk. There is also no exposure to price risk, because the investments will be held to maturity.

In December 2024, Theon International Plc granted a loan of €200,000 with an annual interest rate of 5% and a maturity date of 31 December 2025. The loan has been assessed for impairment, resulting in the recognition of an expected credit loss of €746 in the statement of profit or loss. For the financial year 2024, the interest income from this loan amounts to €767.





## 26. Other financial assets

### FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

To provide an indication of the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

In 2023, financial assets relate to investments in shares in companies listed on the Athens Exchange, which were sold with a profit of €69,832.

On 27 September 2023, the Group participated in the share capital increase of Optima bank, acquiring 20,406 number of stocks at a total value of €147,923.

In August 2024, Theon International Plc provided a third party loan totaling €256,000, with no intention of holding it for the purpose of earning interest or recovering the principal amount.

The following table presents the Group's financial assets measured and recognised at fair value as at 31 December 2024 and 31 December 2023. The Group has not recognised any financial liabilities measured at fair value.

31 December 2023						
	CARRYING AMOUNT		FAIR VALUE SCALE			
IN EURO	FVTPL	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Derivatives	48,988	48,988	-	48,988	-	48,988
Equity securities	159,168	159,168	159,168	-	-	159,168
Total	208,156	208,156	159,168	48,988	-	208,156
31 December 2024						
Debt securities	257,670	257,670	-	-	257,670	257,670
Equity securities	264,055	264,055	264,055	-	-	264,055
Total	521,725	521,725	264,055	-	257,670	521,725

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2024 and 31 December 2023. There were no transfers between levels for recurring fair value measurements during the current and previous year.

**LEVEL 1:** The fair value of financial instruments traded in active markets (e.g. publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

**LEVEL 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**LEVEL 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and for instruments where climate risk gives rise to a significant unobservable adjustment.

## 26. Other financial assets

### VALUATION TECHNIQUES

#### Listed investments

The fair values of investments traded on active liquid markets are determined with reference to quoted market prices. These investments are included within Level 1 of the hierarchy.

#### Non-listed investments

The fair values of non-listed securities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. The Group classifies the fair value of these investments as Level 3.

For the derivative, the fair value is determined using quoted forward exchange rates at the reporting date.

### RECONCILIATION OF FAIR VALUE MEASUREMENTS

IN EURO	NOTE	31 December 2024	31 December 2023
LEVEL 1			
Opening Balance at 1 January		159,168	460,804
Gains (losses) from measurement at fair value/disposals	11a.	104,887	11,245
Purchases		-	147,923
Sales		-	(460,804)
Closing Balance		264,055	159,168
LEVEL 2			
Opening Balance at 1 January		48,988	1,600
Gains (losses) from measurement at fair value		(48,988)	47,388
Closing Balance		-	48,988
LEVEL 3			
Opening Balance at 1 January		-	-
Gains (losses) from measurement at fair value/disposals	11a.	(5,052)	-
Purchases		256,000	-
Interest income from debt securities	12.	6,722	-
Closing Balance		257,670	-
Total		521,725	208,156



## 27. Prepayments

Prepayments amounting to € 3,499,908 as at 31 December 2024, relate to advance payments made to suppliers for inventory purchases (31 December 2023: €2,255,011).

## 28. Cash and cash equivalents

IN EURO	31 December 2024	31 December 2023
Cash in hand	31,315	37,894
Cash at banks	87,774,105	65,601,173
<b>Total</b>	<b>87,805,420</b>	<b>65,639,067</b>

The Group has further enhanced its already solid cash position, as part of the realisation of the increased revenue, coupled with the inflows stemming from bank loans and net IPO proceeds.

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest or any other form of penalties. Term deposits not meeting these criteria are classified within current assets.

Cash equivalents in the statement of cash flow include only cash, sight deposits and short-term deposits with maturity of three months or less. No short-term highly liquid investments, demand deposits and/or bank overdrafts are included as at 31 December 2024.

## 29. Capital, reserves and non-controlling interests

### SHARE CAPITAL

#### Authorised capital

On 14 November 2023 the authorised share capital of the Company was increased to €600,000 divided into 600,000 ordinary shares of €1 each. On the same day, the par value of the authorised share capital of the Company was subdivided and the number of shares was increased from 600,000 ordinary shares of €1 each to 60,000,000 ordinary shares of €0.01 each.

On 16 November 2023 the authorised share capital of the Company was increased to €750,000 divided into 75,000,000 ordinary shares of €0.01 each.

On 23 November 2023 the authorised share capital of the Company was increased to €750,000.10 divided into 75,000,000 ordinary shares of €0.01 each and 10 ordinary Class B shares of €0.01 each. Ordinary Class B shares do not carry voting rights.

## 29. Capital, reserves and non-controlling interests

### SHARE CAPITAL

#### Issued capital

Between July and September 2023, the Company declared and then undertook a share buyback acquiring 19,631 ordinary shares in exchange for €17,173,937. Following the approval by the Extraordinary General Meeting on 17 July 2023 of the share buy-back, the Company repurchased 19,631 ordinary shares for an amount of €17,173,937 and recognised the net present value of the consideration as a financial liability. The resulting discount of €1,452,140 was recognised as an increase in the Treasury Share Reserve. As at 31 December 2024 the amount of €6,661,494 (31 December 2023: €13,640,243) is outstanding and will be paid by 31 December 2025.

On 2 October 2023, the Company distributed all treasury shares to existing shareholders i.e Venetus Limited, Christianos Hadjiminias and Evangelos Boutlas, and therefore the amount of €15,721,797 was reclassified from the Treasury share reserve to Retained earnings in the Statement of changes in equity.

On 14 November 2023, the Company’s general shareholder meeting resolved to effect a share split of 1 to 100, and resolved to increase the share capital from €200,000 to €600,000 using Company retained earnings and, at the same time reduce the nominal

value per share from €1.00 to €0.01, thus increasing the number of existing shares from 200,000 to 60,000,000.

On 16 November 2023, in connection with the planned Private Placement and Admission to Trading, the Company’s general shareholder meeting resolved to authorize the Board of Directors to effect an increase in the Company’s share capital by up to €150,000 for the issuance of up to 15,000,000 shares, excluding preemption rights for Existing Shareholders as of the date of the Prospectus, in connection with the Private Placement.

On 23 November 2023, the Company’s general shareholder meeting resolved to create a second class of restricted Non-Voting Shares with a nominal value of €0.01 each, increasing the issued share capital from €600,000 to €600,000.10.

On 6 February 2024, the Private Placement, where the Placement Price and the final number of Placement Shares were determined, was completed and resulted in 15,400,000 shares consisting of 10,000,000 new shares with a nominal value of €0.01 each, from the authorised share capital increase dated on 16 November 2023 against contributions in cash, and 5,400,000 existing shares. The Group debuted with issue price at €10 per share. During the first days of trading, the over-allotment option has been partially exercised, leading to a total number of shares placed in the private placement of 14.3 million.

### CAPITAL RESERVE

Regarding the IPO on Euronext Amsterdam on 7 February 2024, the Group initiated trading with an issue price of €10.00 per share, with a nominal value of €0.01 per share, thus generating a share surplus of €99,900,000, designated for strategic acquisitions within the consolidated financial statements defense sector. Qualifying costs associated with the issuance of share capital amounting to €5,982,684, were recognised within the same equity reserve.

### LEGAL RESERVE

Pursuant to Greek company law, the companies are obliged to allocate each year at least 5% of its annual net profits to its legal reserve, until this reserve equals at least 1/3 of the company’s share capital. The distribution of the legal reserve is prohibited but it can be used to offset losses.

### OTHER RESERVE

Other reserves mainly comprise of “action 2.5.3.” extraordinary tax reserve amounting to €400,000 and “Law 3908/2011” untaxed reserve amounting to €820,587.





## 29. Capital, reserves and non-controlling interests

### TREASURY RESERVE

The treasury reserve includes amounts related to the share buyback transaction conducted in 2023, as detailed in the above disclosures.

### FOREIGN EXCHANGE RESERVE

The foreign exchange reserve relates to the net foreign exchange transaction differences resulting from the translation of its foreign subsidiary's merger reserve and financial statements to the Group's presentation currency.

### MERGER RESERVE

The merger reserve primarily represents the equity amount arising from the difference between the consideration paid and the capital of the acquiree within Theon Sensors AG and its subsidiary undertakings.

### DIVIDENDS

On 14 June 2024, the Company, during its General Meeting, approved a dividend distribution totaling €14,438,234 (2023: €10,000,000).  
  
Dividend per share in 2024 amounted to €0.21, while the respective amount for 2023 was €0.17.

Theon International Plc pays special defense contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, Theon International Plc pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

### NON-CONTROLLING INTERESTS

Set out below is summarised financial information for the subsidiary, prepared in accordance with IFRS and modified for FV adjustments on acquisition, that has non-controlling interests. The amounts disclosed are before inter-company eliminations.

#### Summarised statement of financial position

IN EURO	Harder Digital Group 31 December 2024
NCI percentage	40%
Current assets	34,471,417
Current liabilities	11,970,026
<b>Current net assets</b>	<b>22,501,391</b>
Non-current assets	15,045,574
Non-current liabilities	7,780,418
<b>Non-current net assets</b>	<b>7,265,156</b>
<b>Net assets</b>	<b>29,766,547</b>
<b>NCI of Harder Digital Group</b>	<b>(69,394)</b>
<b>Accumulated NCI</b>	<b>11,837,225</b>

#### Summarised statement of comprehensive income

IN EURO	Harder Digital Group 31 December 2024
NCI percentage	40%
Revenue	2,661,096
Profit for the period	220,565
<b>Total comprehensive income</b>	<b>220,565</b>
<b>NCI of Harder Digital Group</b>	<b>(69,394)</b>
<b>Profit allocated to NCI</b>	<b>18,832</b>

#### Summarised cash flows

IN EURO	Harder Digital Group 31 December 2024
Cash flows used in operating activities	(2,792,597)
Cash flows used in investing activities	(596,588)
Cash flows from financing activities	5,741,832
<b>Net increase in cash and cash equivalents</b>	<b>2,352,647</b>



## 29. Capital, reserves and non-controlling interests

### AMOUNT OWED FOR SHARE BUY-BACK

The amount is owed to ex shareholders from whom the Company purchased the ordinary shares, as described above.

IN EURO	Note	31 December 2024	31 December 2023
Opening Balance at 1 January		13,640,243	-
Repurchase of ordinary shares		-	17,173,938
Repayments		(7,778,157)	(2,425,391)
Loss from financial liabilities modifications	11b.	82,594	-
Discounting at present value		-	(1,452,140)
Unwinding of discount	12.	716,814	343,836
Closing Balance		6,661,494	13,640,243

## 30. Capital Management

The policy of the Board of Directors consists of the preservation of a solid capital base, in order to maintain investor, creditor, and market confidence in the Group and to allow the future expansion of its activities.

The Group monitors capital using a ratio Net debt to adjusted equity. Net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Total equity comprises of all components of equity (as shown in the statement of financial position, including non-controlling interests).

IN EURO	31 December 2024	31 December 2023
Total liabilities	156,232,820	133,163,381
Less: Cash and cash equivalent	(87,805,420)	(65,639,067)
Net debt	68,427,400	67,524,314
Total equity	236,202,621	77,357,508
Adjusted equity	236,202,621	77,357,508
Net debt to adjusted equity ratio	0.29	0.87

During the reporting year, no changes occurred to the Group's approach regarding capital management.





## 31. Loans and borrowings

### A. LOAN BALANCES

IN EURO	NOTE	31 December 2024	31 December 2023
<b>Non-current liabilities</b>			
Secured bank loans		8,009,241	1,505,000
Guaranteed bank loans		-	416,669
Bond loans		31,333,334	23,600,000
Third party loans		7,424,756	-
Lease liabilities	19.	533,644	564,634
		<b>47,300,975</b>	<b>26,086,303</b>
<b>Current liabilities</b>			
Secured bank loans		220,000	220,000
Guaranteed bank loans		22,412,804	21,277,393
Bond loans		2,774,529	1,408,268
Third party loans		1,855,928	-
Lease liabilities	19.	512,680	401,526
Non guaranteed bank loans		1,017,134	2,486,039
		<b>28,793,075</b>	<b>25,793,226</b>

#### Guaranteed bank loans

Personal guarantee from the Group's majority shareholder.

#### Secured bank loans

A first mortgage prenotation on the plot situated at 62 Ioannou Metaxa Str., Koropi, Attica and the industrial building thereon for €2,000,000 to secure a bank loan disbursed in July 2021, with a total outstanding balance of €1,505,000 as of 31 December 2024 (31 December 2023: €1,748,990) and a second mortgage prenotation on the same plot for €9,493,000 to secure a new bank loan disbursed in February 2024, with an outstanding balance of €6,724,241 as of 31 December 2024.

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either:

- the interest payable on those borrowings is close to current market rates, or
- the borrowings are of a short-term nature.

#### Loan covenants

Under the terms of the major bond loan, the Group is required to comply with specific financial covenants at the end of each annual and interim reporting period and consequently loans are presented in the consolidated financial statements according to their repayment schedule.

There are no indications that there are difficulties complying with the covenants when they will be next tested as at the 30 June 2025 interim reporting date.

The loans contain clauses of change of control that provide the lenders with the right of early termination.

The maturity for borrowings, excluding lease liabilities, is as follows:

IN EURO	31 December 2024	31 December 2023
Up to 1 year	28,280,397	25,391,700
Between 1 and 2 years	29,546,223	21,753,336
Between 2 and 5 years	12,307,238	3,143,333
Over 5 years	4,913,868	625,000
<b>Total</b>	<b>75,047,726</b>	<b>50,913,369</b>

## 31. Loans and borrowings

### B. RECONCILIATION OF MOVEMENTS

The movement of loans for the years 2024 and 2023 is as follows:

IN EURO	LONG-TERM LOANS	SHORT-TERM LOANS	SHORT-TERM PART OF LONG-TERM LOANS	TOTAL BANK LOANS
Balance at 1 January 2023	3,075,002	30,265,757	732,910	34,073,669
New Loans	4,000,000	85,617,241	-	89,617,241
Repayments	-	(72,195,249)	(753,332)	(72,948,581)
Interest expense	-	2,264,423	217,263	2,481,686
Interest repayments	-	(2,073,420)	(237,227)	(2,310,647)
Transfers between accounts	18,446,667	(20,000,000)	1,553,333	-
Balance at 31 December 2023	25,521,669	23,878,753	1,512,947	50,913,369

IN EURO	LONG-TERM LOANS	SHORT-TERM LOANS	SHORT-TERM PART OF LONG-TERM LOANS	TOTAL BANK LOANS
Balance at 1 January 2024	25,521,669	23,878,753	1,512,947	50,913,369
Arising from business combinations	15,013,495	2,095,818	387,066	17,496,379
New Loans	21,724,241	131,439,382	1,000,000	154,163,623
Repayments	(11,394,105)	(132,331,901)	(3,812,624)	(147,538,630)
Interest expense	-	1,784,825	1,785,345	3,570,170
Interest repayments	-	(1,673,408)	(1,731,775)	(3,405,183)
Day one gain	(120,878)	(31,124)	-	(152,002)
Transfers between accounts	(3,977,091)	-	3,977,091	-
Balance at 31 December 2024	46,767,331	25,162,345	3,118,050	75,047,726



## 31. Loans and borrowings

### C. TERMS AND REPAYMENT SCHEDULE

As shown in the table, during the year, the Group received the first and second installments, totaling €6,724,241, under the Investment Plans for the Recovery and Resilience Fund (“RRF”) Loan Financing agreement (secured bank loan), which was signed in December 2023. Additionally, in October 2024, the Group secured a new bond loan amounting to €7,000,000. Of this amount, €5,000,000 was drawn to finance investments in new machinery, equipment, and working capital, while the remaining €2,000,000 will be used for refinancing existing loans.

				2024		2023	
IN EURO	CURRENCY	NOMINAL INTEREST RATE	YEAR OF MATURITY	FACE VALUE	CARRYING AMOUNT	FACE VALUE	CARRYING AMOUNT
Bond loans	EUR	2.35% + Eur3m	2029	7,000,000	7,098,508	1,000,000	607,067
Guaranteed bank loans	EUR	3.75% + Eur3m	n/a	1,500,000	-	1,500,000	754,114
Secured bank loans	EUR	1.90% + Eur3m	2029	2,000,000	1,505,000	2,000,000	1,748,990
Secured bank loans	EUR	3.80%	2039	7,910,872	4,202,650	-	-
Secured bank loans	EUR	2.8% + Eur6m	2039	7,910,872	2,521,590	-	-
Guaranteed bank loans	EUR	2.50% + Eur3m / Eur6m + 0.6%	2025	4,000,000	4,132,214	4,000,000	3,648,218
Bond loans	EUR	2.25% + Eur3m	2028	6,000,000	5,009,357	6,000,000	4,000,000
Bond loans	EUR	2.00% + Eur3m	2026	20,000,000	20,000,000	20,000,000	20,039,764
Bond loans	EUR	2.50% + Eur3m	2027	2,000,000	2,000,000	-	-
Non guaranteed bank loans	EUR	3.00% + Eur3m + 0.6%	2025	1,000,000	1,017,134	3,500,000	2,486,039
Guaranteed bank loans	EUR	3.25% + Eur3m + 0.6%	2025	17,000,000	2,068,661	17,000,000	3,426,222
Guaranteed bank loans	EUR	3.25% + Eur3m + 0.6%	n/a	6,000,000	4,000,000	6,000,000	2,000,000
Guaranteed bank loans	EUR	1.90% + Eur3m + 0.6%	2025	12,000,000	12,211,928	12,000,000	12,202,954
Third party loans	EUR	0.68%	2025	1,354,285	1,357,456	-	-
Third party loans	EUR	1.00%	2026	4,388,220	4,384,598	-	-
Third party loans	EUR	0.00%	2026	1,947,694	1,939,359	-	-
Third party loans	USD	0.00%	2028	1,175,970	1,165,750	-	-
Third party loans	RSD	0.00%	2025	188,415	188,415	-	-
Third party loans	RSD	8% + Eur	2029	204,672	204,672	-	-
Third party loans	EUR	0.00%	2029	40,434	40,434	-	-
Lease liabilities	EUR	n/a	n/a	-	1,046,324	-	966,161
					76,094,050		51,879,529

### 32. Government grants

IN EURO	2024	2023
Government grants	620,737	698,067
Depreciated government grants	(570,114)	(569,810)
Net debt	50,623	128,257

The Group was awarded grants for an EU (Horizon) & a Greek program (Poiotikós Eksynchronismós).

### 33. Trade accounts payable and Accrued and other current liabilities

IN EURO	31 December 2024	31 December 2023
Trade payables	36,382,023	41,811,689
Total trade accounts payable	36,382,023	41,811,689

IN EURO	31 December 2024	31 December 2023
Salaries and employee-related payables	834,422	702,680
Sundry creditors	2,563,355	1,506,640
Sales and other taxes due	1,711,015	226,816
Accrued expenses - Deferred income	10,945,410	9,854,526
Total other payables	16,054,202	12,290,662
Total trade and other payables	52,436,225	54,102,351

The 13.0% decrease in trade payables compared to the figures as at 31 December 2023 is attributed to the Group's annual operating cycle.

The carrying amounts of trade and other payables are considered to be reasonable approximations of their fair values, due to their short-term nature.

### 34. Contract liabilities

Contract liabilities amounting to €4,859,278 as at 31 December 2024, mainly relate to downpayments made by customers (2023: €5,240,112). For more details, please refer to Note 10.

### 35. Provisions

2023

IN EURO	WARRANTIES	TOTAL
Balance at 1 January	-	-
Provisions made during the year	202,441	202,441
Balance at 31 December	202,441	202,441
Current	202,441	202,441
Total	202,441	202,441

2024

IN EURO	WARRANTIES	TOTAL
Balance at 1 January	202,441	202,441
Arising from business combinations	50,987	50,987
Provisions made during the year	519,750	519,750
Balance at 31 December	733,178	733,178
Current	773,178	773,178
Total	773,178	773,178

The provision for warranties relates mainly to products sold during 2024. The provision has been estimated based on historical warranty data associated with similar products. The Group expects to settle the majority of the liability over the next year. The amount of €773,178 is included in Accrued and other current liabilities.



## 36. Commitments & Contingencies

The existence of contingent liabilities requires Management to constantly apply assumptions and make value judgements about the likelihood of future events occurring or not occurring and about the impact that those events could have on the Group's activities.

The Group is not involved in any outstanding legal cases.

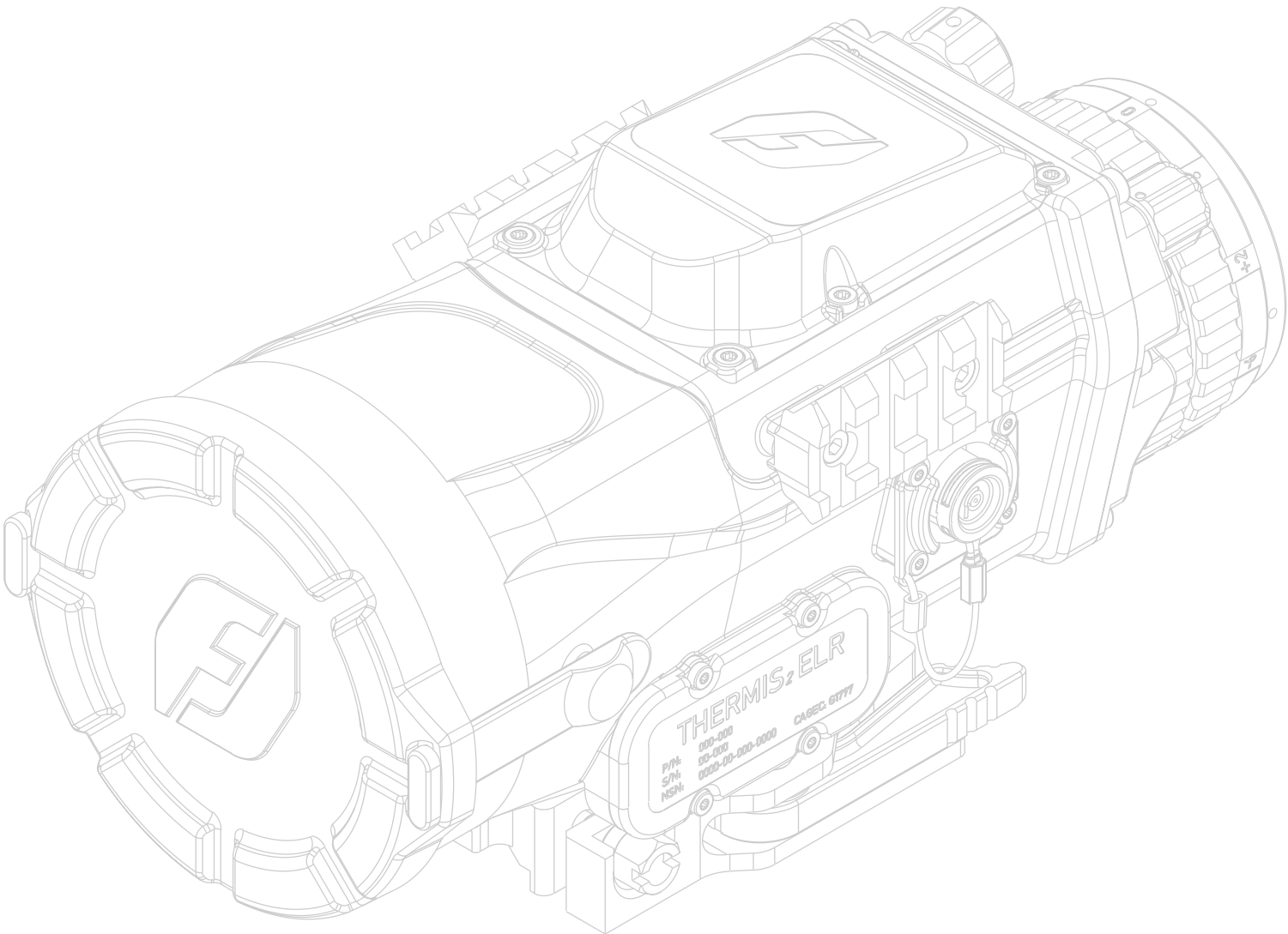
### A. GUARANTEES

The guaranteed letters which have been issued are displayed below:

IN EURO	31 December 2024	31 December 2023
Letters of Guarantee - Customs	19,758,500	16,569,000
Letters of Guarantee - Project Performance	7,857,496	251,069
Letters of Guarantee - Equipment Substandard Performance	809,178	816,239
Letters of Guarantee - Customers advance payments	4,868,005	9,431,964
Letters of Guarantee - Third Parties	-	191,744
Total	33,293,179	27,260,016

### B. TAX LIABILITIES

Management does not expect any tax liabilities other than those already recorded and shown in the consolidated financial statements.



37. Related parties

A. PARENT ENTITY AND ULTIMATE CONTROLLING PARTY

The Group is controlled by the following entities:

NAME	TYPE	COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2024	OWNERSHIP INTEREST 2023
Venetus Limited	Immediate parent entity	Cyprus	69.66%	88.44%
Christianos Hadjiminias	Ultimate controlling party	-	74.95%	94.04%

B. KEY MANAGEMENT PERSONNEL

Christianos Chatziminas (Vice-Chairman of the Board of Directors and Chief Executive Officer)
Kolinda Grabar-Kitarovic
Stelios Anastasiou
Philippe Jean Mennicken
Efstathios Potamitis
Hans Peter Bartels
Maria Athienitou Anastasiou
Petros Christou (resigned on 19 January 2024)

C. KEY MANAGEMENT PERSONNEL COMPENSATION

For the year ended 31 December

IN EURO	2024	2023
Key Management and Board Members compensation	951,247	345,133

Key management personnel refer to executives who are responsible for planning, managing and controlling the activities of an economic entity, whether directly or indirectly.

No loans have been provided to members of the Board or other Group management executives (or their families) and there are no receivables/liabilities involving Board members.



## 37. Related parties

### D. OTHER RELATED PARTY TRANSACTIONS

There were no significant changes in transactions between the Group and its related parties which could have material impact on the Group’s financial position and performance for the current year in comparison to the previous year.

All outstanding balances will be settled in cash within 6 months of the reporting date. None of the balances are secured.

The Board of Directors of the Greek subsidiary has decided to grant permission, in accordance with Article 100 of Greek Law 4548/2018, for the provision of a guarantee in favor of credit institutions, if required, amounting up to € 11,025,000 in favor of Group related companies to secure credit limits for the issuance of letters of guarantee to third parties.

In particular, the transactions between the Group and related companies in the year ended 31 December 2024 and 31 December 2023 accordingly were as follows:

#### Balance outstanding as at

IN EURO	NATURE	31 December 2024	31 December 2023
<b>Receivables</b>		<b>22,118,256</b>	<b>16,247,838</b>
Venetus Limited	IPO expenses	-	701,555
Interad Hellas Single Member SA	Rent	261	404
Ucandrone Anonymi Etaireia	Rent	21,320	26,385
Eyropaika Systimata Aisthitiron Anonymos Etaireia (ESS)	Rent	321,063	136,799
European Finance & Aerospace Ventures Single Member SA	Rent	-	(270)
Interoperability Systems International Hellas Single Member Societe Anonyme (Scytalis)	Services	12,779	-
Management personnel	Expenses	840	-
<b>Related parties</b>		<b>356,263</b>	<b>864,872</b>
Hensoldt Theon NightVision GmbH	Goods	21,761,993	15,382,966
<b>Associates</b>		<b>21,761,993</b>	<b>15,382,966</b>
<b>Payables</b>		<b>1,340</b>	<b>(136,097)</b>
Eyropaika Systimata Aisthitiron Anonymos Etaireia (ESS)	Products	-	(148,410)
European Finance & Aerospace Ventures Single Member SA	Rent	1,340	12,313
<b>Related parties</b>		<b>1,340</b>	<b>(136,097)</b>

#### Transaction values for the year ended 31 December

IN EURO	NATURE	RELATIONSHIP	2024	2023
<b>Sales of goods and services</b>			<b>51,676,077</b>	<b>21,307,388</b>
Hensoldt Theon NightVision GmbH	Goods	Associate	51,446,374	21,307,388
Interoperability Systems International Hellas Single Member Societe Anonyme (Scytalis)	Services	Related party	229,703	-
<b>Income from rebilled expenses</b>			<b>86,497</b>	<b>100,537</b>
Interad Hellas Single Member SA	Rent	Related party	784	715
Ucandrone Anonymi Etairia	Rent	Related party	28,747	23,200
Eyropaika Systimata Aisthitiron Anonymos Etaireia (ESS)	Rent	Related party	56,966	62,159
European Finance & Aerospace Ventures Single Member SA	Rent	Related party	-	14,463
<b>Total Sales</b>			<b>51,762,574</b>	<b>21,407,925</b>
<b>Purchases of Products &amp; Services</b>			<b>288,823</b>	<b>24,095</b>
Eyropaika Systimata Aisthitiron Anonymos Etaireia (ESS)	Products	Related party	276,767	22,410
European Finance & Aerospace Ventures Single Member SA	Rent	Related party	12,056	1,685
<b>Total Purchases</b>			<b>288,823</b>	<b>24,095</b>

## 38. Financial risk Management

The Group is exposed to financial risks primarily due to the nature and geographical spread of its markets and sales.

The Group's financial risk factors are overseen by Management to minimise the potentially unfavourable impacts of market fluctuations on the Group's financial performance. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

### A. CREDIT RISK

#### Financial assets exposed to credit risks

IN EURO	31 December 2024	31 December 2023
Trade accounts receivable	125,949,916	46,087,790
Term deposits	30,000,000	-
Cash at banks	87,774,105	65,601,173
Financial assets at amortised cost	200,021	-
Other receivables	25,245	-
Total	243,949,287	111,688,963

#### Financial assets exposed to credit risks

During the year, the following gains / (losses) were recognised in the statement of profit or loss in relation to impaired financial assets:

IN EURO	Note	2024	2023
Reversal of / (Impairment) of trade receivables	25.	(646,723)	59,476
Impairment of other receivables	25.	(15,153)	-
Impairment of debt instruments measured at amortised cost	26.	(746)	-
Total		(662,622)	59,476

Credit risk is managed on a group basis. The Group's credit risk is primarily attributable to its trade and other receivables. The Group's trade receivables are characterized by a high degree of concentration, due to a limited number of customers comprising its clientele. The Group provides goods and services

solely to recognised, solvent counterparties, such as Governments and Defense Organisations. Consequently, the credit risk is mostly limited. It is Group policy that all clients to whom goods and services are provided on credit must undergo credit checks. In addition, trade receivables are constantly monitored to minimize the risk from bad debt. The Group's historical losses represent 0.1% of sales, based on actual losses recorded during the years 2019–2022. The credit risk associated with the Group's customers is not significantly impacted by economic conditions, as its products are primarily sold to government entities.

#### Trade accounts receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses (ECL), which uses a lifetime expected loss allowance for all trade accounts receivable. The factors considered for ECL calculations are:

- Historical Data: Past credit losses based on historical information of 3 years
- Current Conditions: Evaluation of the debtor's current financial status (e.g. from press reports, political risks for the entities that operate in countries with political instability like government expropriation, changing regulations, or instability that could affect financial performance)
- Future Economic Conditions: Forecasts for the global economy or specific sector (e.g. the use of credit default spreads on governmental clients provide real-time market sentiment and indicate the perception of the market now and in the future for the counterparty)

To measure the expected credit losses, trade accounts receivable have been grouped based on shared credit risk characteristics, forming three categories:

- Governmental
- Non-governmental
- Related party accounts

The expected loss rates for governmental and related party accounts are based on the application of expected loss rate linked to 5-year credit default spreads ("CDS") of the country of residence of customers. CDS is a market-based derivative instruments that provide insurance in the event of default of a country or company.

The expected loss rates for non-governmental accounts are based on the payment profiles (past history of uncollectable accounts) of sales over a period of 36 months before year end respectively, and the corresponding historical credit losses experienced within this period.

As at 31 December 2024, the exposure to credit risk for trade receivables by geographical region was as follows:

IN EURO	31 December 2024	31 December 2023
Europe	100,061,827	28,587,570
5 EYES & Japan	10,255,017	7,679,817
Middle East	8,808,857	6,186,135
Asia Pacific	6,059,074	2,229,720
LATAM	494,782	1,382,231
Africa	13,516	13,516
Central Asia	256,843	8,801
Total	125,949,916	46,087,790



## 38. Financial risk Management

A. CREDIT RISK

On that basis, the loss allowance as at 31 December 2024 and 31 December 2023 was determined as follows:

31 December 2023

CATEGORY	GROSS CARRYING AMOUNT – TRADE RECEIVABLES	LOSS ALLOWANCE	CARRYING AMOUNT	EXPECTED LOSS RATE (%)	CREDIT- IMPAIRED
Current	22,853,874	-	22,853,874	0.0%	No
0-60 Days	11,496,242	-	11,496,242	0.0%	No
61-120 Days	6,835,056	-	6,835,056	0.0%	No
121-180 Days	2,479,746	-	2,479,746	0.0%	No
181-360 Days	2,314,518	-	2,314,518	0.0%	No
360+ Days	626,886	(518,530)	108,356	82.7%	Yes
Total	46,606,321	(518,530)	46,087,791		

31 December 2024

CATEGORY	GROSS CARRYING AMOUNT – TRADE RECEIVABLES	LOSS ALLOWANCE	CARRYING AMOUNT	EXPECTED LOSS RATE (%)	CREDIT- IMPAIRED
Current	107,538,730	(209,432)	107,329,298	0.2%	No
0-60 Days	15,013,377	(188,069)	14,825,308	1.3%	No
61-120 Days	1,292,380	(21,797)	1,270,583	1.7%	No
121-180 Days	672,010	(12,982)	659,028	1.9%	No
181-360 Days	1,339,557	(116,372)	1,223,185	8.7%	No
360+ Days	1,388,774	(746,260)	642,514	53.7%	Yes
Total	127,244,828	(1,294,912)	125,949,916		

## 38. Financial risk Management

### A. CREDIT RISK

The Group considers a significant increase in credit risk for financial assets to occur under the following conditions: the balance of receivables is past due by more than 180 days, there are no guarantees, no payment commitments are expected shortly after the year-end, and the receivables are not from final customers classified as governments or transnational organizations. Additionally, receivables from foreign customers past due by 180 days may also indicate increased credit risk if associated with political or economic instability.

The Group defines default of trade receivables as arising when a customer’s balance remains outstanding for more than 360 days without guarantees, considering that the entity’s final customers primarily consist of governments or transnational organizations with a remote risk of default.

A significant increase in credit risk is assessed by comparing the risk of default at the reporting date to the risk of default at the initial recognition date across all performing credit facilities, including those without any past-due days.

Trade accounts receivable and other short-term receivables are written off where there is no reasonable expectation of recovery.

The following conditions are considered before the decision to proceed with the write-off:

- Payment plans not honored.
- Significant Decline in Financial Condition (Bankruptcy or Insolvency).
- Legal Action Outcomes. If legal action has been pursued and does not result in a recovery, a write-off may be warranted.
- Any formal communication from the debtor indicating they will not be able to pay can trigger a write-off consideration.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

### Cash and cash equivalents and term deposits

Cash and cash equivalents and term deposits are considered items with low credit risk according to credit exercise performed below. The credit score of each bank was obtained by Standard & Poor’s (as displayed in each bank’s website).

As at 31 December 2024, an amount of €30,000,000 is held in fixed- term deposits with maturities exceeding three months, classified within current assets but not recognised as cash and cash equivalents.

IN EURO	31 December 2024	31 December 2023
AAA	2,638,123	74,861
Aa1	-	2,085
AA-	162,683	6,653,542
A+	69,925,840	380,113
A	437,086	-
B+	491,269	-
BB+	2,680,630	8,895,594
BB	12,781,981	54,851
BB-	14,205,406	48,720,335
BBB-	14,324,601	-
n/a	126,486	819,792
Total	117,774,105	65,601,173

### Financial assets at amortised cost

All of the Group’s debt instruments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months’ expected losses. Management considers “low credit risk” for other instruments where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

### Financial assets at fair value through profit or loss

As far as the credit risk from other financial assets of the Group is concerned, the risk derives from failure to comply with the counterparty’s contractual terms, and the maximum exposure to risk is equal to the book value of the instruments concerned (2024: € 521,725, 2023: €208,156).



B. LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

To manage liquidity risk, the Group prepares monthly cash flow forecasts covering a period exceeding one year to ensure sufficient liquidity for its operational requirements. The Group maintains adequate cash reserves and other liquid assets such as credit facilities with banks to ensure it can meet its financial obligations. Additionally, the Group has a track record of successfully refinancing short-term borrowings and expects to continue doing so in the future when necessary.

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on their contractual maturities as at 31 December 2024 and 31 December 2023, based on payments deriving from the relevant contracts at non-discounted prices.

31 December 2023	Contractual undiscounted cash flows					
IN EURO	UP TO 12 MONTHS	1 TO 2 YEARS	2 TO 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNTS
Loans and Borrowings	26,988,117	22,606,937	3,584,824	625,000	53,804,878	50,913,369
Lease Liabilities	433,393	421,746	165,012	-	1,020,150	966,160
Trade Accounts Payable	41,811,689	-	-	-	41,811,689	41,811,689
Contract Liabilities	5,240,112	-	-	-	5,240,112	5,240,112
Accrued and Other Current Liabilities	12,290,662	-	-	-	12,290,662	12,290,662
Total Liabilities	86,763,972	23,028,683	3,749,836	625,000	114,167,492	111,221,992

31 December 2024	Contractual undiscounted cash flows					
IN EURO	UP TO 12 MONTHS	1 TO 2 YEARS	2 TO 5 YEARS	OVER 5 YEARS	TOTAL	CARRYING AMOUNTS
Loans and Borrowings	29,478,181	31,167,329	13,673,172	5,336,818	79,655,500	75,047,726
Lease Liabilities	559,573	283,317	294,271	-	1,137,161	1,046,324
Trade Accounts Payable	36,382,023	-	-	-	36,382,023	36,382,023
Contract Liabilities	4,859,278	-	-	-	4,859,278	4,859,278
Accrued and Other Current Liabilities	16,054,202	-	-	-	16,054,202	16,054,202
Total Liabilities	87,333,257	31,450,646	13,967,443	5,336,818	138,088,164	133,389,553

The Group does not face liquidity risks since its working capital is sufficient to meet its needs.

## 38. Financial risk Management

### C. INTEREST RATE RISK

The Group finances its investments, as well as its working capital needs, through bank lending and bond loans, thus burdening its results with debt interest. Increased interest rate trends will have a negative impact on results, as the Group will be charged with additional borrowing costs. Management consistently prioritizes the timely repayment of financial liabilities, thereby securing more favorable terms in future negotiations with banks. Both the interest rate and the interest level are negotiable rather than freely changeable. Additionally, the Group maintains a substantial portion of cash in fixed-term deposits with fixed interest rates, thereby ensuring stable and predictable interest income.

The Group's borrowings are carried at amortised cost.

The interest-bearing variable-rate financial liabilities as at 31 December 2024 and 31 December 2023 respectively are shown in the table below:

IN EURO	31 December 2024	31 December 2023
Short-term loans	26,424,468	25,391,700
Long-term loans	35,344,596	25,521,669
<b>Bank loans</b>	<b>61,769,064</b>	<b>50,913,369</b>
Short-term loans	512,680	401,526
Long-term loans	533,644	564,634
<b>Lease liabilities</b>	<b>1,046,324</b>	<b>966,160</b>
<b>Total interest-bearing liabilities</b>	<b>62,815,388</b>	<b>51,879,529</b>

An analysis by maturities is provided in Note 38.b above.

Since the Group does not have significant interest-bearing variable-rate assets, its operating income and cash flows are materially independent of changes in interest rates.

#### Interest rate changes sensitivity analysis

The impacts of variations in interest rates on the Group's operating results and operating cash flows are limited as can be seen from the following sensitivity analysis:

	PROFIT OR LOSS	
IN EURO	INCREASE BY 100 BASE POINTS	DECREASE BY 100 BASE POINTS
<b>Impact in € at 31 December 2024</b>		
Financial instruments of variable rate	(573,475)	573,475
<b>Impact in € at 31 December 2023</b>		
Financial instruments of variable rate	(380,733)	380,733



## 38. Financial risk Management

### D. CURRENCY RISK

The Group operates internationally and is exposed to foreign exchange risk, primarily the US dollar (USD). Foreign exchange risk arises from future commercial transactions, and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

When procuring from international suppliers, transactions are primarily conducted in USD. Despite EUR/USD exchange rate fluctuations, the impact on the period’s results was minimal. The Group’s USD-denominated sales and receipts effectively cover its purchases in the same currency, thus limiting foreign exchange exposure to the revenue segment.

The Group’s exposure to foreign currency risk at the end of the reporting period, expressed in euro, is as follows:

#### 31 December 2023

IN EURO	EUR	USD	GBP	OTHER	TOTAL
Trade and Other Receivables	47,911,836	7,989,321	1,164,490	-	57,065,647
Cash and Cash Equivalents	62,403,726	2,771,483	289,129	174,729	65,639,067
Total Assets	110,315,562	10,760,804	1,453,619	174,729	122,704,714
Loans, Borrowings & Lease Liabilities	51,879,529	-	-	-	51,879,529
Trade and Other Payables	46,025,049	7,910,494	10,909	155,899	54,102,351
Contract Liabilities	5,240,112	-	-	-	5,240,112
Total Liabilities	103,144,690	7,910,494	10,909	155,899	111,221,992
Net Total Risk	7,170,872	2,850,310	1,442,710	18,830	11,482,722

#### 31 December 2024

IN EURO	EUR	USD	GBP	OTHER	TOTAL
Trade and Other Receivables	102,701,115	29,749,477	709,144	410,804	133,570,540
Term Deposits	30,000,000	-	-	-	30,000,000
Cash and Cash Equivalents	72,941,622	14,682,354	83,483	97,961	87,805,420
Total Assets	205,642,237	44,431,831	792,627	508,765	251,375,960
Loans, Borrowings & Lease Liabilities	74,529,790	1,171,173	393,087	-	76,094,050
Trade and Other Payables	41,810,803	6,665,850	3,870,864	88,709	52,436,225
Contract Liabilities	4,317,518	411,974	129,786	-	4,859,278
Total Liabilities	120,658,111	8,248,997	4,393,737	88,709	133,389,553
Net Total Risk	84,984,626	36,182,834	(3,601,110)	420,056	117,986,407

## 38. Financial risk Management

D. CURRENCY RISK

The following table presents the average and year-end exchange rates for the primary currency used in Group transactions:

	Rate		Year-end spot rate	
	2024	2023	31 December 2024	31 December 2023
USD 1	0.924	0.925	0.963	0.952
GBP 1	1.181	1.150	1.206	1.151
DKK 1	0.134	0.134	0.134	0.134
CHF 1	1.050	1.029	1.062	1.080

A summary of the currency risk sensitivity analysis is presented as follows:

	PROFIT OR LOSS	
	STRENGTHENING	WEAKENING
IN EURO		
2024		
USD (10% movement)	3,618,283	(3,618,283)
GBP (10% movement)	(360,111)	360,111
2023		
USD (10% movement)	285,031	(285,031)
GBP (10% movement)	144,271	(144,271)

The Group, as mentioned above, is primarily exposed to changes in EUR/USD exchange rates and secondarily in EUR/GBP exchange rates. The Group's exposure to other foreign exchange movements is not material.



## 38. Financial risk Management

### E. PRICE RISK

The Group is exposed to fluctuations in the value of raw materials and merchandise to a limited extent, with commodity price risk effectively managed and monitored.

The Group regularly assesses its inventories and other assets for impairment and applies adjustments where necessary to ensure that recorded values in the financial statements reflect their fair value.

For selling prices, the Group enters into binding agreements at fixed rates, thereby mitigating price risk associated with sales and receivables.

### F. CAPITAL RISK

The Group is not exposed to capital risk since the key liquidity indicators for the last two financial years establish its high liquidity and adequate working capital despite the existence of loans.

### 39. Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA)

For the year ended 31 December

IN EURO	NOTE	2024	2023
Profit after tax		67,438,995	36,095,588
Income tax expense	13.	20,169,815	13,187,548
Deferred tax	14.	(910,854)	583,581
Profit before tax		86,697,956	49,866,717
Adjustments for:			
Interest income and related income	12.	(5,369,212)	(681,119)
Financial expenses	12.	7,970,294	7,137,587
Revenues from holdings and investments		(2,447,187)	(585,614)
EBIT		86,851,851	55,737,571
Non recurring items	11.c.	1,534,335	733,516
Adjusted EBIT		88,386,186	56,471,087
Depreciation of property, plant and equipment	17.	1,802,645	914,238
Depreciation of investment property	20.	69,154	75,095
Amortisation of intangibles	18.	142,204	(72,427)
Depreciation of right of use assets	19.	496,158	353,178
Adjusted EBITDA		90,896,347	57,741,171

The Management provides the adjusted EBITDA performance measure as it closely monitors this metric at a consolidated level and deems it integral for comprehending the Group's financial performance. Adjusted EBITDA is calculated by adjusting profit for the period after tax to exclude the impact from taxation, net finance costs, depreciation and amortization, impairment of fixed assets, gains from the revaluation of assets, the share of profit of equity-accounted investees and the effects of significant items of income and expenses, which might have an impact on the quality of earnings, such as restructuring costs, legal expenses and impairments resulting from an isolated, non-recurring event. For further details on the nature of the non-recurring items for the current year, please refer to Note 11.c.

Adjusted EBITDA is not a defined performance measure in IFRS Accounting Standards. The Group's definition of adjusted EBITDA may not be comparable with similarly titled performance measures and disclosures by other entities.



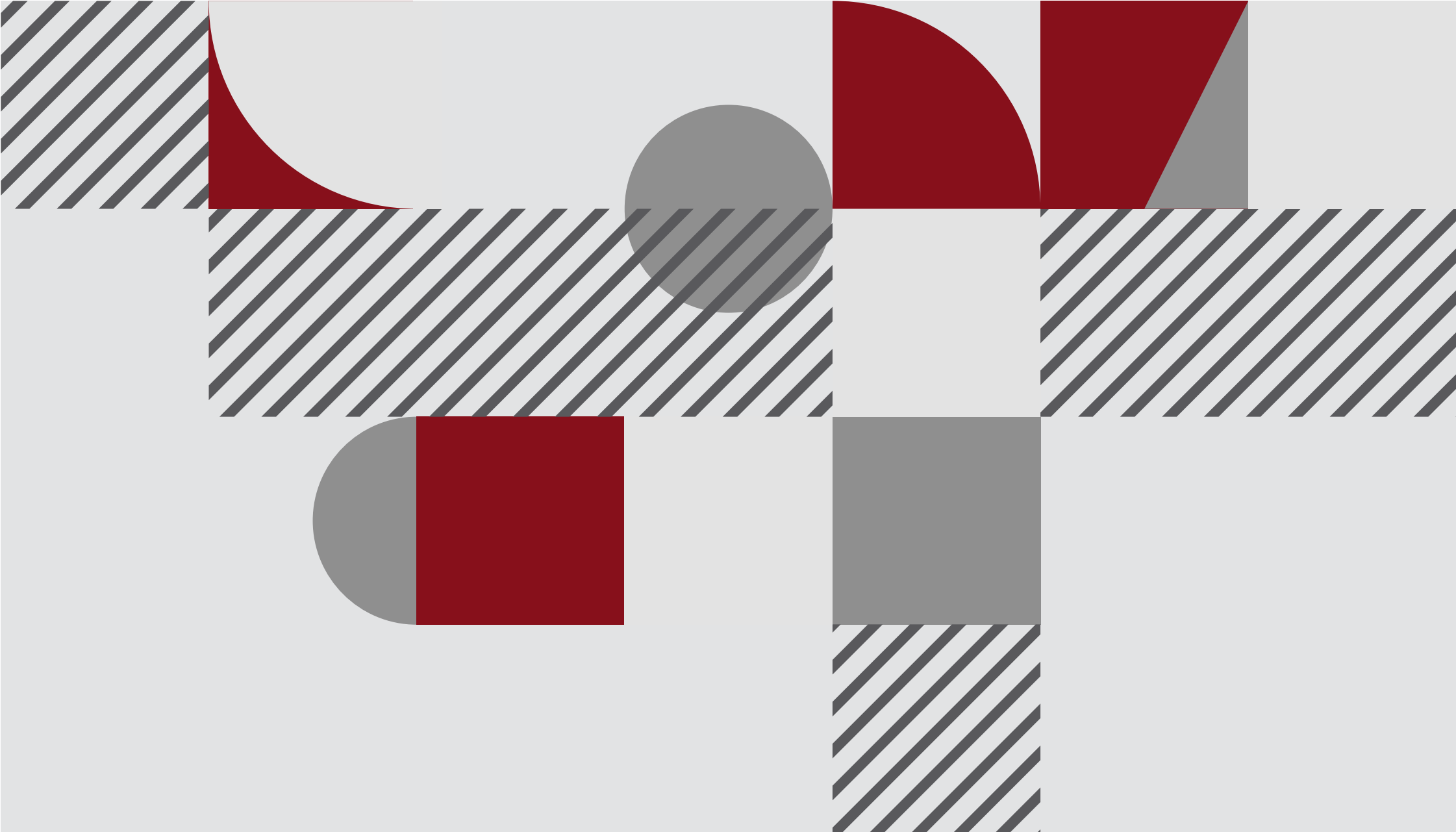
## 40. Subsequent events

- On 13 January 2025, the Group, through Theon International Plc, acquired 100% of the shares of NVT Sensor General Trading LLC, incorporated in Dubai, for a total consideration of AED 101,000 (approximately €27 thousand) in order to expand the Group's operations.
- On 20 January 2025, the Group, through Theon International Plc, acquired 100% of the shares of Focus Optech Co., LTD, a company incorporated under the laws of South Korea, for a total consideration of €356 thousand, in order to expand the Group's operations. The company was renamed Theon Korea Co., Ltd. on 01 April 2025.
- On 20 January 2025, Theon International Plc founded the subsidiary Theon Optronics Equipment Manufacturing -L.L.C –S.P.C in Abu Dhabi, in which it owns 100% of its share capital, in order to expand the Group's operations. The above company's main operations will be the manufacturing of security and surveillance equipment.
- In January 2025, the German Parliament approved the procurement of the German Future Soldier Program (IdZ), with Rheinmetall Electronics GmbH as the prime contractor. Theon Sensors SA is the largest supplier for this program, which is expected to serve as a key reference for similar initiatives being developed in various countries worldwide. During the same month, Theon Sensors SA received new orders totaling €53 million, with the bulk of these new orders coming from the German Army as part of the ongoing (IdZ) program.
- In February 2025, Theon Sensors SA concluded the refinancing of a €12 million short term loan with a €20 million bond loan with the option for repurchase and reissuance of the Bonds (REVOLVING) with favorable terms.
- On 14 March 2025, Theon International Plc's majority shareholder, Venetus Limited, completed the sale of approximately 3.2 million shares (4.5% of the Company's share capital) through an accelerated bookbuilding process at €17.7 per share, reducing its stake to 65.8% and increasing the Company's free float.

There are no other material events after the reporting period which have a bearing on the understanding of the consolidated financial statements.

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On 14 April 2025 the Board of Directors of Theon International Plc approved and authorized these consolidated financial statements.



**theon.com**

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