

Theon International

Exosens Stake Acquisition Conference Call

13 October 2025

Nikos Malesiotis: Good morning, everyone, and thank you for joining us today. The purpose of this call is to elaborate on our recent investment in Exosens. Apologies for the early start, but our CEO is currently in the US participating in the AUSA. Joining me here in Athens are Philippe Maniken and Dimitris Parthens. Our founder and CEO will briefly present an overview of the investment rationale and then the management team looks forward to answering your questions. We kindly ask that today's discussion remain focused on the Exosens investment. There will be plenty of opportunities to address other topics in future sessions. Thank you, Christian, the floor is yours.

Christian Hadjiminias: Yes, good morning, everybody. Dear investors and analysts, ladies and gentlemen, thank you for joining today's call. We appreciate your continued engagement and are pleased to share the strategic rationale behind Theon's recent acquisition of a minority stake, just under 10% in Exosens. Let me explain first the market dynamics that drove this decision.

Our investment is rooted in significant shifts in the European defense landscape, especially in the last few months. In recent months, several NATO Member States, and that has been a change, have initiated medium to long term procurement planning for night vision equipment, driven by two key factors. First, the low night vision penetration across European forces, particularly in comparison to US counterparts. And secondly, the change in expected expansion of European army personnel over the next 3-4 years. As a result, countries where Theon is the primary night vision supplier, the largest buyers in Europe, are placing forward-looking orders for delivery between 2026 to 2028 and onwards, ensuring readiness for both existing and newly recruited personnel.

This surge in demand has brought to light a critical issue we have anticipated for some time and we have been publicly stating, that there is a shortage in night vision tubes. Despite efforts to scale production, current suppliers, especially in the US, are unlikely to meet global demand, particularly as the US Army's own requirements for 2026- 2027 onwards, are expected to absorb a significant portion of domestic capacity in the US. Additionally, we must not forget that Far East markets are projected to ramp up defense spending and procurement from late 2026 onwards, following similar policy shifts in European NATO countries recently, as encouraged by the US administration and as we also saw during the last NATO Summit's meeting in Hague.

To mitigate supply risks, as you know, THEON has already taken proactive steps. First of all, the acquisition of Harder Digital and commencement of capacity expansion. But this expansion for every tranche of capacity increase, it's a 12-month process minimum. The second thing was that we signed a long-term supply agreement with Exosens, our key partner in tube manufacturing. Harder Digital's output is focused on 18mm, third generation tubes. Aside from the fact that it's very small in comparison to Exosens, it

cannot fully address the rising demand, particularly -and I want to stress that- for 16mm tubes, which are exclusively, I repeat, exclusively produced by Exosens. No other tube manufacturer in the world produces today 16mm tubes. Notably, the majority of our current Exosens supply involves 16mm tubes and of course the largest customers of Theon, the two largest customers of Theon, they are exclusive purchasers of 16mm tubes. Given these dynamics, Theon has opted to strengthen its supply chain security through a minority equity investment in Exosens. This move mirrors similar strategies employed by other defense companies who have strengthened the relationships with key suppliers or partners, via targeted minority investments.

Currently, Theon accounts for the majority of Exosens's annual tube sales, and we are becoming the second largest shareholder (after HLD, which retains 22%). But let me stress here the fact that, not only are we the second, now, largest shareholder of Exosens, but we are the only strategic investor in Exosens. With this move, we aim to first of all solidify our strategic partnership and ensure long-term supply continuity.

In addition, we would like to bring to your attention another parameter from our side where we see the opportunity of exploring collaboration opportunities in digital detector technologies where Exosens already holds a 30% portfolio share. The remaining 70% of course relates to night vision and therefore we think there's a lot of value to be extracted here. This complements Theon's own digital initiative. Including Theon's NEXT investments that we recently announced, our successful A.R.M.E.D. product series, which are digital products in essence, as already demonstrated by the 200 million IRIS contract we secured, the largest man portable tender in Europe this year,- but not the last one this year- and Theon's participation in Germany's Future Soldier program announced early 2025, which is now expected to well exceed the already announced 150 million euros.

We believe there are significant additional areas of potential collaboration between the two companies based on the combination of Exosens detector capabilities with Theon's end user insights and product development expertise, creating a powerful feedback loop that drives innovation and stakeholders value creation. In other words, what has already occurred successfully between the two companies in the night vision space.

Regarding financial considerations, the investment was structured specifically to remain below 10%, balancing strategic influence with financial discipline. Furthermore, the regulatory approvals that a larger stake would entail. And our commitment of course at the same time to maintaining a solid debt ratio guided this approach that is of opting for an equity percentage investment slightly below 10% following thorough valuation analysis based on our strong view of the rich night vision. Contract pipeline and again developments that really unfolded the last two or three months where end users have switched from rather short term delivery cycles and ordering that is for one year ahead to two and three and four years ahead.

And based on this new demand - or if you want the change in the way that end users, especially in Europe, look at the market- in the night vision area, we are convinced it was only now the right time to strike a deal on a price of 54 euros per share. We saw the opportunity and we seized on it. With a solid outlook ahead underpinned by the strong order intake expected between Q42025 and the first half of 2026, our clear strategic view in night vision and digital complemented of course by an industry leading financial profile such as ours, Theon will aim to keep an efficient capital structure with the injection by end of, latest, January next year, subject of course to market condition, of new equity through a share capital increase in which the key shareholder commits to participate as an anchor investor. We envisage a capital raise similar or slightly higher in size to the last secondary equity offering of our stock executed in June this year.

We trust this provides a clear view of our strategic direction and the rationale behind our investment in Exosens. We now welcome your questions and look forward to an engaging discussion. Thank you very much.

Nikos Malesiotis: I would like to mention here that the transcript of this call will become available on our website later today. Please let us know if you have any questions. Yes, please, Alexander.

Aleksander Peterc: Yes, good morning. This is Alexander Peterc from Bernstein. My first question would be, can you help us understand exactly what you could achieve with this 9.8% stake in Exosens that you couldn't have achieved via a classic partnership without equity participation? Do you see a need for Exosense to accelerate its capacity expansions as well? What opportunities do you see in the US in that respect? And then finally, if you could give concrete examples of detection and imaging products that you think you can leverage from Exosens's current portfolio? Thank you.

Christian Hadjiminias: OK. Thank you, Alexander. Look, as I said before, we do have a commercial arrangement and agreement with Exosens, which we will shortly announce some additions to that commercial agreement, but we believe that as I said, we are right now- despite the fact that it's slightly below 10% - we are the only strategic investor in Exosens and as you know the other shareholders are Private Equity funds. I don't speak on behalf of anybody, but private equity funds, they don't stay forever. Strategic investors stay for a much, much longer time. So as I said before, we saw this opportunity to solidify our position within Exosens, a company that we have been working with for a long time-and as I said very successfully- we do have as you know the power of investors aside from being the largest customer in the night vision domain, which consists ~ 70% of Exosens, but as you know, the power of an investor, a special strategic investor is very important. It is our desire to steer, to the extent we can, -let us

not forget we will both remain independent companies- yes, we do want to steer Exosens in direction that we feel that it's very important, whether that be the increase in capacity as you stated, but also in collaborations. For instance Exosens- I will give you a couple of examples-they have a CMOS digital sensor. They have also SWIR detectors which is again on the digital space. They have many detectors. People don't perhaps realize this, but this 30% of Exosens, of course to a certain -to a big -extent is civil oriented. But, as you know, the big growth right now is in the defense. So what we would like to achieve, yes, we would like to extend that if we can-as the largest strategic investor-but not the largest shareholder of course-we intend and we wish to steer Exosens deeper into the digital space.

And allow me with this question to clarify something and to make it very, very simple. People talk of potential digital revolution. Let me remind all the participants here that the night vision business is basically of course an analog business. It's an analog sensor. Of course we don't expect any change, any big revolution. Night vision, the analog, if you want to call it like that, analog night vision will continue for the next 5-7 and probably 10 years. Because armies, even if a revolution occurs, they don't change overnight. It's very expensive and it takes time. But what we see-and that's not what we see, but what Theon does, and that's why we want also Exosens to go in this direction, which Theon is already there, in the digital space. There is a merging if you want of analog and digital technologies. It's not a potential revolution that can happen overnight that will make analog tubes obsolete. It is an evolutionary process, not a revolutionary process, whereby the digital technologies start infiltrating even the analog products, in the sense like with electronics, with the connectivity, with digital products. Take for example what our new product IRIS-C is, it's basically a thermal digital product which is being attached to an analog goggle, that uses an analog tube.

So as I said, you will be seeing those (merged) technologies. There's no dilemma really between analog and digital, but there has to be some emphasis-a lot of emphasis I would say- that this is exactly what Theon has been doing as you know, and this is exactly what we want to do with Exosens. And if you allow me again with this short question to give a little bit longer of an answer, it's very important to understand, especially in the digital sector, the importance of the user feedback. We are still an end product company and Exosens is a detector company. They do tubes and the CMOS and other detectors. The first feedback that we get, is a feedback that we get as an end product OEM. We get this product and we've been passing it on to our tube manufacturer, from whom we were getting supplies, and are getting supplies of tubes now in the digital space. We would like to do the same thing and assist further and deeper to Exosens with this valuable feedback and our other investments, to take advantage of this 30% again. Two factors: renewed growth and more long-term growth, orders which will be placed, that we see being

and will be placed the next few months. That is on top of the night vision segment of Exosens. And big opportunities to develop together digital solutions with Exosens, the other 30%. Thank you.

PETERC Aleksander: Thank you very much

Nikos Malesiotis: Yes, Sriram, go on

Sriram Krishnan (Deutsche Bank): Yeah. Good morning. This is Sriram from Deutsche Bank. Just a couple of quick questions, if I may. One, with this deal, would you be having a board seat at Exosens going forward? That's one.

And another one probably on the financial side, at the end of all this one, where do you see your net debt position shaping up, let's say at the end of 2026 or something? Thank you.

Christian Hadjiminias: OK. I will answer the first part and I will let our CFO answer the second part. No, we have not opted for a board seat, because of regulatory constraints, but also because we didn't want to endanger our commercial relationship. Of course at some stage maybe in the future, as a holder of 10%, it can happen, but right now we did not ask for it and we do not intend, at this stage, to ask for a board seat. We believe by being the number one strategic investor in Exosens, this in itself will give us -while keeping the two companies independent- the ability to steer Exosens in a direction where we can unlock value, both for Exosens but also for us. Dimitris.

Dimitris Parthenis: All right. So Sriram, assuming that we are going to raise some equity, as Christian has mentioned, and this is probably going to happen by the end of January and it's going to be in the size close to our last placement in terms of value, we expect that at the end of 2026 we're going to have a net debt to EBITDA position lower than two times.

Christianos Hadjiminias: Thank you.

Nikos Malesiotis: Are there any other questions? Yes, Lasse

Lasse Stueben (Berenberg): Hi, good morning. Maybe just to follow up on the US, I understand I think Exosens is expanding capacity in the US. So is this also somewhat of a strategic move to position yourself a little bit better for the opportunity that's coming in the US? Or is there kind of something more to it and can you, again, just give us a bit more comfort on the price, just given where Exosens was trading on Friday, it's obviously quite a premium. So just to get some comfort on the valuation there. Thank you.

Christian Hadjiminias: OK. Thank you. Yes, of course in the US, Exosens has announced a plan and we will be reviewing this situation along with our investments in the US. But to be frank with you, our emphasis in collaboration on tubes with Exosens is -our attention, if you want- is geared more towards the Far East,

where there is this demand coming and there is a big desire from the largest buyers there, to have a domestic production and it's -we believe that it's- very important, that production expansion should take place in the Far East. Exosens obviously has announced their plans in the States, we will be reviewing that closer. But our emphasis, as far as Theon is concerned, is to work with Exosens on the Far East. As you know, there are different technologies. Exosens owns a different technology: It's called a 5th generation technology. Then there's the third-generation technology. And in the Far East there are some people that prefer one or the other technology, and it's important that we can cooperate. Now regarding the price, you need to understand -and thank you for the question- that we've been having intense negotiations with the owners, the main owners of Exosens, on the price. We decided, and even during those negotiations, we had done our own evaluation. During this evaluation, we saw this, all of a sudden-not all of a sudden really- but it was gradual one country after another in Europe, we're talking about mainly Theon and Exosens joint customers, right- the big buyers in Europe, we have started seeing this shift and as we were talking and discussing with Exosens. We focused ourselves on what is the value of Exosens and we believe that once this demand hits the market, which is already now happening, I'm not talking about next year H2, I'm talking about Q4 2025, beginning of 2026 and you will see very shortly the market will see, that there will be, I hope -let's put it this way here because I cannot say more- several frame agreements covering medium to long term. This, in itself, has been in our analysis and our viewpoint. Again, don't forget that we are the ones that are coming in direct contact with the end user. This has given us comfort on this value that we have paid.

Additionally, we need to understand that during negotiations a lot of things have happened. For instance, right now in France, there is still a political crisis. And that of course affects the stock price, the temporary- if you want- stock price. So that's why we decided to isolate ourselves from that. Look at this as a value proposition. We saw the demand coming. We wanted to deepen our collaboration with Exosens and we saw the opportunity of getting this percentage. And as I said, I think that some people, may not like minorities, I can appreciate that and understand that. But sometimes, when they are done properly, [they are worthwhile]. In this case, as I said, we are the largest-or the only- strategic investor in Exosens, having above us and below us, in terms of equity, basically private equity funds. So, we did not want to miss the opportunity. We put a value on that and that value was 54 euros per share. We feel very comfortable with that and we're very happy that we have moved so quickly.

Again, always at the end of the day, what is very important- yes, the stock prices are important- but more important is what we see from clients coming in. And what we see is very, very optimistic and that's why we had to move swiftly to do this. Thank you.

Lasse Stueben (Berenberg) : Great. Thank you very much.

Nikos Malesiotis: Next question comes from Luca Orsini. Please go on.

Luca Orsini: Yes, good morning, everyone. I have just two questions. The first one is related to if you can explain why 16 mm (tubes) is so important and why Exosens is the only one producing it? And then I have a second question, a totally different topic.

Christianos Hadjiminias: OK, Luca, thank you very much. 16mm are exactly this, as opposed to 18 mm, they are smaller than 18mm. So some armies prefer them, and I must admit it was courageous on Exosens's part to do this, to invest a lot on that. U.S. companies used to produce them, but then they found that this was not viable, to produce and get the same yield as they were getting on 18mm. Plus, their U.S. Army and the main buyers around the world, were used to 18mm.

Exosens was courageous enough to put an emphasis on this sector. And I will, I will just tell you, and this is not a secret, for instance, that two very, very large buyers right now, that is Germany and Saudi Arabia, for instance, they prefer to have 16mm, because 16mm allows you to have a smaller goggle. It's a preference of their army. So that's the difference. Exosens persevered on that and managed to invest, and their investment in this domain has paid off. And as I said, we have two -among others- very important customers on 16mm. We're talking about longer term supply agreements by everybody now and Exosens is the only one doing 16mm and this really has weighed up a lot on our decision, having already acquired Harder Digital, which of course is a much smaller capacity.

And your second question?

Luca Orsini: Now the second question is purely on the timing of the capital raising. Since you are authorized, why are you waiting so long to print the stock?

Christianos Hadjiminias: Good question. The answer I think is clear from what I said earlier: we would like, first of all, the market to realize -and it will happen the next maybe weeks and months, will realize- this change that we have seen, again because we're the first ones that come in touch with the end user. We want the market to see this, I would say -I don't want to use big words- but in our business it's a tectonic shift.

To start having clients telling you not just what they want to order for the next year, but then they're talking about 2-3-4-5 years, it is a tectonic shift as far as we're concerned. So we want the market to realize that first of all, and secondly I would like to tell you that the closing of this transaction due to the regulatory notifications, which are less than 10% of course, is not expected to occur before the beginning of January next year. So it's not that Theon has to come up with the money right now to this equity injection, in the context of this transaction there are some information and timing undertakings that need to be fulfilled vis-à-vis the French government, it's a formality, so a period that needs to pass before the transaction is closed and this is expected to close the beginning of January. We don't expect any risk on that at all.

Luca Orsini: Can you elaborate a bit more on the authorization process, since you entered that area?

Christianos Hadjiminias: I'm not at liberty to this period, but it's just a notification period. It's not anything that puts this deal in danger, not at all. Going to 10% and above would have meant a very lengthy process. It could have taken 8 -12 months, and this was not something that we wanted to do. This is just an -as far as we know- it's a notification period, that's all.

Luca Orsini: OK. Thank you.

Nikos Malesiotis: Theo, you are next

Theodore Varelas (Pantelakis Securities): Yes, hi. Thank you for the opportunity. Would you please let us know what are your M&A plans going forward, whether you, you know, you still have in the pipelines something significant ahead of the capital raise. Thank you.

Christian Hadjiminias: Yes, thanks, Theodore. A very good question. Of course, within the limits of our financial discipline, we are a very conservative company and as I said, it was too good of an opportunity to miss one with extra cent, and it was not planned three or four months ago. Yet, we have made our calculations and, after we believe that the timing is such, that is paying this amount, and at the same time -or near that, few days before, a few days after- to do the capital raise. And even with this transaction, we have still ammunition to continue our discussions, with some other much smaller size acquisitions, so that will not stop. I want to remind the people here -and as Nikos said, we have to focus on Exosens today - but I have to say here, if I can divert a little bit Theodore, that we are making very big inroads for the same reason we did the IPO and we raised the funds we did. That is, we are a leader in man portable electro-optical products domain, and we have been investing to become a force in platform based electro-optical products.

And I can tell you this, of course: Contracts are the best proof of that. We have made very big inroads and it's in this domain that we are putting our emphasis on acquisition. But again, they are very small compared to this one and they're comfortably covered, within the ratios that Dimitri has indicated before. Thank you.

Theodore Varelas (Pantelakis Securities): Thank you very much and all the best.

Nikos Malesiotis: If there are no other questions, I think we can conclude the meeting.

Mark: Hi, can I ask a question, it's Mark from Kepler. I want to ask you planning to do a capital increase only in January before the closing of the deal, if I understand correctly?

Christian Hadjiminias: No, we didn't say this. We said that by end of January we will be doing a capital raise. We will. It may happen also in in December. It's very likely actually that it can happen also in December.

Mark: OK, but again, it's not happening now, because now you want to see that the huge demand that should flow to the company, if I understand correctly, and market recognize all the optionality.

Christian Hadjiminias: Yes.

Mark: OK, great. I just wanted to confirm that the increase is not going to happen right now. It will happen maybe in a few months.

Christian Hadjiminias: Yes, I would like to stress again, here, that you obviously understood that we, -the shareholders, that is Venetus and me, myself personally- we believe so much in this transaction that we just did with Exosens and everything else we do. We believe so much on this that we are committing ourselves right now, as I mentioned earlier, to be an anchor investor in this capital raise. We really believe that it was a tremendous opportunity and move that we did.

Mark: Wow. So you mean you going to participate on this capital increase?

Christian Hadjiminias: Yes, as I said, even as an anchor investor, the shareholders, the majority shareholders of Theon today, are committing to participate in this capital raise.

Mark: I understand. OK, it seems very encouraging. Sorry, I missed just the first part of the call, so I missed it. OK, great.

Luca Orsini: It wasn't emphasised on the call and it is very important that you're assuring for all shareholders. that you are willing to commit fresh capital, fresh money into the company.

Christian Hadjiminias: Yes. And Luca, let me also use the opportunity of your statement, to remind people, because the reason why we did last time the capital raise -was a sale basically- [the placement] it was really because we had tremendous pressure, in a nice way I'm saying this, from investors to increase our free float. Otherwise, we wouldn't have done it. But there was so much demand and so much pressure, that we did this. So now that this opportunity has arisen, we have no problem in putting back this money proportionally as fresh capital.

Luca Orsini: Thank you.

Christian Hadjiminias: And this of course is not expected to affect significantly the free float percentage. We will be around those levels that we are today.

Mark: So you're going to participate pretty meaningfully, if this is the situation.

Christian Hadjiminias: Yes, I cannot commit right now to the exact amount. I only commit that we will participate in a very meaningful way, yes. And we will let the people know to what extent. And again, you need to understand that we still have a lot of people, a lot of investors, that want to have this opportunity to invest in Theon, and we are very grateful, and I'm very optimistic that before year end, the traction that we saw that drove our decision to do this deal with Exosens will prove me right and very shortly.

Mark : OK. Well, great. Thank you very much guys.

Christian Hadjiminias: Thank you.

Nikos Malesiotis: OK, let's accept one last question from Philippe.

Philipp Schweneke: Sorry, I think you just answered it. I wanted to ask what is the percentage participation you do in the capital raise, but you just said I think that you don't commit to a number, right? So I'll pass it to the next person.

Nikos Malesiotis: OK, Alexander, one last question please before we conclude.

Aleksander Peterc: Yeah, just a a very, very quick follow, follow up. Apologies for this. Is it, is your capital raise going to be a rights issue or is there another form that you would like to take for this? Thanks.

Christian Hadjiminias: Dimitris, I'll let you speak a little bit also.

Dimitris Parthenis: Yes, indeed, it's gonna be a rights issue.

Nikos Malesiotis: OK. Thank you everybody. Again, this transcript will become available later today on our website. Thank you very much for participating and have a nice day.

Christian Hadjiminias: Thank you very much. Thank you.

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