



Trading update

FOR THE NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2024

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Economic Performance Review

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

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. Theon was founded in 1997 and has since become one of the most relevant players in the sector with offices in Athens, Cyprus, Kempen, Arlington, Abu Dhabi, Dubai, Zug, Copenhagen, and Singapore, coupled with manufacturing facilities in Athens, Wetzlar and Plymouth. Theon's commercial presence extends to 70 countries, across all continents.

The Group generates revenue by selling products primarily to government procurement agencies, armed forces worldwide, defense primes and law enforcement agencies worldwide.

The main product categories are:

Night vision monoculars
and binoculars

Full range of night vision
sights and thermal
imaging instruments

Sights for night driving
and upgrade kits for
armoured vehicles

Night vision and thermal
imaging systems for
vehicles and digital
platforms

In September 2024, Theon International Plc ratified and approved the acquisition of 60% of the shares and voting rights in Harder Digital group. The acquisition will be performed through a cash injection of €34 million. The German government has approved the foreign direct investment (FDI), with effect from 7 October 2024.

During the third quarter 2024, Theon 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.

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Financial highlights

For the nine months ended September 2024 and 2023

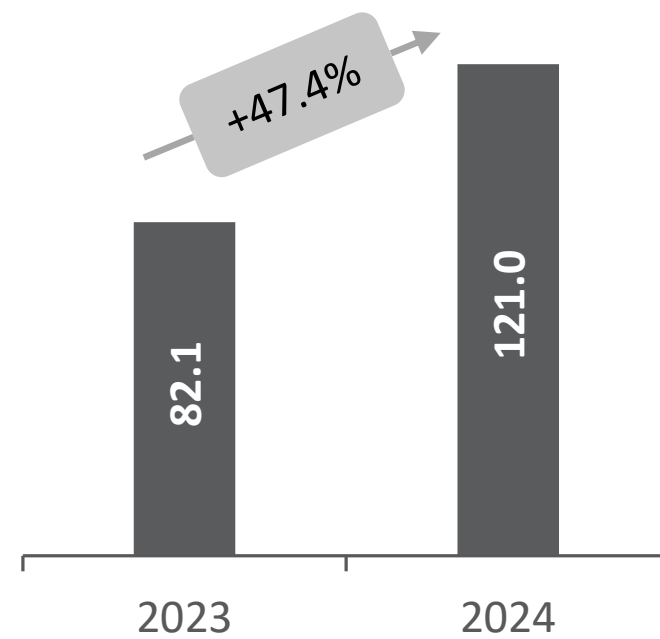
**ECONOMIC
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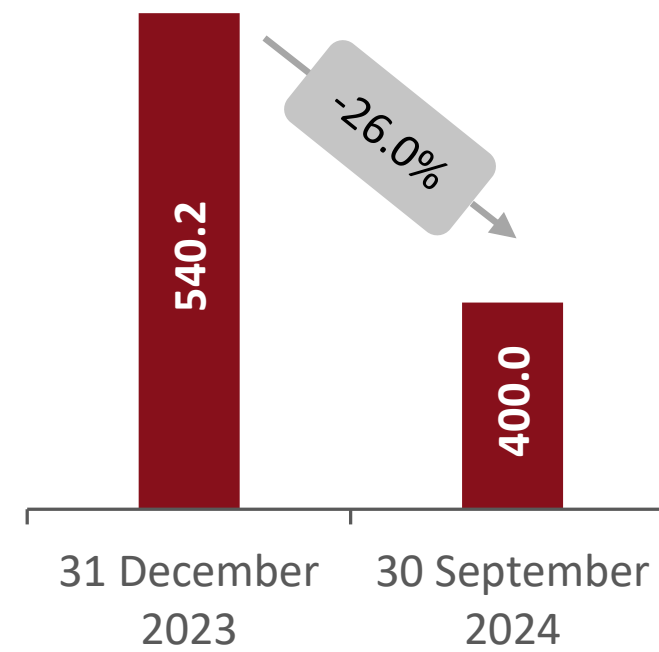
INCOME

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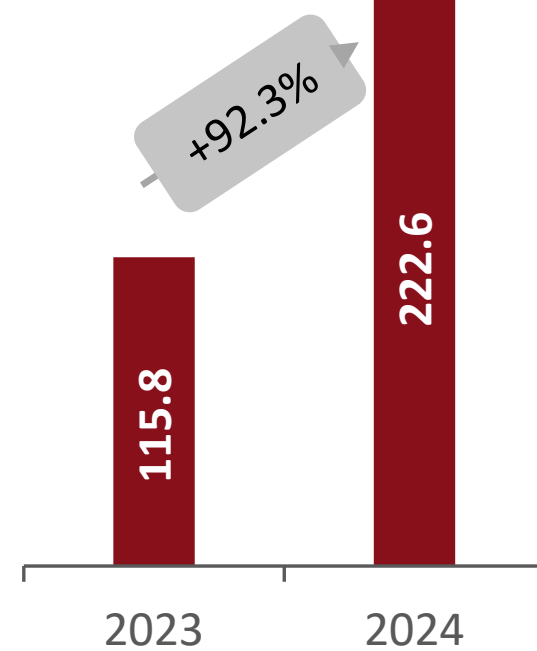
Order intake
(in € m)



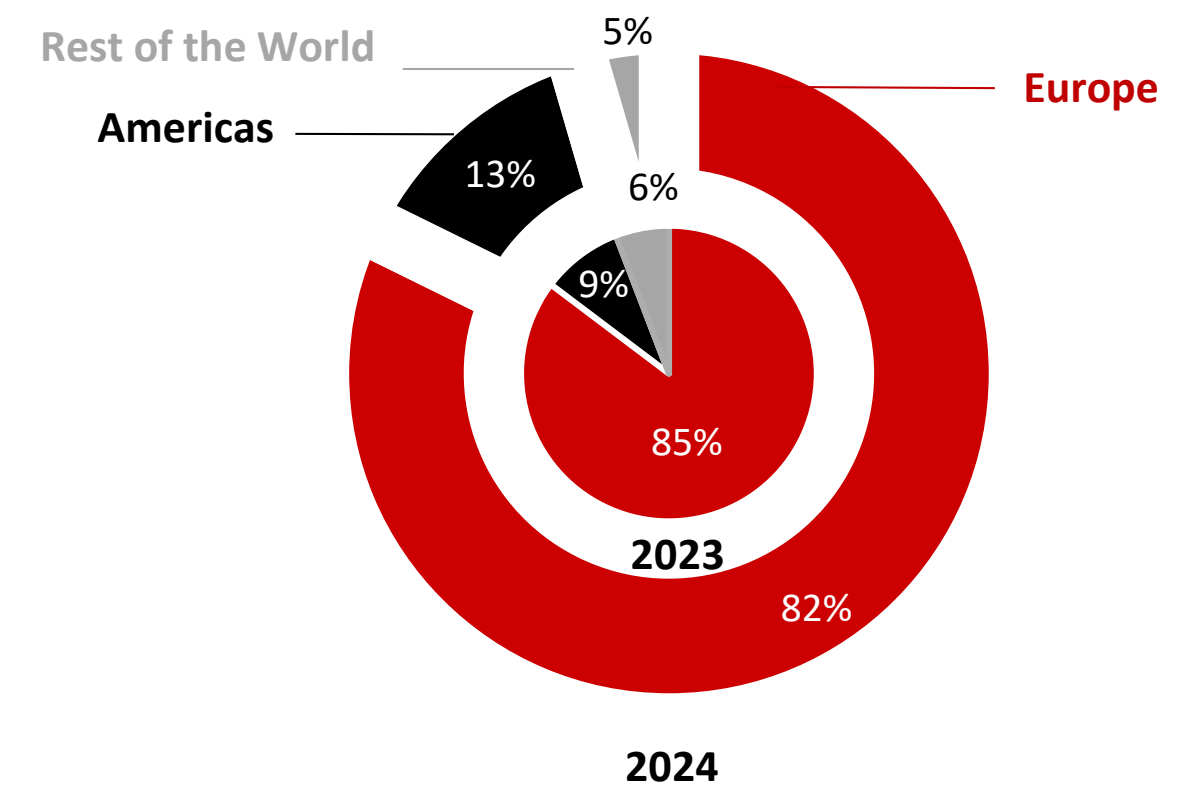
Soft backlog
(in € m)



Revenue
(in € m)



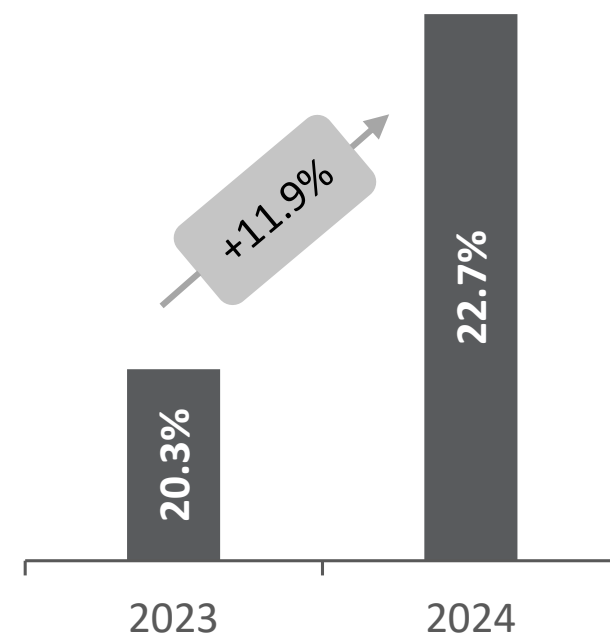
Revenue Breakdown



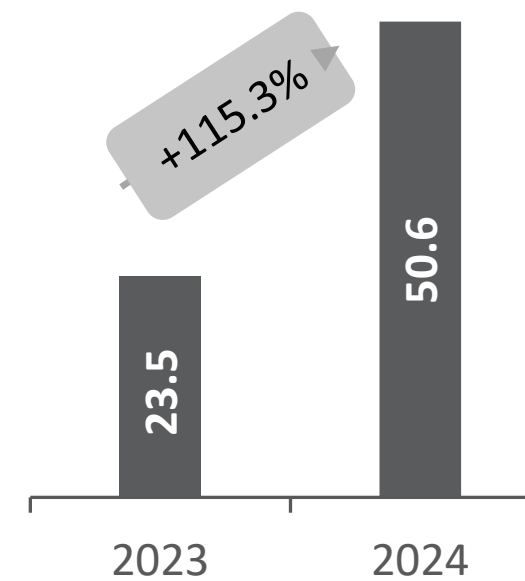
Financial highlights

For the nine months ended September 2024 and 2023

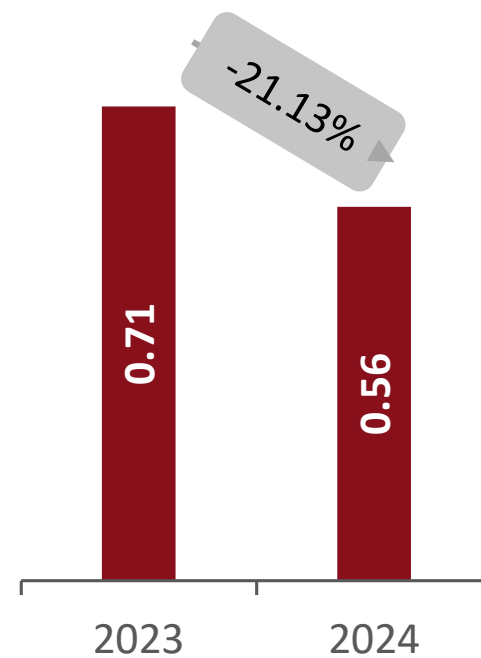
Adjusted EBIT margin



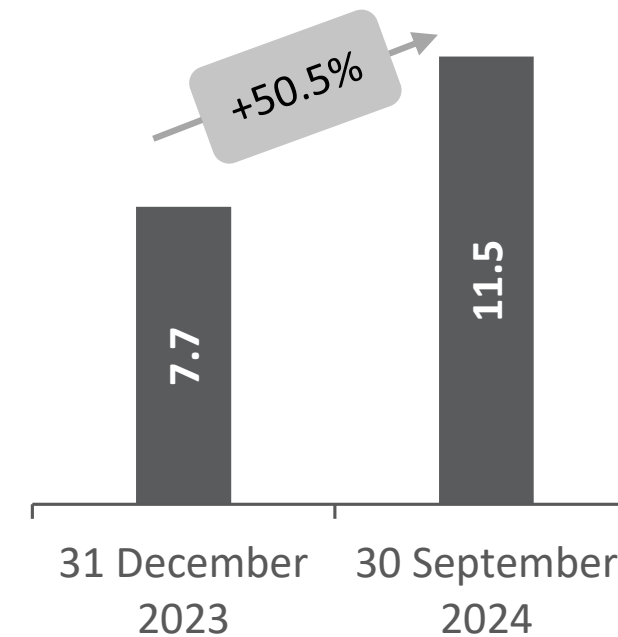
Adjusted EBIT (in € m)



Earnings per Share



Capital Expenditure (CapEx) (in € m)



Financial highlights

The net profit for the period attributable to the Company's shareholders amounted to €38.6 million (nine-month period ended 30 September 2023: €13.90 million). On 30 September 2024, the total assets of the Group were €323.12 million (31 December 2023: €210.52 million) and the net assets of the group were €195.66 million (31 December 2023: €77.36 million).

The Revenue amounted to €222.61 million (nine-month period ended 30 September 2023: €115.76 million). The operating profit for the same period, was €49.77 million (nine-month period ended 30 September 2023: €23.51 million).

The nine-month period ended 30 September 2024 is characterized by a 92.30% increase in the topline, resulting in a substantial increase in operating profit (111.72% increase compared to the nine-month period ended 30 September 2023).

Night vision devices (accounting for 93% of the total Revenue) rose from €107.2 million in the nine-month period ended 30 September 2023 to €208.1 million in the nine-month period ended 30 September 2024. This increase is attributed to the new contracts awards and the exercise of existing contracts' options. Europe remains the leader in sales, with the other geographic markets experiencing significant growth.

The Group maintains its focus on international markets, thus capturing even greater market share through innovative products and ongoing client relations' support. International markets continue to be a key priority of the Group. Sales in the Greek market represent a mere 0.29% of the total revenue.

As at 30 September 2024, the soft backlog stands at €400.0 million, reflecting a decrease of 25.95% compared to €540.2 million on 31 December 2023. The soft backlog includes the remaining contract value of the existing and expected contracts.

Adjusted EBIT amounted to €50.60 million, showcasing a rise of 115.26% compared to the same period last year. This translates to an adjusted EBIT margin of 22.73%, which represents a significant improvement from the 20.31% margin recorded in the nine-month period ended 30 September 2023.

The Operating Cash Flow presents a decline from -€12.80 million in the nine-month period ended 30 September 2023 to -€38.10 million in the nine-month period ended 30 September 2024. This decrease is mainly attributed to a substantial increase in sales, resulting in a corresponding rise in receivables.

Despite the net profit increase for the period compared to the previous year, earnings per share (EPS) have decreased by 21.13%. This reduction is primarily attributable to the issuance of an additional 40 million shares in the last quarter of 2023 and a further 10 million shares in the first quarter of 2024.

Financial highlights

The IPO proceeds resulted in a 5.9% leverage ratio in the nine-month period ended 30 September 2024 compared to -0.1% in the year ended 31 December 2023.

IN EURO	30 September 2024	31 December 2023	VARIANCE
Long-term loan obligations	42,523,896	32,742,460	9,781,436
Short-term loan obligations	33,898,362	32,777,312	1,121,050
Total debt	76,422,258	65,519,772	10,902,486
Less: Cash and cash equivalents	(62,304,995)	(65,639,067)	3,334,072
Net debt / (cash)	14,117,263	(119,295)	14,236,558
Equity	195,658,150	77,357,508	118,300,642
Non-current liabilities	42,825,213	33,069,037	9,756,176
Total capital employed	238,483,363	110,426,545	128,056,818

The Board of Directors' policy preserves a solid capital base, to maintain investor, creditor, and market confidence in the Group and to allow the future expansion. During the reporting period, no changes occurred on Capital Management.

As at 30 September 2024, an amount of €50 million is held in fixed-term deposits with maturities exceeding three months, classified within current assets but not recognized as cash and cash equivalents. This represents an increase of €10 million compared to 30 June 2024. The reallocation of funds into longer-term deposits has resulted in a decrease in cash and cash equivalents and has contributed to the observed change in the leverage ratio, as these deposits are excluded from cash for the purposes of that calculation. The net cash position, including fixed-term deposits in the calculations, would be -€35,882,737, with a corresponding leverage ratio of -15%.

Selected Performance, Capital Structure and Liquidity Indicators

For the nine months ended 30 September

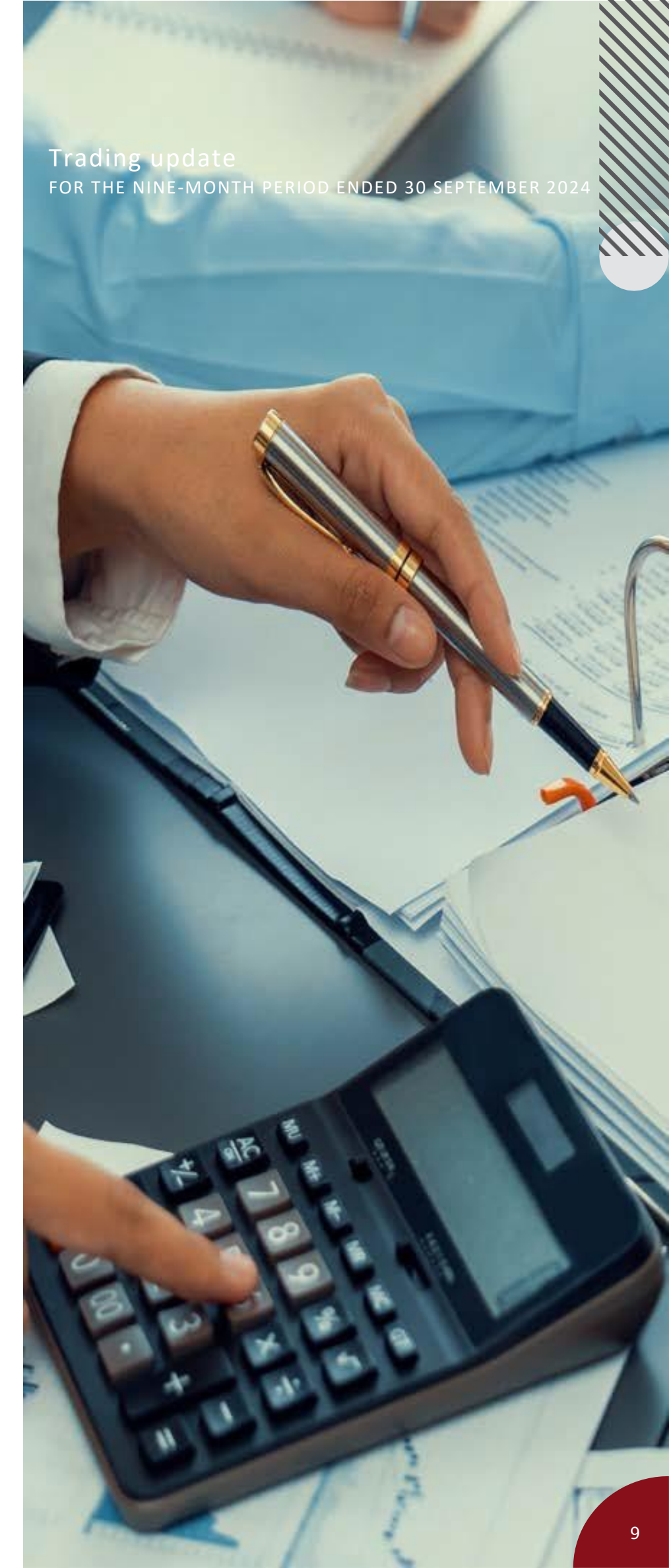
IN EURO		2024	2023
Return on Equity (ROE)	$= \frac{\text{Net profit after tax}}{\text{Equity}}$	$= \frac{38,614,343}{195,658,150} = 0.20$	$= \frac{13,904,527}{53,330,265} = 0.26$
Adjusted EBITDA margin	$= \frac{\text{Adjusted EBITDA}}{\text{Revenue}}$	$= \frac{52,252,304}{222,609,889} = 0.23$	$= \frac{24,802,605}{115,758,779} = 0.21$
Adjusted EBIT margin	$= \frac{\text{Adjusted EBIT}}{\text{Revenue}}$	$= \frac{50,602,041}{222,609,889} = 0.23$	$= \frac{23,507,133}{115,758,779} = 0.20$
Debt ratio	$= \frac{\text{Debt}}{\text{Debt} + \text{Equity}}$	$= \frac{76,422,258}{272,080,408} = 0.28$	$= \frac{56,982,401}{110,312,666} = 0.52$
Current ratio	$= \frac{\text{Current assets}}{\text{Current liabilities}}$	$= \frac{289,032,134}{84,632,517} = 3.42$	$= \frac{157,457,334}{109,669,882} = 1.44$
ROCE	$= \frac{\text{Adjusted EBIT}}{\text{Invested capital}}$	$= \frac{50,602,041}{238,483,363} = 0.21$	$= \frac{23,507,133}{67,766,102} = 0.35$
Quick ratio	$= \frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}}$	$= \frac{204,652,057}{84,632,517} = 2.42$	$= \frac{94,223,537}{109,669,882} = 0.86$

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Assets

IN EURO	30 September 2024	31 December 2023
Assets		
Property plant and equipment	24,123,062	17,358,467
Intangible assets	4,994,392	1,470,095
Right of use assets	1,050,098	908,907
Investment property	659,046	703,802
Investment in associates	2,765,611	1,099,085
Other non-current assets	158,571	150,932
Deferred tax assets	332,966	48,258
Non-current assets	34,083,746	21,739,546
Inventories	84,380,077	63,613,462
Trade accounts receivable	81,132,646	46,087,790
Other receivables	8,680,774	10,977,857
Other financial assets	520,525	208,156
Prepayments	2,013,117	2,255,011
Term deposits	50,000,000	-
Cash and cash equivalents	62,304,995	65,639,067
Current assets	289,032,134	188,781,343
Total assets	323,115,880	210,520,889

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Liabilities and financial position

IN EURO	30 September 2024	31 December 2023
Equity		
Equity attributable to the owners of the Company	195,658,150	77,357,508
Liabilities		
Loans and borrowings	38,427,991	25,521,669
Amount owed for share buy-back	3,511,618	6,656,157
Provision for staff retirement indemnities	217,560	198,320
Lease liabilities	584,287	564,634
Government grants	83,757	128,257
Non-current liabilities	42,825,213	33,069,037
Trade accounts payable	28,417,583	41,811,689
Lease liabilities	477,682	401,526
Loans and borrowings	25,872,995	25,391,700
Amount owed for share buy-back	7,547,685	6,984,086
Contract liabilities	1,803,363	5,240,112
Income tax payable	11,065,168	7,974,569
Accrued and other current liabilities	9,448,041	12,290,662
Current liabilities	84,632,517	100,094,344
Total liabilities	127,457,730	133,163,381
Total equity and liabilities	323,115,880	210,520,889

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Assets

Intangible assets

During the nine-month period ended 30 September 2024, the Group acquired assets at a cost of €3,620,830 (nine-month period ended 30 September 2023: €566,354). This amount primarily relates to the development of new platform-based products through outsourcing part of the Research and Development (R&D).

Trade accounts receivable

For the nine-month period ended 30 September 2024, trade receivables demonstrate a notable 76.04% increase, aligned with the substantial revenue growth recorded during the same period. As at 30 September 2024, the trade accounts receivable balance includes €48,231,876 receivables from related parties, mainly attributable to Hensoldt Theon Nightvision GmbH and Hensoldt-Theon Gbr.

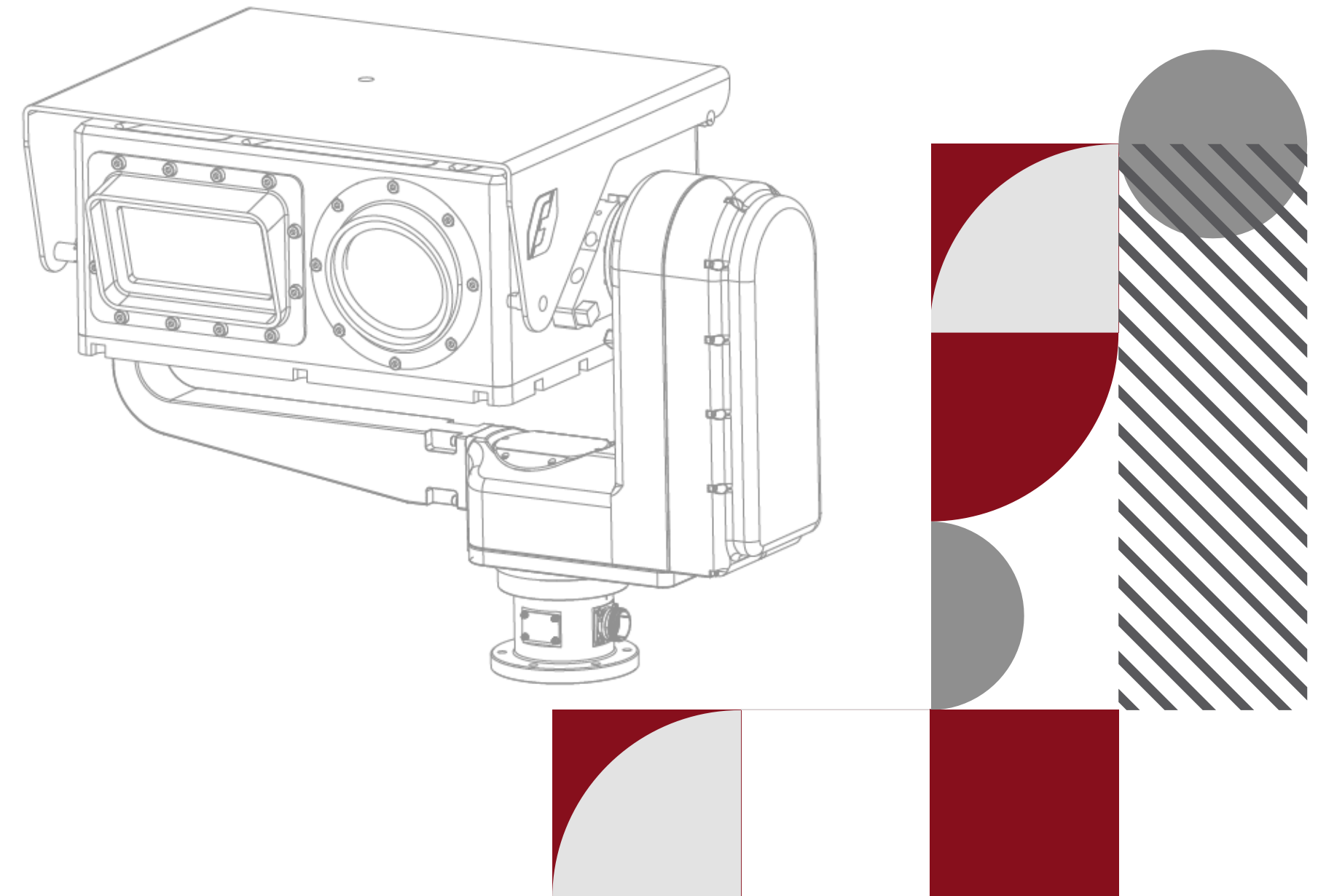
Cash and cash equivalents and term deposits

As at 30 September 2024, €50,000,000 was invested in term deposits with maturities exceeding three months, which includes a portion of the net IPO proceeds.

Liabilities and financial position

Trade accounts payable and accrued and other current liabilities

The 32.03% decrease in trade payables compared to the figures as at 31 December 2023 is attributed to the Group's annual operating cycle, consistent with the 20% reduction observed in the prior nine-month period ended 30 September 2023.



Income

For the nine months ended 30 September

IN EURO	2024	2023
Revenue	222,609,889	115,758,779
Cost of sales	(157,469,986)	(82,313,956)
Gross profit	65,139,903	33,444,823
Other income	337,102	320,204
Administrative expenses	(9,745,848)	(6,704,356)
Selling and distribution expenses	(2,429,627)	(1,585,102)
Research and development expenses	(3,253,982)	(1,875,424)
Impairment loss on trade receivables	(150,000)	-
Other expenses	(127,563)	(93,012)
Operating profit	49,769,985	23,507,133
Finance income	3,537,436	714,300
Finance costs	(5,446,498)	(3,931,840)
Net finance costs	(1,909,062)	(3,217,540)
Share of profit of equity-accounted investees	1,666,526	398,779
Profit before tax	49,527,449	20,688,372
Income tax expense	(11,197,814)	(6,766,461)
Deferred tax	284,708	(17,384)
Profit for the period after tax	38,614,343	13,904,527

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Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA)

For the nine months ended 30 September

IN EURO	2024	2023
Profit after tax	38,614,343	13,904,527
Income tax expense	11,197,814	6,766,461
Deferred tax	(284,708)	17,384
Profit before tax	49,527,449	20,688,372
Adjustments	242,536	2,818,761
EBIT	49,769,985	23,507,133
Non recurring items	832,056	-
Adjusted EBIT	50,602,041	23,507,133
Adjusted EBITDA	52,252,304	24,802,605

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.

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated based on primary geographical markets, major products and the timing of revenue recognition.

For the nine months ended 30 September

IN EURO	2024	2023
Primary geographic markets		
Europe	183,171,397	98,723,826
Asia	8,962,656	6,737,360
Americas	29,400,223	10,289,190
Oceania	1,075,613	8,403
	222,609,889	115,758,779
Major products categories		
Night	208,092,404	107,164,825
Thermal	12,598,594	6,418,514
Miscellaneous	579,400	-
Other	1,339,491	2,175,440
	222,609,889	115,758,779
Total Revenue	222,609,889	115,758,779

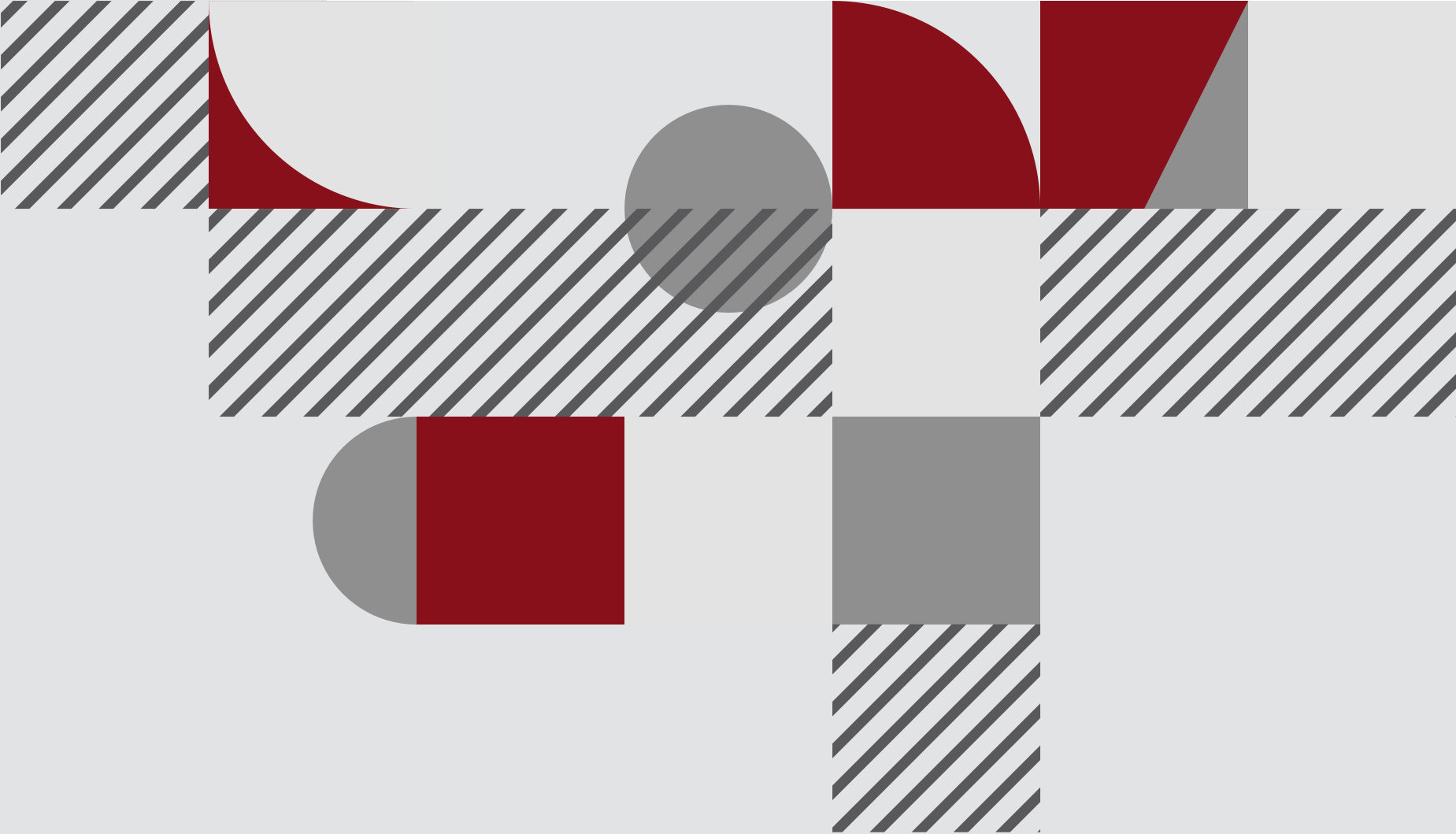
The Group has two optronic divisions, night and thermal. Segmentation is based on the fact that the relevant devices have different technologies, characteristics, and components (tubes/sensors). More specifically, night vision products have image intensification technology and thermal products have thermal imaging technology. The "Other" category encompasses services and spare parts, while the "Miscellaneous" category includes any products that do not fit within the other defined categories.

Cash flows

For the nine months ended 30 September

IN EURO	2024	2023
Cash flows from operating activities		
Profit for the period after tax	38,614,343	13,904,527
Non cash items	14,142,020	10,809,772
	52,756,363	24,714,299
Changes in working capital:		
Increase in inventories	(21,904,965)	(29,254,171)
(Increase) / Decrease in trade and other receivables	(32,663,518)	1,506,965
(Decrease) / Increase in trade and other payables	(26,714,386)	5,850,481
Cash (used in) / from operation activities	(28,526,506)	2,817,574
Income tax paid	(8,107,215)	(7,285,078)
Interest paid	(1,464,069)	(8,327,825)
Net cash used in operating activities	(38,097,790)	(12,795,329)
Cash flows from investing activities		
Payments for non current assets	(11,531,012)	(5,768,259)
Payments for financial assets	(258,104)	-
Proceeds from sale of non current assets	4,881	30,954
Investment in term deposits	(50,000,000)	(6,010,239)
Proceeds from loans receivables	-	7,235,649
Dividends received	-	17,689
Interest received	2,139,536	206,145
Net cash flows used in investing activities	(59,644,699)	(4,288,061)

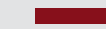
IN EURO	2024	2023
Cash flows financing activities		
Repayment of borrowings	(126,465,848)	(52,516,887)
Proceeds from borrowings from financial institutions	138,788,736	58,887,254
Outflows of lease liabilities	(372,453)	(212,051)
Proceeds from share capital increase	100,000,000	-
Repayment of share buy back agreement	(3,211,000)	-
Dividends paid	(14,438,235)	-
Net cash flows from financing activities	94,301,200	6,158,316
Net decrease in cash and cash equivalents	(3,441,289)	(10,925,074)
Cash and cash equivalents at 1 January	65,639,067	24,035,135
Foreign exchange differences	107,217	841,264
Closing Cash and cash equivalents balance at 30 September	62,304,995	13,951,325



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This document should be read in conjunction with the semi-annual report 2024, the annual report 2023 and the accompanying press releases.

