



TRADING UPDATE FOR THE
THREE-MONTH PERIOD
ENDED 31 MARCH 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. The Group was founded in 1997 and has since become one of the most relevant players in the segment 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 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;

On 7 February 2024, the Group listed its shares on the regulated market of Euronext Amsterdam, being the first IPO in Europe this year. A total of 15,4 million ordinary shares, consisting of 10 million newly issued ordinary shares and 5,4 million existing ordinary shares (including 1,4 million shares of the over-allotment option), were placed with institutional and private investors as part of the private placement. The total number of offer shares placed in the private placement corresponds to 22% of the share capital of the Group.

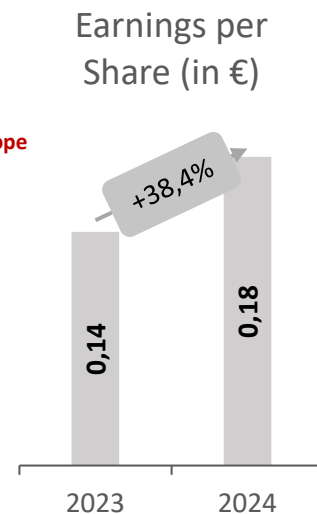
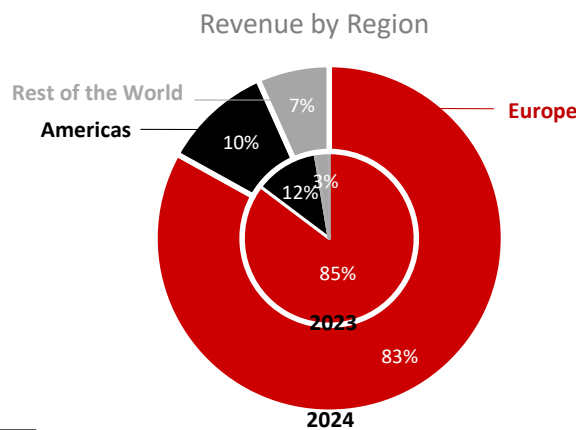
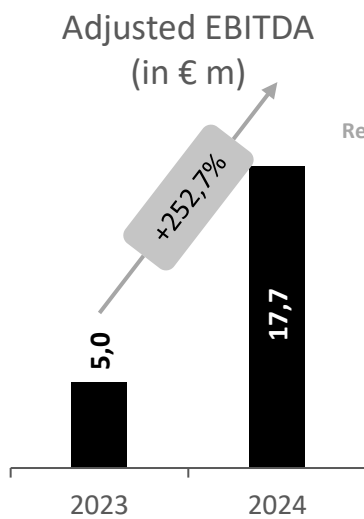
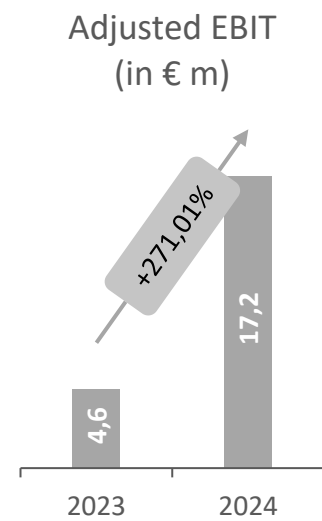
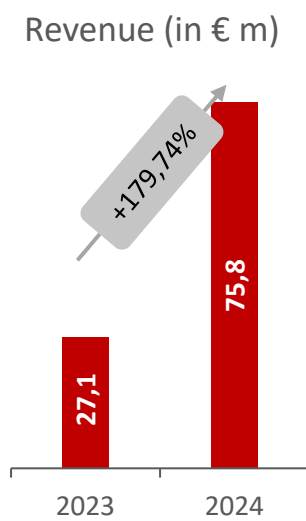
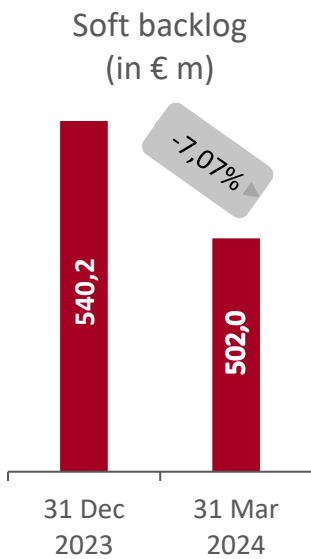
The Group debuted with issue price at €10,00 per share. During the first days of trading, the over-allotment option has been partially exercised, leading to a total number of shares placed in the private placement of € 14,3 million, leading to a free float of 20,8%. The net IPO proceeds amounted to €93,9 million, designated for strategic acquisitions within the defence sector.

Financial highlights

The net profit for the three-month period ended 31 March 2024 attributable to the shareholders of the Group amounted to €12.217.819 (31 March 2023: €2.544.091). On 31 March 2024, the total assets of the Group were €286.533.299 (31 December 2023: €210.520.889) and the net assets of the Group were €183.592.646 (31 December 2023: €77.357.508).

The three-month period ended 31 March 2024 is characterized by a 179,74% increase in the topline, resulting in a substantial increase in Operating profit (263,30% increase compared to the three-month period ended 31 March 2023). Night vision devices (accounting for 95% of total Revenue) rose from €26,3 million in the three-month period ended 31 March 2023 to €72,0 million in the three-month period ended 31 March 2024. This increase is attributed to the awarding of new contracts and the exercise of existing contracts' options.

For the three months ended March 2023 and March 2024



Foreign markets continue to be a key priority of the Group, with sales in the Greek market representing a mere 0,6% of the total turnover.

Revenue amounted to €75.783.943 (three-month period ended 31 March 2023: €27.090.722), while the operating profit for the period, was €16.796.369 (three-month period ended 31 March 2023: €4.623.322).

Operating Cash Flow presents a decline from €(8.949.557) in the three-month period ended 31 March 2023, to €(38.752.698) in the three-month period ended 31 March 2024, explained by the high increase in sales which has led to a corresponding increase in receivables.

| <i>in euro</i> | 31 March 2024 | 31 December 2023 | Variance |
|---------------------------------|----------------------|-------------------------|---------------------|
| Long-term loan obligations | 35.964.022 | 32.742.460 | 3.221.562 |
| Short-term loan obligations | 27.449.848 | 32.777.312 | (5.327.464) |
| Total debt | 63.413.870 | 65.519.772 | (2.105.902) |
| Less: Cash and cash equivalents | (116.279.849) | (65.639.067) | (50.640.782) |
| Net debt / (cash) | (52.865.979) | (119.295) | (52.746.684) |
| Equity | 183.592.646 | 77.357.508 | 106.235.138 |
| Non-current liabilities | 36.293.444 | 33.069.037 | 3.224.407 |
| Total capital employed | 219.886.090 | 110.426.545 | 53.488.454 |

The IPO proceeds resulted in an even lower debt ratio of 0,26 in the three-month period ended 31 March 2024 compared to 0,46 on 31 December 2023.

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. During the reporting period, no changes occurred to the Group's approach regarding Capital Management. The decrease in the debt ratio is mainly due to the Euronext Amsterdam IPO proceeds.

Selected Performance, Capital Structure and Liquidity Indicators

| <i>For the three months ended March</i> | | 2024 | 2023 |
|---|---|---|---|
| Adjusted EBITDA margin | $= \frac{\text{Adjusted EBITDA}}{\text{Revenue}}$ | $= \frac{17.678.938}{75.783.943} = 0,23$ | $= \frac{5.012.477}{27.090.722} = 0,19$ |
| Return on Equity (ROE) | $= \frac{\text{Net profit after tax}}{\text{Equity}}$ | $= \frac{12.621.970}{183.592.646} = 0,07$ | $= \frac{2.759.948}{66.808.024} = 0,04$ |
| ROCE | $= \frac{\text{Adjusted EBIT}}{\text{Capital employed}}$ | $= \frac{17.152.869}{219.886.090} = 0,08$ | $= \frac{4.623.322}{70.804.305} = 0,07$ |
| Debt ratio | $= \frac{\text{Debt}}{\text{Debt + Equity}}$ | $= \frac{63.413.870}{247.006.516} = 0,26$ | $= \frac{35.354.946}{102.162.970} = 0,35$ |
| Quick ratio | $= \frac{\text{Current assets - inventories}}{\text{ST liabilities}}$ | $= \frac{202.802.168}{66.647.209} = 3,04$ | $= \frac{85.950.218}{70.987.491} = 1,21$ |
| Current ratio | $= \frac{\text{Current assets}}{\text{ST liabilities}}$ | $= \frac{262.215.764}{66.647.209} = 3,93$ | $= \frac{126.148.515}{70.987.491} = 1,78$ |

Assets

| | 31 March 2024 | 31 December 2023 |
|------------------------------|--------------------|--------------------|
| <i>in euro</i> | | |
| Assets | | |
| Property plant and equipment | 19.330.975 | 17.358.467 |
| Intangible assets | 1.575.792 | 1.470.095 |
| Right of use assets | 1.099.583 | 908.907 |
| Investment property | 688.278 | 703.802 |
| Investment in associates | 1.367.130 | 1.099.085 |
| Other non-current assets | 150.915 | 150.932 |
| Deferred tax assets | 104.862 | 48.258 |
| Non-current assets | 24.317.535 | 21.739.546 |
| Inventories | 59.413.596 | 63.613.462 |
| Trade accounts receivable | 79.506.885 | 46.087.790 |
| Other receivables | 5.186.583 | 10.977.857 |
| Other financial assets | 159.167 | 208.156 |
| Prepayments | 1.669.684 | 2.255.011 |
| Cash and cash equivalents | 116.279.849 | 65.639.067 |
| Current assets | 262.215.764 | 188.781.343 |
| Total assets | 286.533.299 | 210.520.889 |

Trade accounts receivable and other receivables

For the three-month period ended 31 March 2024, trade receivables demonstrate a notable 73% increase, correlating with the substantial revenue escalation observed during the same period. The overall provision for impairment of trade accounts receivable as of 31 March 2024 and 31 December 2023 stood at €518.530.

The “Other receivables” account comprises V.A.T. and other receivables from state, accrued income and prepaid expenses, amounts reserved for imports (cash guarantees) and various balances from miscellaneous debtors. In addition, other receivables amounting to €5.982.684, on 31/12/2023, relate to qualifying costs attributable to the issue of share capital due to the IPO that took place in February 2024. These costs were capitalized within the share premium reserve in the three-month-period ended 31 March 2024 when the listing of shares occurred.

Cash and cash equivalents

The Group has further enhanced its already solid cash position, through its increased business activity and realized profitability, coupled with the inflows stemming from bank loans. Nonetheless, the primary contributor to the increase in the Group’s cash position is the inflow of the net IPO proceeds on 7 February 2024, totalling €93,9 million, which is invested in fixed term deposits.

Liabilities and financial position

| | 31 March 2024 | 31 December 2023 |
|---|--------------------|--------------------|
| <i>in euro</i> | | |
| Equity | | |
| Equity attributable to the owners of the Company | 183.592.646 | 77.357.508 |
| Liabilities | | |
| Loans and borrowings | 28.743.229 | 25.521.669 |
| Amount owed for share buy-back | 6.656.157 | 6.656.157 |
| Provision for staff retirement indemnities | 201.166 | 198.320 |
| Lease liabilities | 564.636 | 564.634 |
| Government grants | 128.256 | 128.257 |
| Non-current liabilities | 36.293.444 | 33.069.037 |
| Trade accounts payable | 22.851.813 | 41.811.689 |
| Lease liabilities | 597.442 | 401.526 |
| Loans and borrowings | 19.868.320 | 25.391.700 |
| Amount owed for share buy-back | 6.984.086 | 6.984.086 |
| Contract liabilities | 1.642.756 | 5.240.112 |
| Income tax payable | 9.383.359 | 7.974.569 |
| Accrued and other current liabilities | 5.319.433 | 12.290.662 |
| Current liabilities | 66.647.209 | 100.094.344 |
| Total liabilities | 102.940.653 | 133.163.381 |
| Total equity and liabilities | 286.533.299 | 210.520.889 |

Share capital

In 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 capital increase dated on 16 November 2023 against contributions in cash, and 5.400.000 existing shares. The issue price was €10,00 per share, thus generating a share premium reserve of €99.900.000. On the same date, qualifying costs associated with the issuance of share capital amounted to €5.982.684, were capitalized, and subsequently recognized within equity.

Trade accounts payable and Accrued and other current liabilities

Trade payables exhibit a reduction of 45%, while accrued and other current liabilities reflect a decrease of 56%, attributable primarily to the settlement of IPO expenses totalling €6.280.838 during the three-month period ending 31 March 2024.

Income

For the three months ended March

| | 2024 | 2023 |
|---|-------------------|------------------|
| <i>in euro</i> | | |
| Revenue | 75.783.943 | 27.090.722 |
| Cost of sales | (53.745.512) | (19.337.590) |
| Gross profit | 22.038.431 | 7.753.132 |
| Other income | 21.885 | 133.274 |
| Administrative expenses | (3.690.791) | (2.174.844) |
| Selling and distribution expenses | (687.424) | (512.457) |
| Research and development expenses | (846.328) | (519.340) |
| Other expenses | (39.404) | (56.443) |
| Operating profit | 16.796.369 | 4.623.322 |
| Finance income | 481.957 | 127.229 |
| Finance costs | (1.046.410) | (775.742) |
| Net finance costs | (564.453) | (648.513) |
| Share of profit of equity-accounted investees | 268.045 | - |
| Profit before tax | 16.499.961 | 3.974.809 |
| Income tax expense | (3.934.595) | (886.698) |
| Deferred tax | 56.604 | (328.163) |
| Profit for the period after tax | 12.621.970 | 2.759.948 |

Adjusted EBIT/EBITDA

For the three months ended March

| | 2024 | 2023 |
|--------------------------|-------------------|------------------|
| <i>in euro</i> | | |
| Profit after tax | 12.621.970 | 2.759.948 |
| Income tax expense | 3.934.595 | 886.698 |
| Deferred tax | (56.604) | 328.163 |
| Profit before tax | 16.499.961 | 3.974.809 |
| <i>Adjustments:</i> | 296.408 | 648.513 |
| EBIT | 16.796.369 | 4.623.322 |
| Non recurring items | 356.500 | - |
| Adjusted EBIT | 17.152.869 | 4.623.322 |
| Adjusted EBITDA | 17.678.938 | 5.012.477 |

Management presents the performance measure adjusted EBITDA because it monitors this performance measure at a consolidated level and believes that this measure is relevant to an understanding of 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 assets, gains from the revaluation of assets, the share of profit of equity-accounted investees and non-recurring expenses incurred. For the three-month period ended 31 March 2024 the non-recurring expenses include initial admission fees to the regulated market of Euronext Amsterdam.

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 three months ended March

| | 2024 | 2023 |
|-----------------------------------|-------------------|-------------------|
| <i>in euro</i> | | |
| Primary geographic markets | | |
| Europe | 62.955.235 | 23.104.956 |
| Asia | 4.081.423 | 705.404 |
| Americas | 7.753.161 | 3.280.362 |
| Oceania | 994.124 | - |
| | 75.783.943 | 27.090.722 |
| Major products | | |
| Night | 71.968.238 | 26.269.131 |
| Thermal | 2.755.164 | 80.680 |
| Misc | 528.431 | 42.288 |
| Other | 532.110 | 698.623 |
| | 75.783.943 | 27.090.722 |
| Total Revenue | 75.783.943 | 27.090.722 |

The Group has two divisions, night and thermal. Segmentation is based on the fact that the above range of products are managed separately, relevant devices have different technologies, components, characteristics, and are managed separately.

The Group has outstanding customer orders (backlog) which amount to €215,3 million as of 31 March 2024. This backlog is expected to be delivered and invoiced in the next 3-year period (2024-2026).

Cash flows

For the three months ended March

| | 2024 | 2023 |
|---|---------------------|--------------------|
| <i>in euro</i> | | |
| Cash flows from operating activities | | |
| Profit for the period after tax | 12.621.970 | 2.759.948 |
| Non cash items | 4.877.512 | 2.139.893 |
| | 17.499.482 | 4.899.841 |
| Changes in working capital: | | |
| (Increase) / Decrease in inventories | 4.068.181 | (6.176.723) |
| (Increase) / Decrease in trade and other receivables | (27.042.476) | 12.451.781 |
| Increase / (Decrease) in trade and other payables | (29.781.351) | (18.013.895) |
| Cash generated from operation activities | (35.256.164) | (6.838.996) |
| Income tax paid | (2.525.805) | (1.682.350) |
| Interest paid | (970.729) | (428.211) |
| Net cash (used in) / from operating activities | (38.752.698) | (8.949.557) |
| Cash flows from investing activities | | |
| Payments for non current assets | (2.475.146) | (1.796.760) |
| Proceeds from sale of non current assets | 3.629 | - |
| Proceeds from loans receivables | - | 7.522.567 |
| Dividends received | - | 4.584 |
| Interest received | 413.343 | 8 |
| Net cash flows (used in) / from investing activities | (2.058.174) | 5.730.399 |
| Cash flows financing activities | | |
| Repayment of borrowings | (23.493.358) | (14.178.071) |
| Proceeds from borrowings from financial institutions | 21.442.991 | 14.600.000 |
| Proceeds from government grants | - | 35.797 |
| Outflows of lease liabilities | (111.144) | (76.208) |
| Proceeds from issues of shares | 100.000 | - |
| Proceeds from IPO Listing | 93.917.316 | - |
| Net cash flows (used in) / from financing activities | 91.855.805 | 381.518 |
| Net decrease in cash and cash equivalents | 51.044.933 | (2.837.640) |
| Cash and cash equivalents at 1 January | 65.639.067 | 24.035.134 |
| Foreign exchange differences | (404.151) | (215.857) |
| Closing Cash and cash equivalents balance: | 116.279.849 | 20.981.637 |