

Semi - Annual Report 2024

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024



Table of Contents

BOARD OF DIRECTORS AND OTHER PRINCIPAL OFFICERS 3

Declaration by the Members of the Board of Directors and the Company Officials responsible for the drafting of the condensed consolidated interim financial statements	4
--	---

MANAGEMENT REPORT

Investment case summary	7
Business Model	8
Strategy for Growth	11
Financial review	13
Selected Performance, Capital Structure and Liquidity Indicators	18
Significant events for the six-month period ended 30 June 2024	19
Principal risks and uncertainties	21
Events after the reporting date	25

INDEPENDENT AUDITORS' REPORT 26

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (1/2) 30

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (2/2) 31

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 32

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 33

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS 34

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Reporting entity	36
2. Basis of preparation	37
3. Use of judgements and estimates	37
4. Adoption of new Standards, Interpretations, Revisions and Amendments to existing Standards by the European Union (EU)	38
a. New Standards, Interpretations, Revisions and Amendments to existing Standards adopted by the EU	38
b. Standards, Interpretations, Revisions and Amendments to existing Standards not endorsed by the EU	38
5. Segment information	39
6. Revenue	39
a. Disaggregation of revenue from contracts with customers	39
b. Seasonality of operations	39
7. Income and expenses	40
a. Other income	40
b. Expenses by nature	41
8. Net finance costs	42
9. Income tax and deferred tax	43
10. Earnings per share	44
a. Profit for the year after tax	44
b. Weighted – average number of ordinary shares (basic and diluted)	44
11. Property, plant and equipment	45
12. Intangible assets	45
13. Investment property	45
14. Equity-accounted investees	45
15. Inventories	45
16. Trade accounts receivable and other receivables	46
17. Other financial assets	47
18. Capital and reserves	49

19. Loans and borrowings and lease liabilities	50
20. Trade accounts payable and accrued and other current liabilities	51
21. List of subsidiaries and associates	52
22. Commitments & Contingencies	53
a. Guarantees	53
b. Tax liabilities	53
23. Related parties	54
a. Key Management personnel compensation	54
b. Other related party transactions	55
24. Financial risk Management	56
a. Credit risk	56
b. Liquidity risk	56
c. Interest rate risk	56
d. Currency risk	57
e. Price risk	57
f. Capital risk	57
25. Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA)	58
26. Subsequent events	59

Board of Directors and Other Principal Officers

Board of Directors:

Christianos Hadjiminias (Vice-Chairperson of the Board of Directors and Chief Executive Officer)
Kolinda Grabar-Kitarovic (appointed on 19 January 2024)
Stelios Anastasiou
Philippe Jean Mennicken (appointed on 19 January 2024)
Efsthios 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



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

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

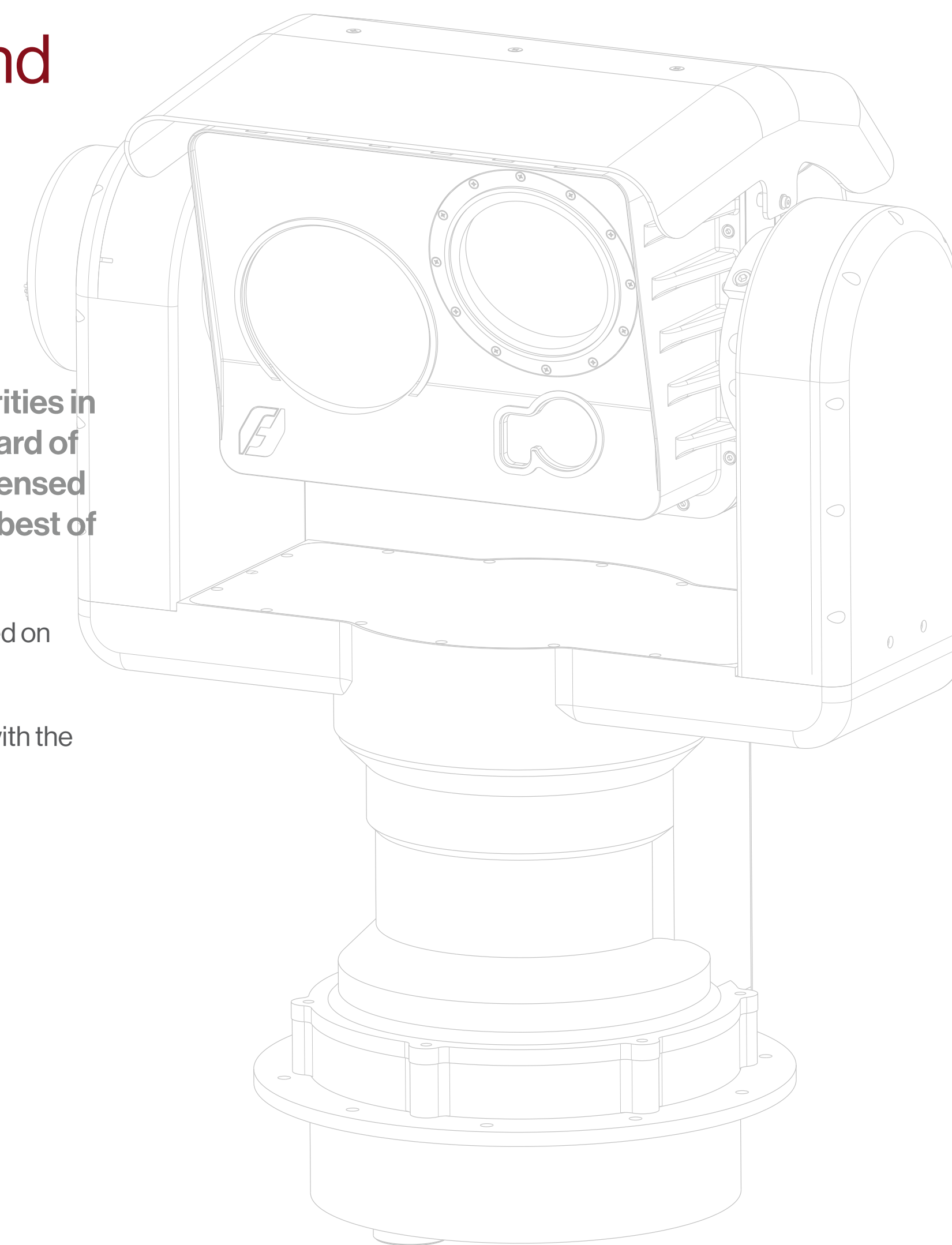
In accordance with subsections (3)(c) and (7) of Article 10 of the Transparency Requirements (Traded Securities in Regulated Markets) Law 190(I)/2007, as amended from time to time (the “Law”), we, the members of the Board of Directors, the Chief Financial Officer and the Chief Executive Officer responsible for the drafting of the condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”), confirm, to the best of our knowledge, that:

(a) the condensed consolidated interim financial statements of the Group for the six-month period ended 30 June 2024, that are presented on pages 30-59:

(i) have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union, and in accordance with the provisions of subsection (4) of Article 10, 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 includes a fair review of the information required by subsection (6) of Article 10, of the Law.





Signature

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

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

Stefos Anastasiou - Executive Director

Philippe Jean Mennicken - Business Development Director and Executive Director

Elisaveth 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, 6 September 2024

[Back to Tables of Contents](#)

Management Report

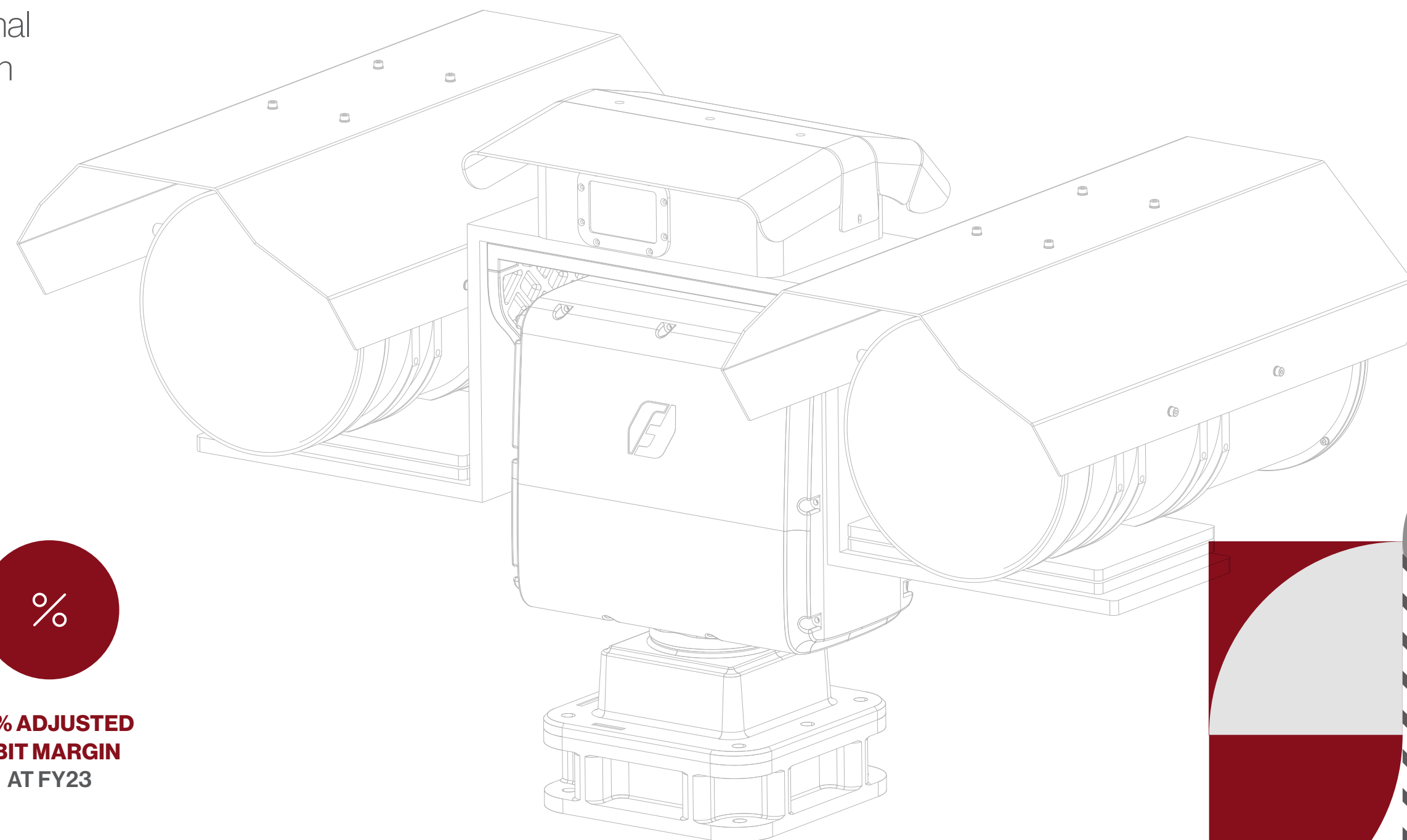
The Board of Directors of Theon International Plc (the “Company”) presents to the members its Management Report accompanied by the reviewed condensed consolidated interim financial statements of the Company and its subsidiaries (the “Group”) for the six-month period ended 30 June 2024, prepared in accordance with International Accounting Standard (“IAS 34”) Interim Financial Reporting as adopted by the European Union (EU).



Investment case summary

Theon is a leading developer and manufacturer of customizable night vision and thermal imaging systems for both dismounted and platform-based applications. It is focused on delivering operational superiority and safety through best-in-class products. Theon will continue growing globally, building on its successful track-record, both organically and through acquisitions.

Theon International Plc is listed on Euronext Amsterdam (**AMS: THEON**). It is also included in **Euronext Tech Leaders**' segment showcasing high-growth and leading tech companies.



Key Stats:



**>27 YEARS
OF EXPERTISE**



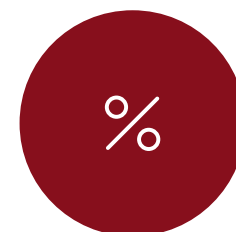
**CUSTOMERS IN
70 COUNTRIES**



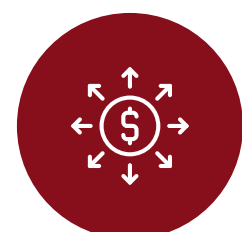
**170,000 SYSTEMS
MANUFACTURED
AND SOLD UNTIL
JUNE 2024**



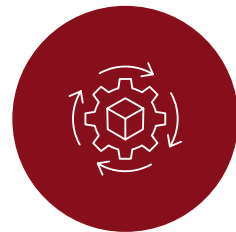
**~50% REVENUE CAGR
LAST 5 YEARS
(FY23: €218.7 M)**



**26% ADJUSTED
EBIT MARGIN
AT FY23**



**40% NET INCOME
PAID OUT AS FY23
DIVIDEND**



**1.3X COVERAGE RATIO
SOFT BACKLOG OVER
FY24 REVENUE
GUIDANCE**



**+11.5% FORECAST
GROWTH PER ANNUM
IN TOTAL ADDRESSABLE
MARKET**



**€94 M
IPO NET PROCEEDS
SUPPORTING
GROWTH STRATEGY**

Business Model

Theon's business model leverages its technological and engineering expertise with fully integrated processes, ranging from design and production to business development. This vertical integration allows for firm oversight of engineering and production, resulting in high-quality, cost-efficient solutions.

Key Competitive Advantages

Customization

Theon's ability to customize products is a key competitive advantage. Its fast-track design and prototyping procedure enable it to promptly respond to modification requests. This focus on customization has led to long-standing relationships globally, some spanning over 10 years.

Customer Engagement

Theon continuously engages in educating its clients, tendering and executing contracts, and improving its products based on clients' input and respective needs.

Business Model

The 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 with a diversified global customer base in multiple attractive markets, leading to high repeat business.

Attractive Operating Model

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

Strong Financial Profile

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

Technology

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

People & Culture

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

BOARD OF DIRECTORS AND OTHER PRINCIPAL OFFICERS

MANAGEMENT REPORT

INDEPENDENT AUDITORS' REPORT

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (1/2)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (2/2)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Business Model

Revenue Model

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

BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

**MANAGEMENT
REPORT**

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

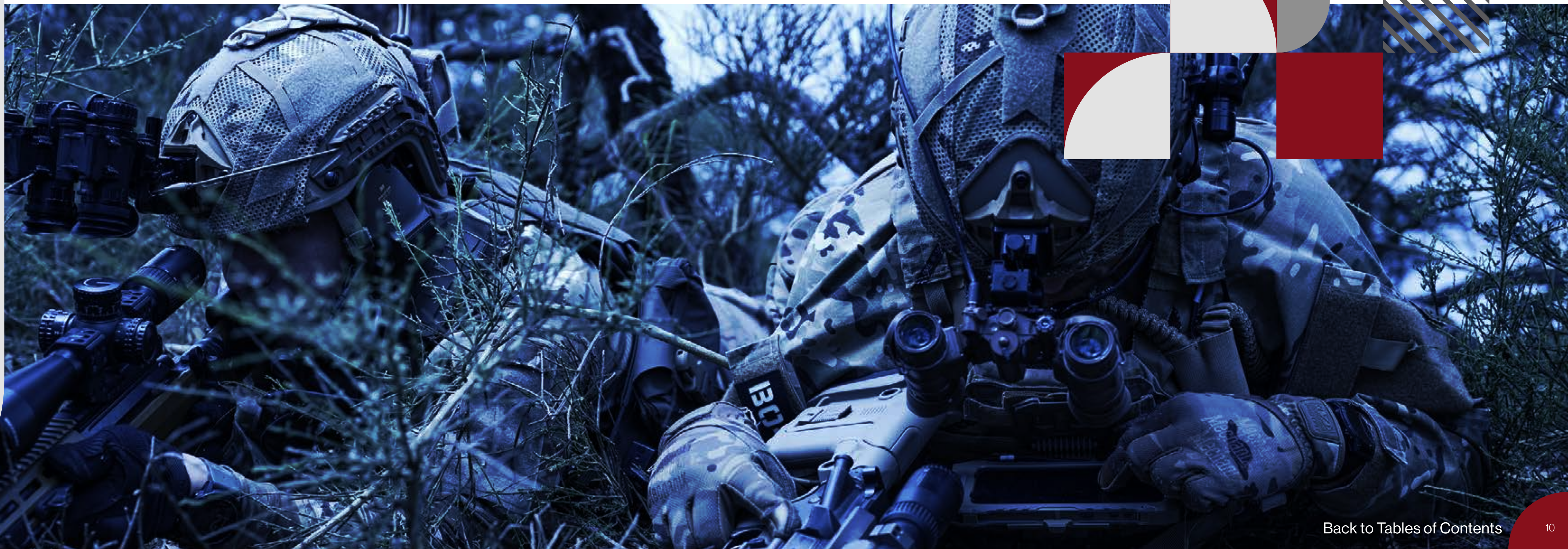
CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS



Strategy for Growth

Strong underlying market growth

Global defense spending is projected to increase by 5.2% annually from 2022 to 2027, due to the volatile geopolitical environment¹. Theon operates in the rapidly growing defense 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.

Growth in these addressable markets is further supported by major military spending programs, particularly in Europe, US and Middle East.

¹Source: Renaissance Strategic Advisors.

Strategy for Growth

Organic growth

ADJACENT PRODUCTS

Theon is currently designing more sophisticated products on top of its existing product set. This strategy is intended to help the company 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.

PRODUCT INNOVATION

Theon recently launched 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.

GEOGRAPHIC EXPANSION

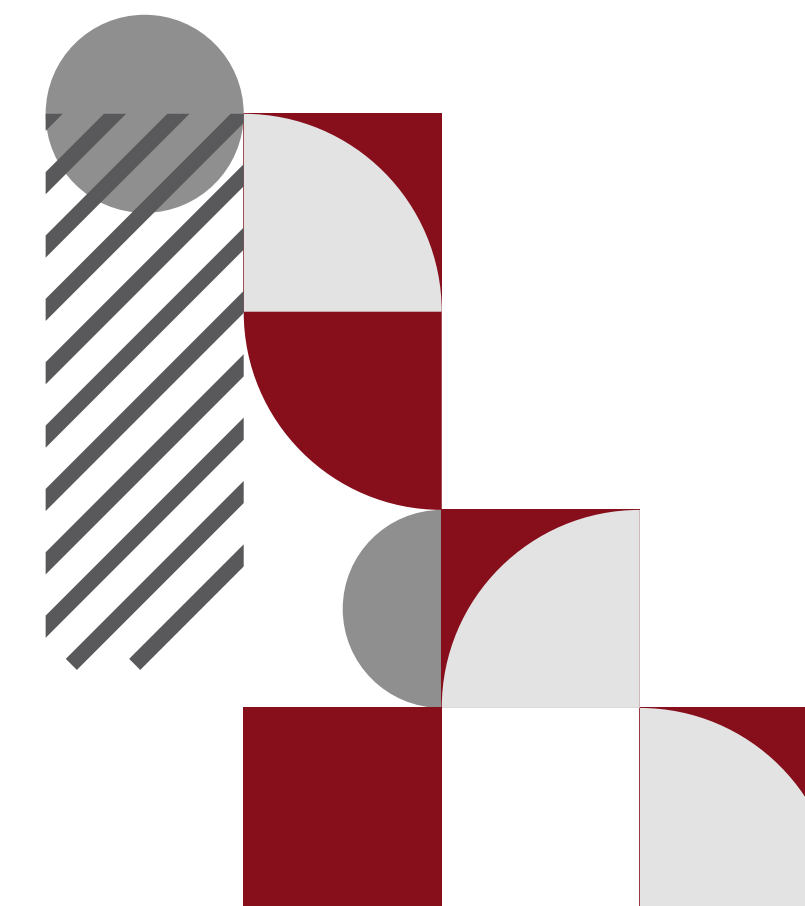
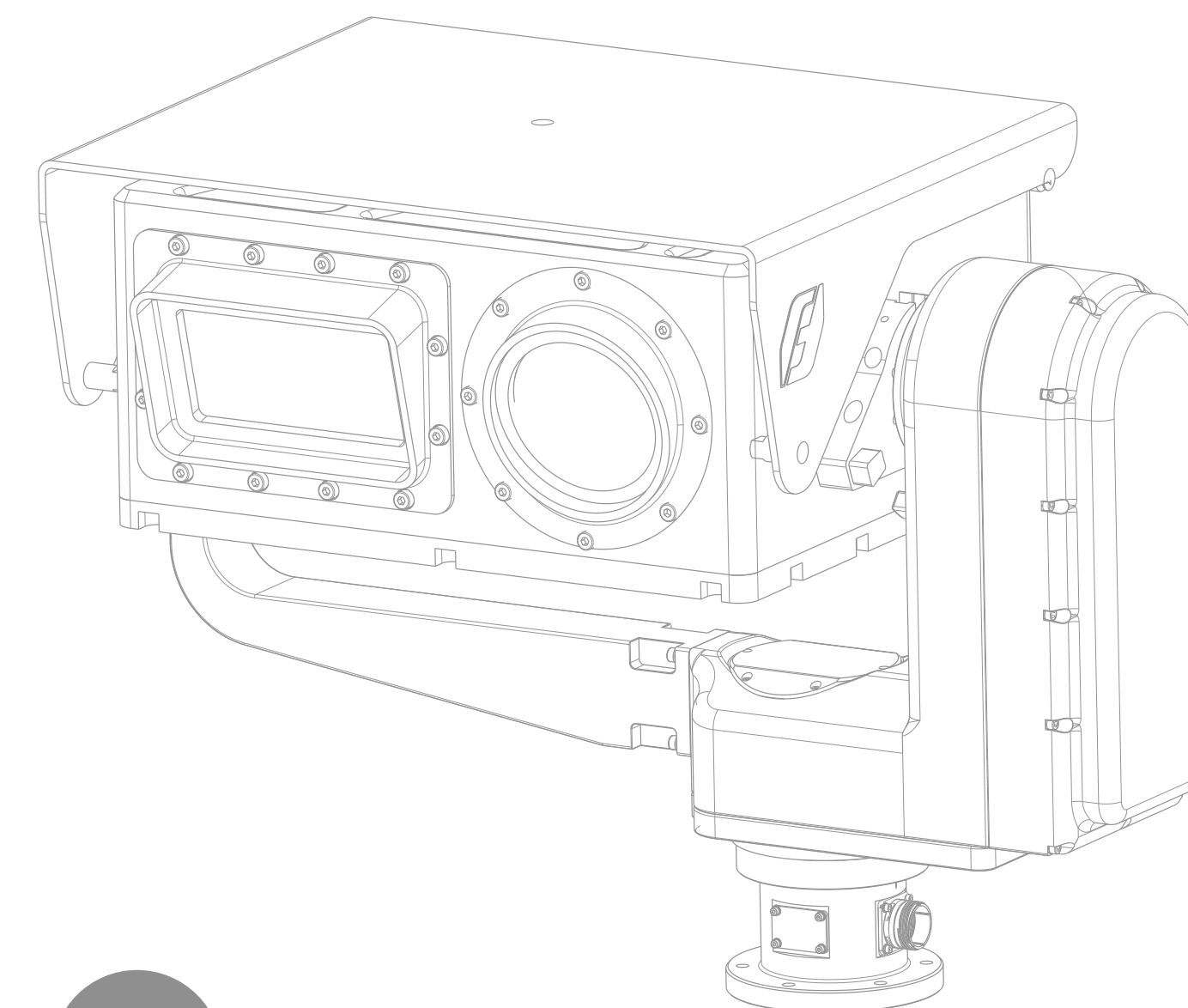
Theon has a strong global footprint, but there are significant opportunities to expand worldwide, both within Night Vision and within adjacent products, particularly in markets like the USA, the Middle East and the Far East.

Inorganic growth

The €94 million in net cash raised from the IPO 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.

In the core man-portable markets, 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.



Financial Review

Financial highlights

The Group's results for the six-month period ended 30 June 2024 are set out on page 32. The net profit for the period attributable to the shareholders of the Group amounted to €28.35 million (30 June 2023: €4.59 million). On 30 June 2024, the total assets of the Group were €322.97 million (31 December 2023: €210.52 million) and the net assets of the Group were €184.93 million (31 December 2023: €77.36 million).

Turnover amounted to €152.40 million (six-month period ended 30 June 2023: €58.45 million), while the operating profit for the period, was €36.35 million (six-month period ended 30 June 2023: €9.97 million).

The six-month period ended 30 June 2024 is characterized by a 160.73% increase in the topline, resulting in a substantial increase in Operating profit (264.55% increase compared to the six-month period ended 30 June 2023). Adjusted EBIT amounted to €36.93 million, showcasing a rise of 270.34% compared to the same period last year. This translates to an adjusted EBIT margin of 24.23%, a significant improvement from the 17.06% margin recorded in the six-month period ended 30 June 2023.

Night vision devices (accounting for 93% of total Revenue) rose from €53.9 million in the six-month period ended 30 June 2023 to €141.1 million in the six-month period ended 30 June 2024. This increase is attributed to the awarding of new contracts and the exercise of existing contracts' options. While Europe remains the leader in sales, all the other geographic markets have also experienced significant growth.

The Group maintains its focus on international markets, striving to capture even greater market share through innovative products and ongoing customer support. International markets continue to be a key priority of the Group with sales in the Greek market representing a mere 0.33% of the total turnover.

As at 30 June 2024, the soft backlog stands at €427.0 million, reflecting a decrease of 20.96% compared to €540.2 million on 31 December 2023. The soft backlog includes the remaining contract value of the existing and expected contracts.

Operating Cash Flow presents a decline from -€3.36 million in the six-month period ended 30 June 2023 to -€ 42.03 million in the six-month period ended 30 June 2024. This decrease is mainly attributed to a substantial increase in sales, resulting in a corresponding rise in receivables.

BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

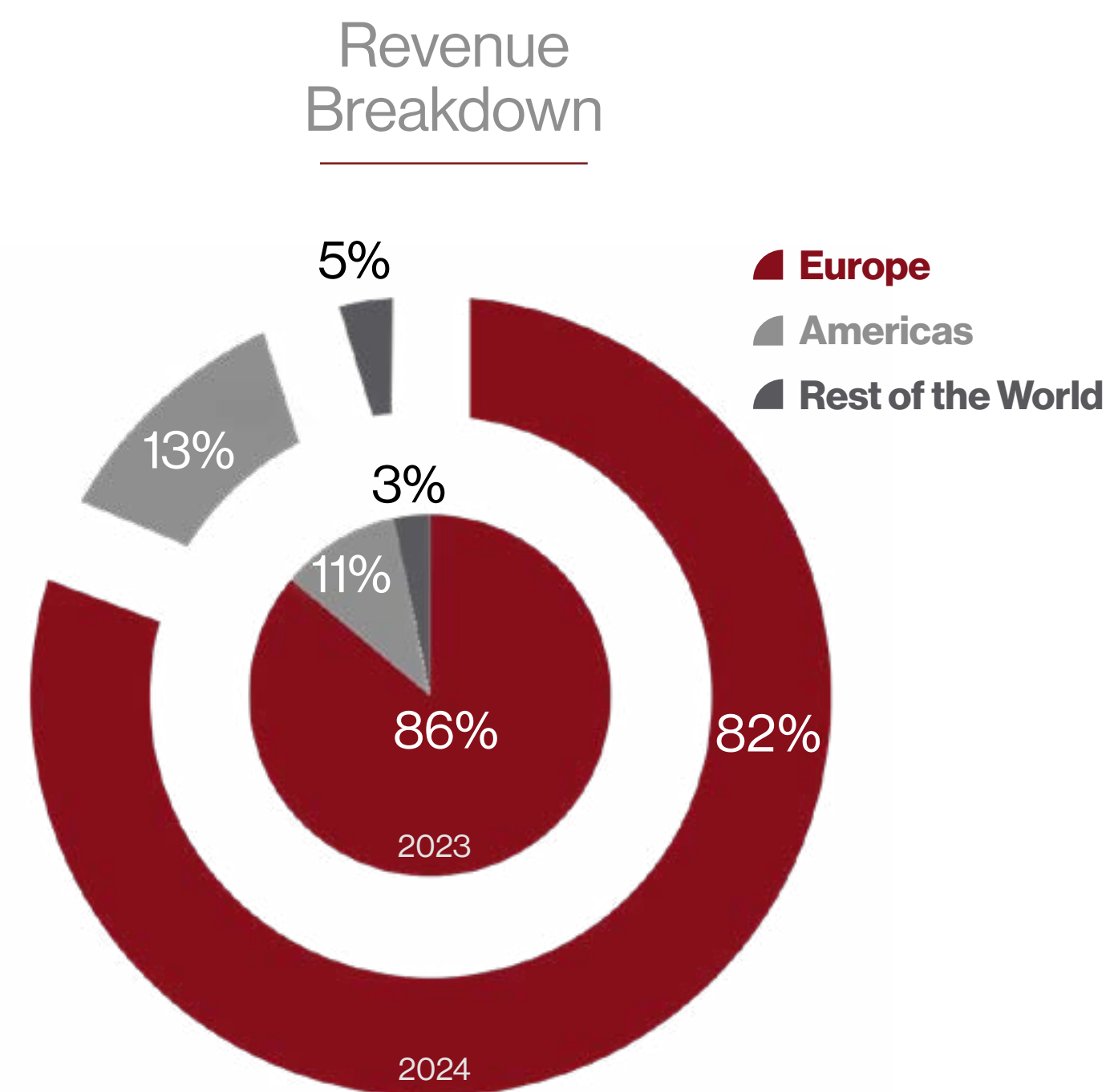
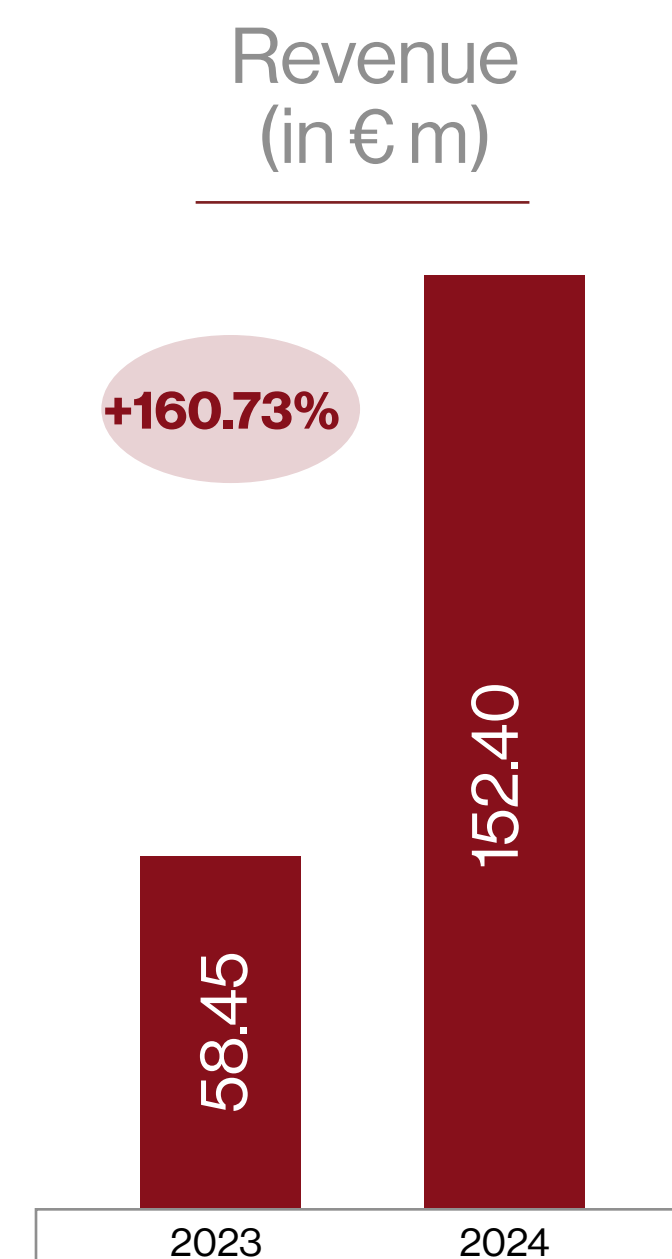
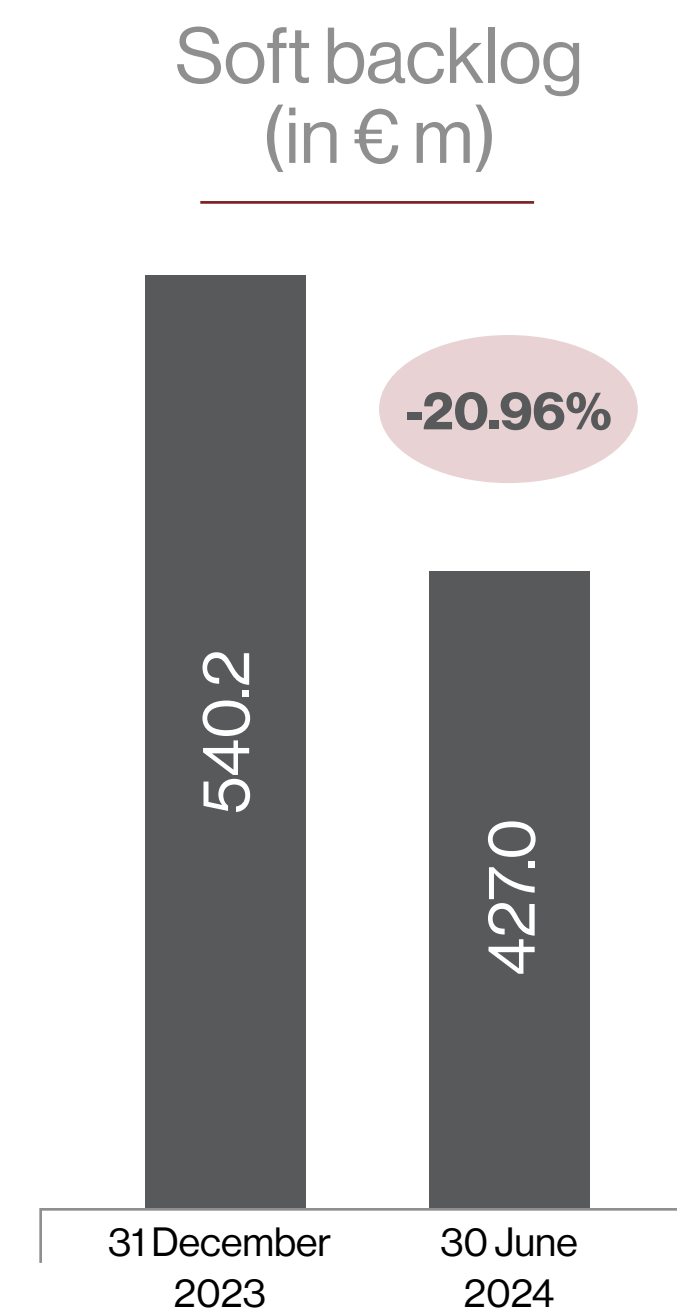
CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Financial highlights

For the six months ended June 2024 and 2023



BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

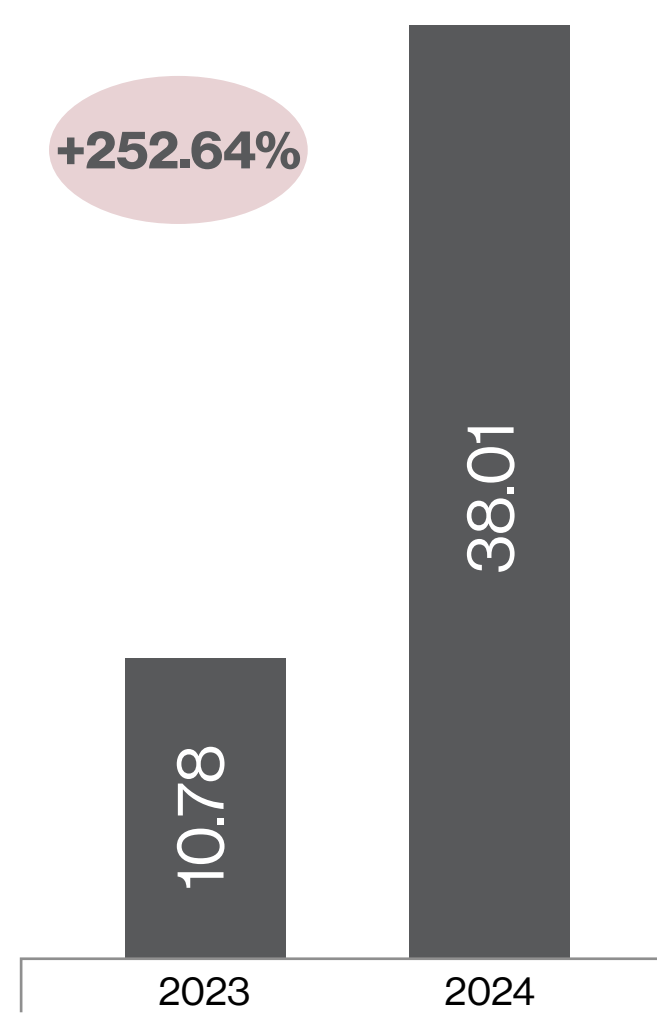
CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

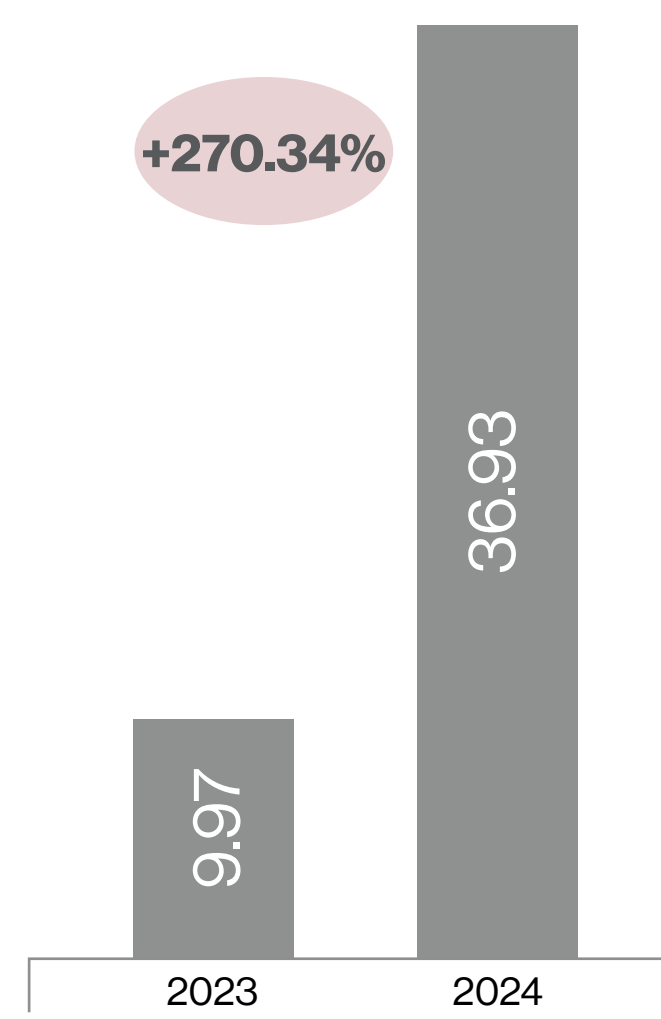
Financial highlights

For the six months ended June 2024 and 2023

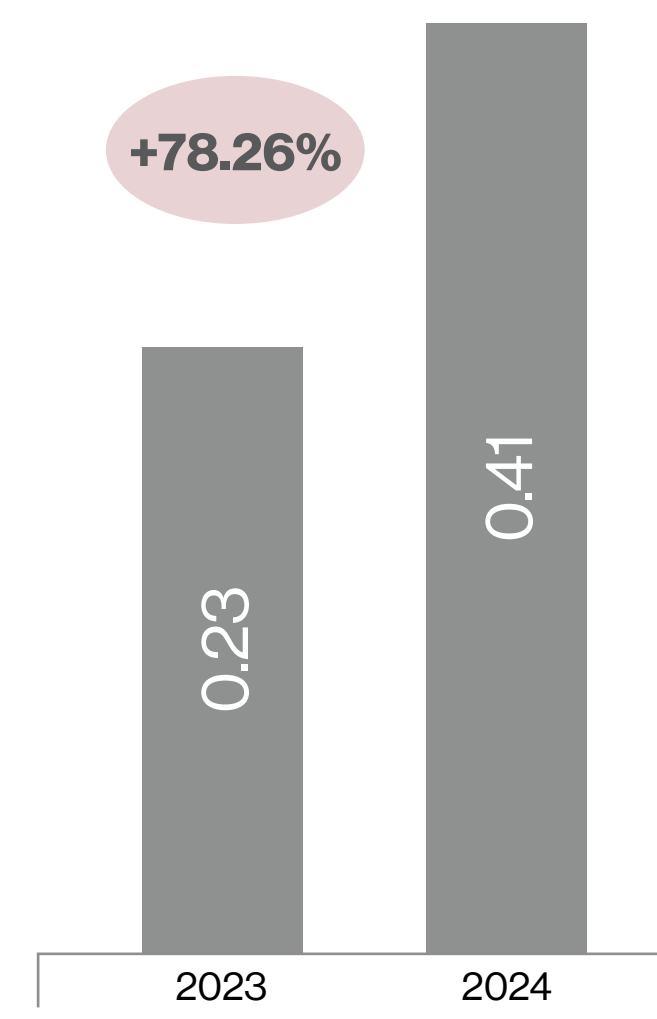
Adjusted EBITDA
(in € m)



Adjusted EBIT
(in € m)



Earnings per
Share*



*Total average number of shares on 30 June 2024: 69.166.667. As at 30 June 2023: 200.000. For comparative purposes the calculations were performed using a total number of 20.000.000 shares (accounting for the effect of the reverse split).

BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Financial highlights

The IPO proceeds resulted in an even lower leverage ratio (5.9%) in the six-month period ended 30 June 2024 compared to (0.1%) in the year ended 31 December 2023. The policy of the Board of Directors consists of the preservation of a solid capital base, 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 leverage ratio is mainly due to the Euronext Amsterdam IPO proceeds. Detailed information on the calculation of total capital employed and leverage ratio is available in Note 24.

Capital expenditure

The Group's total investments in the period from 1 January to 30 June 2024 amounted to €5.08 million. The Group's Management team will continue to dynamically implement the budgeted €10 million investment program in 2024, emphasizing automations in the production capacity and new systems as well as laboratories for the R&D department.

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 the six-month period ended 30 June 2024, the expenditure of the research and development department amounted to €2.08 million representing a 74.9% increase from the corresponding period of the previous year, which amounted to €1.19 million. This increase is attributed mainly to the recruitment of new engineers with high levels of training in different specialties employed for research and development of new products.

Share capital

Changes to share capital are disclosed in Note 18 of the condensed consolidated interim financial statements.

The tables included in Note 23 present the transactions and balances among the Group and its related parties as at 30 June 2024.

Dividends

On 14 June 2024, the Company, during its Annual General Meeting, approved a dividend distribution totaling € 14.44 million (six-month period ended 30 June 2023: nil).

Significant related party transactions

The commercial transactions of the Group with related parties during the first half of 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 on an arm's length basis, and will not participate in such transactions in the future. No transaction was made under any special terms and conditions.

Selected Performance, Capital Structure and Liquidity Indicators

For the six months ended 30 June

IN EURO

		2024		2023	
Return on Equity (ROE)	=	Net profit after tax	=	4,594,940	=
		Equity		69,013,298	
Adjusted EBITDA margin	=	Adjusted EBITDA	=	10,777,611	=
		Turnover		58,450,247	
Adjusted EBIT margin	=	Adjusted EBIT	=	9,972,162	=
		Turnover		58,450,247	
Debt ratio	=	Debt	=	36,217,672	=
		Debt + Equity		105,230,971	
Current ratio	=	Current assets	=	125,114,689	=
		Current liabilities		78,018,904	
ROCE	=	Adjusted EBIT	=	9,972,162	=
		Invested capital		72,607,642	
Quick Ratio	=	Current assets - inventories	=	68,736,719	=
		Current liabilities		78,018,904	

BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Significant events for the six-month period ended 30 June 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 six-month period ended 30 June 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.

Principal risks and uncertainties

Risks and risk management are integral aspects of the Group's operations. A thorough understanding of these risks and a 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 demands 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 24.



BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Business/Operational Risks

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

RISK MITIGATION:

The Group thoroughly observes and monitors the international economic and geopolitical evolutions and proceeds with necessary strategic adjustments that involve 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.

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.

RISK MITIGATION:

The Group considers it essential to ensure the application of 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.

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, which in turn requires competitive compensation and a fair corporate environment. In addition, the Group constantly examines new M&As opportunities to expand its technology.

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

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 also maintains an asset monitoring system operating around-the-clock, protecting its IT infrastructure.

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 recognized, 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. The Group's operations are subject to complex and volatile regulatory environment.

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, solutions and support when bespoke solutions are required.



Events after the reporting date

- In July 2024, 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.
- In July 2024, the Group, through Theon International Plc, entered into an investment agreement to acquire 100% of the shares of FOCUS OPTECH CO. LTD, a company incorporated under the laws of South Korea. The transaction is expected to take place in the second half of 2024 for a total consideration of up to €356 thousand.
- In September 2024, the Group ratified and approved the acquisition of 60% of the shares and voting rights, by way of share capital subscription, in Harder Digital Ingenieur- und Industriegesellschaft mbH, Woltersdorf of Germany for the amount of up to €34 million, on terms and conditions to be agreed upon. This transaction is subject to regulatory approvals and is expected to be completed towards the end of 2024.

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



CEO & Vice Chairman of the Board of Directors

Christianos Hadjiminias

Nicosia, 6 September 2024

Independent Auditors' Report





BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

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 AUDITORS' REPORT ON REVIEW OF CONDENSED
CONSOLIDATED INTERIM FINANCIAL STATEMENTS
TO THE BOARD OF DIRECTORS OF THEON INTERNATIONAL PLC**

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Theon International PLC (the "Company") and its subsidiaries (the "Group") for the six month period ended 30 June 2024, which comprise of the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended, and notes to the condensed consolidated interim financial statements.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG Limited, is a private company limited by shares, registered in Cyprus, under registration number HE 152622 with its registered office at 14, Esperidon Street, 1087, Nicosia, Cyprus.

Limassol
P.O. Box 50161, 1601
T: +357 25 829000
F: +357 25 343642

Larnaca
P.O. Box 40075, 6100
T: +357 24 200000
F: +357 24 200000

Paphos
P.O. Box 30288, 8101
T: +357 26 243050
F: +357 26 045062

Panormia / Ayia Napa
P.O. Box 32950, 6501
T: +357 24 800000
F: +357 23 500004

Prata Chrysochous
P.O. Box 66014, 6230
T: +357 26 322000
F: +357 26 322002

[Back to Tables of Contents](#)



BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements as at 30 June 2024 are not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

KPMG Limited

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

6 September 2024

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024



BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

**CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)**

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

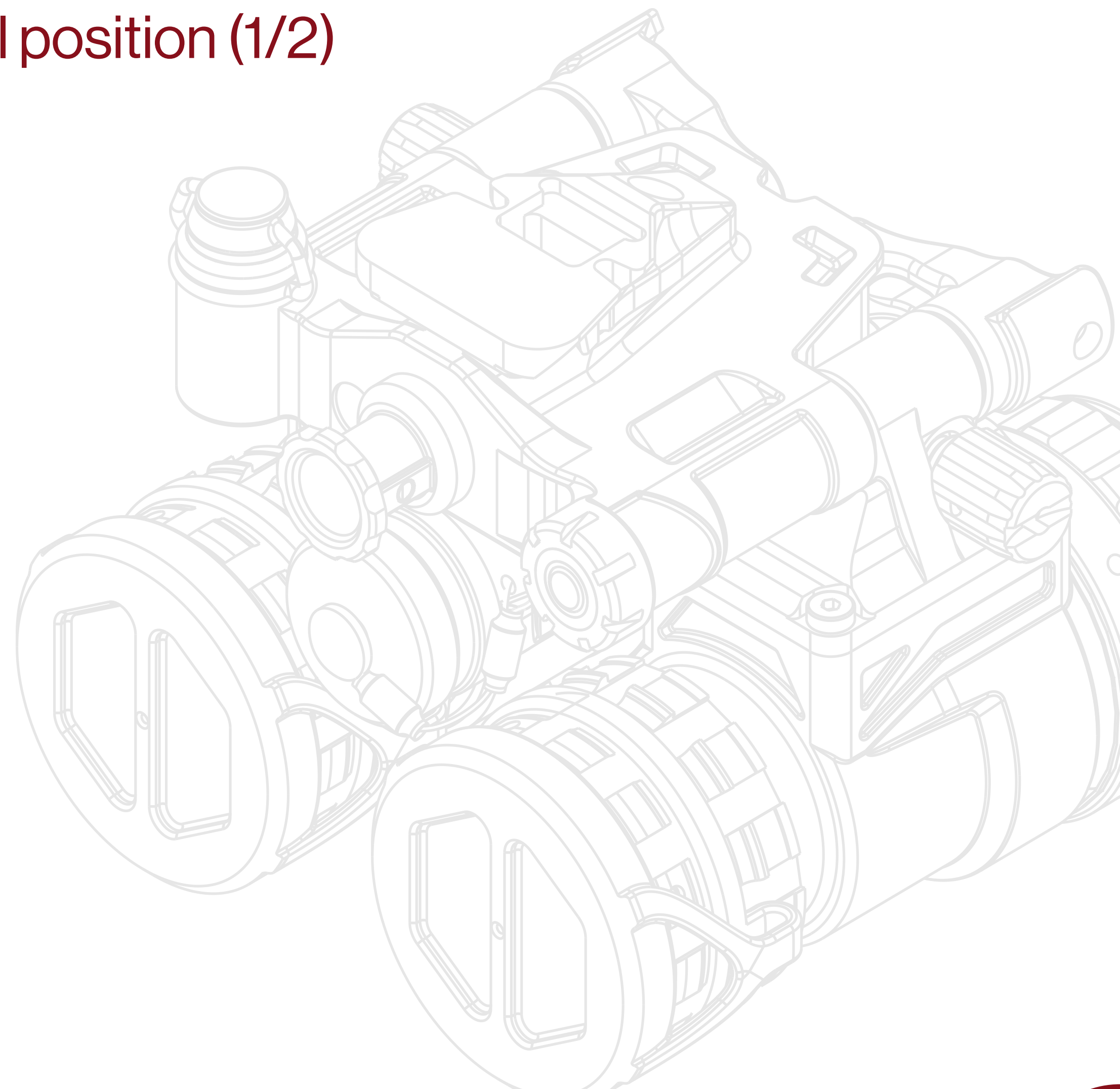
CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Condensed consolidated statement of financial position (1/2)

IN EURO	Note	30 June 2024	31 December 2023
Assets			
Property plant and equipment	11.	21,355,256	17,358,467
Intangible assets	12.	1,740,981	1,470,095
Right of use assets		1,082,792	908,907
Investment property	13.	676,430	703,802
Investment in associates	14.	2,247,764	1,099,085
Other non-current assets		156,024	150,932
Deferred tax assets		332,955	48,258
Non-current assets		27,592,202	21,739,546
Inventories	15.	76,484,894	63,613,462
Trade accounts receivable	16.	84,121,114	46,087,790
Other receivables	16.	8,041,607	10,977,857
Other financial assets	17.	245,280	208,156
Prepayments		1,592,973	2,255,011
Term deposits	24a.	40,000,000	-
Cash and cash equivalents	24a.	84,889,590	65,639,067
Current assets		295,375,458	188,781,343
Total assets		322,967,660	210,520,889

The notes on pages 36-59 are an integral part of the condensed consolidated interim financial statements.



Condensed consolidated statement of financial position (2/2)

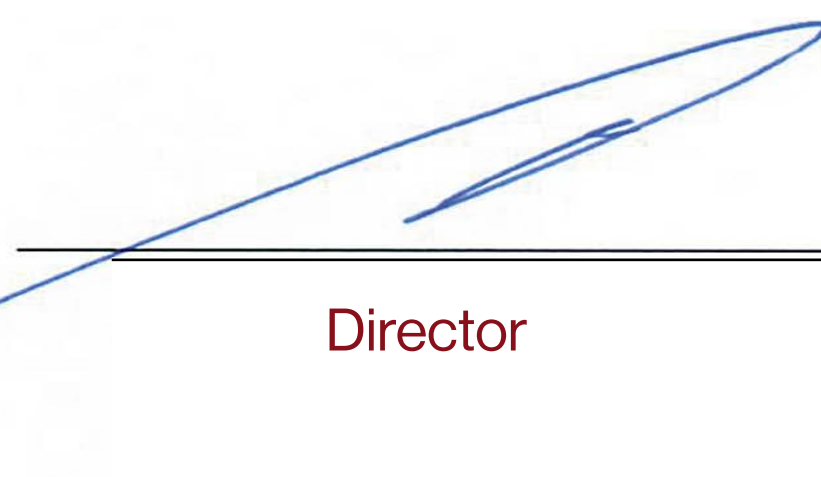
IN EURO	Note	30 June 2024	31 December 2023
Equity			
Share Capital	18.	700,000	600,000
Capital Reserve	18.	93,917,316	-
Merger Reserve		(27,937,057)	(27,937,057)
Reserves		118,251,523	104,694,565
Equity attributable to the owners of the Company		184,931,782	77,357,508
Liabilities			
Loans and borrowings	19.	36,924,797	25,521,669
Amount owed for share buy-back	18.	3,458,657	6,656,157
Provision for staff retirement indemnities		217,560	198,320
Lease liabilities	19.	620,651	564,634
Government grants		83,757	128,257
Non-current liabilities		41,305,422	33,069,037
Trade accounts payable	20.	27,296,480	41,811,689
Lease liabilities	19.	470,676	401,526
Loans and borrowings	19.	22,708,869	25,391,700
Amount owed for share buy-back	18.	7,433,855	6,984,086
Contract liabilities		2,942,931	5,240,112
Income tax payable		13,717,747	7,974,569
Accrued and other current liabilities	20.	22,159,898	12,290,662
Current liabilities		96,730,456	100,094,344
Total liabilities		138,035,878	133,163,381
Totral equity and liabilities		322,967,660	210,520,889

On 6 September 2024, the Board of Directors of Theon International PLC authorized the issuance of these condensed consolidated interim financial statements.



CEO & Vice Chairman
of the Board of Directors

Christianos Hadjiminias



Director

Stelios Anastasiou

The notes on pages 36-59 are an integral part of the condensed consolidated interim financial statements.

BOARD OF
DIRECTORS AND
OTHER PRINCIPAL
OFFICERS

MANAGEMENT
REPORT

INDEPENDENT
AUDITORS' REPORT

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(1/2)

CONDENSED
CONSOLIDATED
STATEMENT OF
FINANCIAL POSITION
(2/2)

CONDENSED
CONSOLIDATED
STATEMENT
OF PROFIT OR LOSS
AND OTHER
COMPREHENSIVE
INCOME

CONDENSED
CONSOLIDATED
STATEMENT
OF CHANGES IN
EQUITY

CONDENSED
CONSOLIDATED
STATEMENT
OF CASH FLOWS

NOTES TO THE
CONDENSED
CONSOLIDATED
INTERIM FINANCIAL
STATEMENTS

Condensed consolidated statement of profit or loss and other comprehensive income

For the six months ended 30 June

IN EURO	Note	2024	2023
Revenue	6.	152,397,510	58,450,247
Cost of sales	7b.	(105,726,429)	(41,894,980)
Gross profit		46,671,081	16,555,267
Other income	7a.	306,474	267,208
Administrative expenses	7b.	(6,584,846)	(4,516,958)
Selling and distribution expenses	7b.	(1,693,634)	(1,073,687)
Research and development expenses	7b.	(2,075,251)	(1,186,264)
Impairment loss on trade receivables	16.	(150,000)	-
Other expenses		(120,077)	(73,404)
Operating profit		36,353,747	9,972,162
Finance income		3,071,754	588,988
Finance costs		(3,955,826)	(2,009,222)
Net finance costs	8.	(884,072)	(1,420,234)
Share of profit of equity-accounted investees	14.	1,148,679	61,902
Profit before tax		36,618,354	8,613,830
Income tax expense	9.	(8,556,788)	(3,380,338)
Deferred tax	9.	284,697	(638,552)
Profit for the period after tax		28,346,263	4,594,940

IN EURO	Note	2024	2023
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Merger Reserve		-	14,154
		-	14,154
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation reserves		(351,071)	140,272
		(351,071)	140,272
Other comprehensive income for the period, net of tax		(351,071)	154,426
Total comprehensive income for the period		27,995,192	4,749,366
Earnings per share			
Basic earnings per share	10.	0.41	0.23
Diluted earnings per share	10.	0.41	0.23
Adjusted earnings before interests, tax, depreciation and amortisation (Adj EBITDA)	25.	38,006,101	10,777,611

The notes on pages 36-59 are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of changes in equity

For the six months ended 30 June

IN EURO	Note	Share Capital	Capital Reserve	Legal Reserve	Other Reserves	Foreign Exchange reserve	Merger Reserve	Retained Earnings	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
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	4,594,940	4,594,940
Other comprehensive income		-	-	-	-	140,272	14,154	-	154,426
Total comprehensive income for the period		-	-	-	-	140,272	14,154	4,594,940	4,749,366
Balance at 30 June 2023		200,000	-	2,666,034	3,603,943	807,831	(27,933,244)	89,668,734	69,013,298
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
Total comprehensive income for the period									
Profit for the period		-	-	-	-	-	-	28,346,263	28,346,263
Other comprehensive income		-	-	-	-	(351,071)	-	-	(351,071)
Total comprehensive income for the period		-	-	-	-	(351,071)	-	28,346,263	27,995,192
Transactions with owners of the Company									
Issue of ordinary shares	18.	100,000	99,900,000	-	-	-	-	-	100,000,000
Qualifying costs attributable to equity transactions	18.	-	(5,982,684)	-	-	-	-	-	(5,982,684)
Dividends	18.	-	-	-	-	-	-	(14,438,234)	(14,438,234)
Total transactions with owners of the Company		100,000	93,917,316	-	-	-	-	(14,438,234)	79,579,082
Balance at 30 June 2024		700,000	93,917,316	4,096,574	3,603,943	2,179,635	(27,937,057)	108,371,371	184,931,782

The notes on pages 36-59 are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June

IN EURO	Note	2024	2023
Cash flows from operating activities			
Profit for the period after tax		28,346,263	4,594,940
Adjustments for:			
Depreciation of property, plant and equipment	11.	742,803	570,389
Depreciation of right of use assets		234,928	153,428
Depreciation of investment property	13.	34,386	-
Amortisation of intangible assets	12.	62,763	81,632
Impairment / (Reversal of impairment) of receivables	16.	150,000	(2,160)
Reversal of impairment of equity accounting investees	14.	-	30,954
Gains on disposal of tangible assets	7a.	(3,177)	-
Impairment of inventory	15.	532,682	242,758
Amortization of grants		(152)	-
Losses from valuation of forward contracts	17.	48,988	-
Fair value gains on financial assets at fair value through profit or loss	17.	(86,112)	(172,981)
Dividend Income		-	(4,584)
Foreign Exchange (gain)/losses	8.	(392,848)	166,112
Share of profit of equity-accounted investee, net of tax	14.	(1,148,679)	(61,902)
Finance cost net	8.	1,363,032	1,427,103
Tax expense	9.	8,272,091	4,018,890
		38,156,968	11,044,579

IN EURO	Note	2024	2023
Changes in:			
Increase in inventories	15.	(13,404,114)	(22,599,154)
Decrease / (Increase) in prepayments		662,038	(397,499)
Decrease / (Increase) in trade and other receivables	16.	(35,252,166)	25,843,914
(Decrease) / Increase in trade and other payables	20.	(25,376,321)	(6,318,033)
Provision for staff retirement indemnities		19,240	11,658
(Decrease) / Increase in contract liabilities		(2,297,181)	(8,408,798)
Cash generated used in operation activities		(37,491,536)	(823,333)
Income tax paid		(2,813,610)	(1,548,308)
Interest paid		(1,722,176)	(987,603)
Net cash used in operating activities		(42,027,322)	(3,359,244)

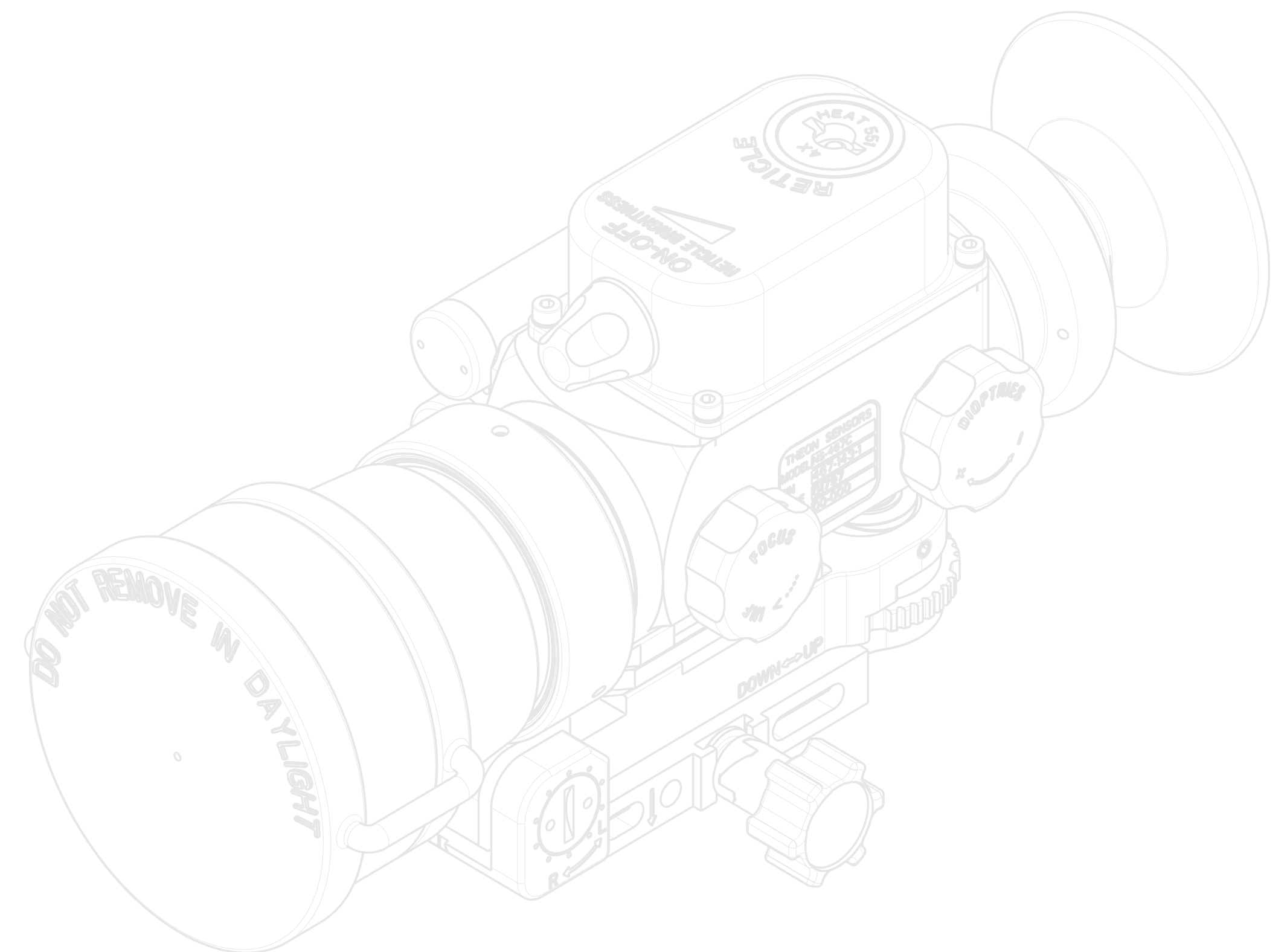
The notes on pages 36-59 are an integral part of the condensed consolidated interim financial statements.

Condensed consolidated statement of cash flows

For the six months ended 30 June

IN EURO	Note	2024	2023
Cash flows from investing activites			
Payments for property, plant and equipment	11.	(4,740,044)	(3,265,391)
Payments for investment property		(7,014)	-
Payments for intangible assets	12.	(333,649)	(285,276)
Payments for financial assets at fair value	17.	-	(5,566,418)
Proceeds from sale of tangible and intangible assets		3,629	-
Investment in term deposits	24a.	(40,000,000)	-
Loans to related parties		-	(1,172,542)
Dividends received		-	4,584
Interest received		1,292,506	141,430
Net cash flows used in investing activities		(43,784,572)	(10,143,613)
Cash flows from financing activities			
Repayment of borrowings		(60,256,209)	(34,297,544)
Proceeds from borrowings from financial institutions		69,139,955	35,630,000
Outflows of lease liabilities		(259,258)	(154,659)
Proceeds from share capital increase	18.	100,000,000	-
Repayment of share buy back aggreement		(3,211,000)	-
Net cash flows from financing activities		105,413,488	1,177,797
Net increase / (decrease) in cash and cash equivalents		19,601,594	(12,325,060)
Cash and cash equivalents at 1 January		65,639,067	24,035,135
Foreign exchange differences		(351,071)	140,272
Closing Cash and cash equivalents balance at 30 June		84,889,590	11,850,347

The notes on pages 36-59 are an integral part of the condensed consolidated interim financial statements.



Notes to the condensed consolidated interim 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, incorporated in Switzerland. The acquisition agreements were concluded on 27 August 2021. Theon Sensors AG is the sole shareholder of the following companies:

- Theon Sensors SA, Greece (100%),
- Theon Sensors MEA FZC, United Arab Emirates (99%),
- Theon Deutschland GmbH, Germany (100%),
- Theon Sensors Far East Long Ltd., Singapore (100%) and
- Theon Sensors USA Inc, USA (100%).

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 armored vehicles;
- Night vision and thermal imaging systems for vehicles and digital platforms.

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.

On 7 February 2024, the Group listed its shares on the regulated market of Euronext Amsterdam, achieving one of the first IPOs (Initial Public Offerings) in Europe for the year 2024. 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 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. The net IPO proceeds amounted to €93.9 million, designated for strategic acquisitions within the defense sector. This allocation aims to bolster the group’s upward trajectory.

Notes to the condensed consolidated interim financial statements

2. Basis of preparation

These condensed consolidated interim financial statements for the six-month period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by EU and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2023 ("last annual financial statements"). They do not include all the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the last annual financial statements.

The condensed consolidated interim financial statements have been prepared in accordance with the historical cost or deemed cost principle, except the provision for staff retirement indemnities and 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, considering the materiality of the information, and applying the accrued revenues and expenses principle. They are presented in euros. All amounts have been rounded to zero decimal places, unless otherwise indicated.

GOING CONCERN

The Management assesses the Group's financial position in relation to the risks it 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 financial statements. The Management considers that the condensed consolidated interim 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.

3. Use of judgements and estimates

In preparing these condensed consolidated interim financial statements, the Management has exercised judgement, made estimates and used assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from estimated.

The significant judgements and assumptions made by the 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 financial statements.

Notes to the condensed consolidated interim financial statements

4. 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. These Amendments and Interpretations did not have a significant impact on the financial statements of the Group.

The following Standards, amendments and interpretations have been issued from International Accounting Standards Board (IASB), have been adopted by the EU and they are effective from annual periods beginning on or after 1st January 2024.

A. NEW STANDARDS, INTERPRETATIONS, REVISIONS AND AMENDMENTS TO EXISTING STANDARDS ADOPTED BY THE EU

• **IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants** (effective for annual periods beginning on or after 1 January 2024)

• **IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024)

• **IAS 7 Statement of Cash Flows (Amendments) and IFRS 7 Financial Instruments: Disclosures (Amendments) – Supplier Finance Arrangements** (effective for annual periods beginning on or after 1 January 2024)

B. STANDARDS, INTERPRETATIONS, REVISIONS AND AMENDMENTS TO EXISTING STANDARDS NOT ENDORSED BY THE EU

The following New Standards, Amendments and Interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods starting 1 January 2024.

• **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)

• **IFRS 18 Presentation and Disclosure in Financial Statements** (effective for annual periods beginning on or after 1 January 2027)

• **IFRS 19 Subsidiaries without Public Accountability: Disclosures** (effective for annual periods beginning on or after 1 January 2027)

• **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)

• **Annual Improvements to IFRS Accounting Standards - Volume 11** (effective for annual periods beginning on or after 1 January 2026)

• **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 Board of Directors expects that the adoption of these standards or interpretations in future periods will not have material effect on the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

5. 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 the 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 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 6.

6. 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 six months ended 30 June

IN EURO	2024	2023
Primary geographic markets		
Europe	124,246,609	50,458,407
Asia	7,118,559	1,659,760
Americas	20,028,819	6,328,255
Oceania	1,003,523	3,825
	152,397,510	58,450,247
Major products categories		
Night	141,088,795	53,871,084
Thermal	9,588,645	3,390,195
Miscellaneous	686,645	-
Other	1,033,425	1,188,968
	152,397,510	58,450,247
Timing of revenue recognition		
Products transferred at a point in time	151,527,330	58,450,247
Products and services transferred over time	870,180	-
	152,397,510	58,450,247
Revenue from contracts with customers	152,397,510	58,450,247
	152,397,510	58,450,247
Total Revenue	152,397,510	58,450,247

The 160.73% increase is due to the awarding of new contracts and the exercise of options on existing contracts. 3 European customers (29%, 17% and 15% respectively) individually comprise more than 10% of total revenue in the six-month period ended 30 June 2024 regarding mainly Night vision products (six- month period ended 30 June 2023: 1 European customer accounting for 51% for Night vision products).

The “Other” category encompasses services and spare parts, while the “Miscellaneous” category includes any products that do not fit within the other defined categories.

B. SEASONALITY OF OPERATIONS

The Group's revenues typically exhibit seasonal fluctuations due to the timing of government budget authorizations, which are approved at the end of the previous year and become operational after the first quarter of the following year. However, owing to the robust backlog the Group has secured, revenue distribution is expected to be more balanced across all four quarters moving forward.

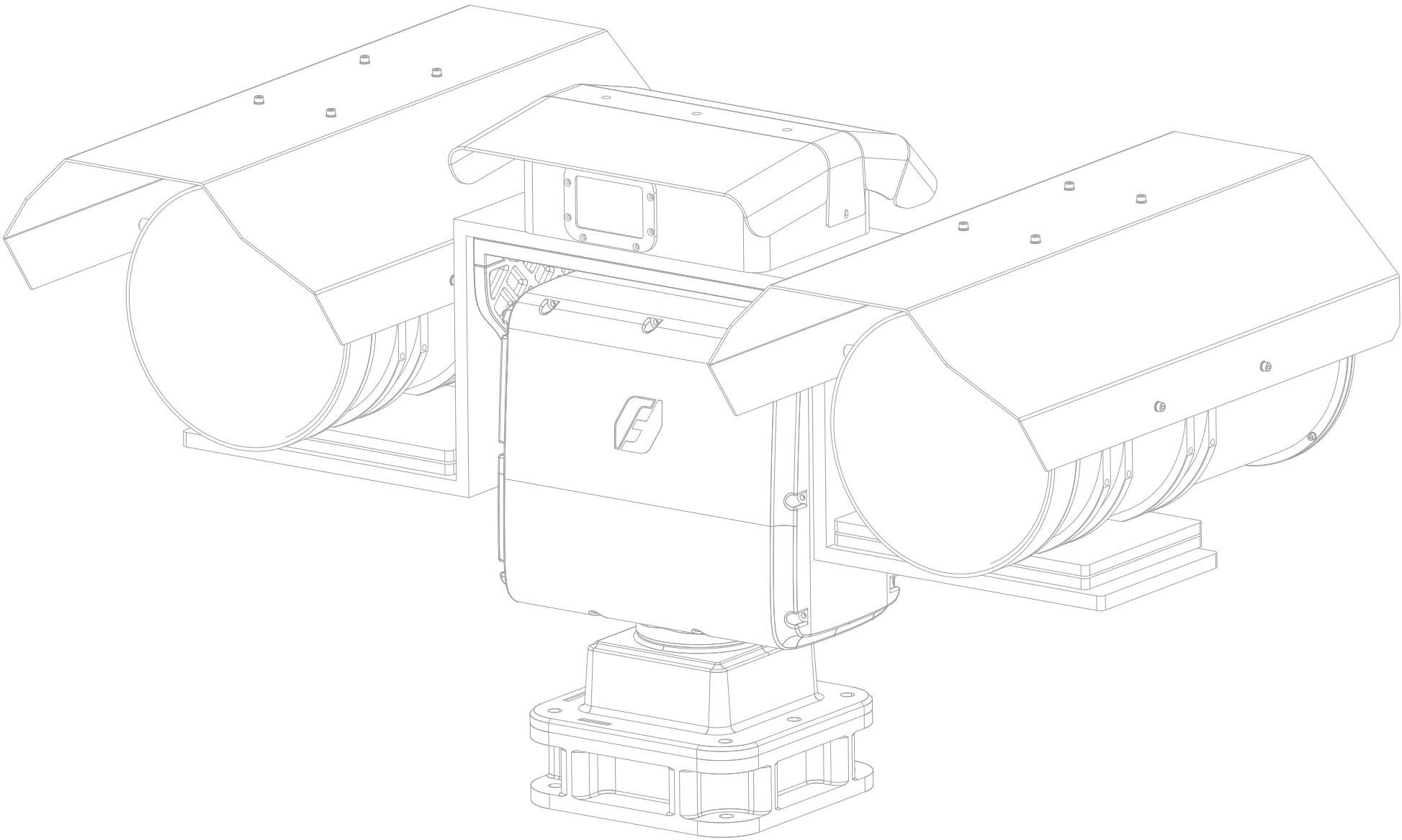
Notes to the condensed consolidated interim financial statements

7. Income and expenses

A. OTHER INCOME

For the six months ended 30 June

IN EURO	2024	2023
Subsidies received	98,017	47,229
Unused provisions	100,077	17,764
Various revenues from sales	328	418
Gains from disposal of property, plant and equipment	3,177	-
Income from rent	51,336	75,667
Other income	53,539	126,130
Total	306,474	267,208



Notes to the condensed consolidated interim financial statements

7. Income and expenses

B. EXPENSES BY NATURE

For the six months ended 30 June

IN EURO	2024	2023
Change in inventories	(96,192,162)	(35,444,661)
Employee wages and salaries and other benefits	(7,277,704)	(4,599,033)
Third party remuneration and expenses	(7,738,094)	(4,666,364)
Taxes & duties	(84,795)	(45,327)
Depreciation & amortisation	(1,074,880)	(805,449)
Foreign exchange losses / (gains)	106,639	(267,685)
Sundry expenses	(2,463,663)	(1,793,944)
Transportation expenses	(630,456)	(523,219)
Travelling expenses	(725,045)	(526,207)
Total cost of sales, administrative, selling and distribution and research and development expenses	(116,080,160)	(48,671,889)

Third-party remuneration and expenses mainly consist of production subcontracting fees and sales commissions paid to agents. They also include €577,474 non-recurring expenses of which €356,500 concern initial admission fees to the Euronext stock exchange in Amsterdam. A 65.83% increase in third-party 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 period. Additionally, a substantial portion of this increase is due to the acquisition of subscription fees for advanced software tools.

The increase of €669,719 in sundry expenses is primarily due to the write-off of damaged goods and warranty provisions mainly related to sold products.

As of 30 June 2024, the Group employed 351 employees, compared to 264 on 30 June 2023, resulting in an increase in employee wages, salaries and other benefits of €2.7 million.

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 the six-month period ended 30 June 2024.

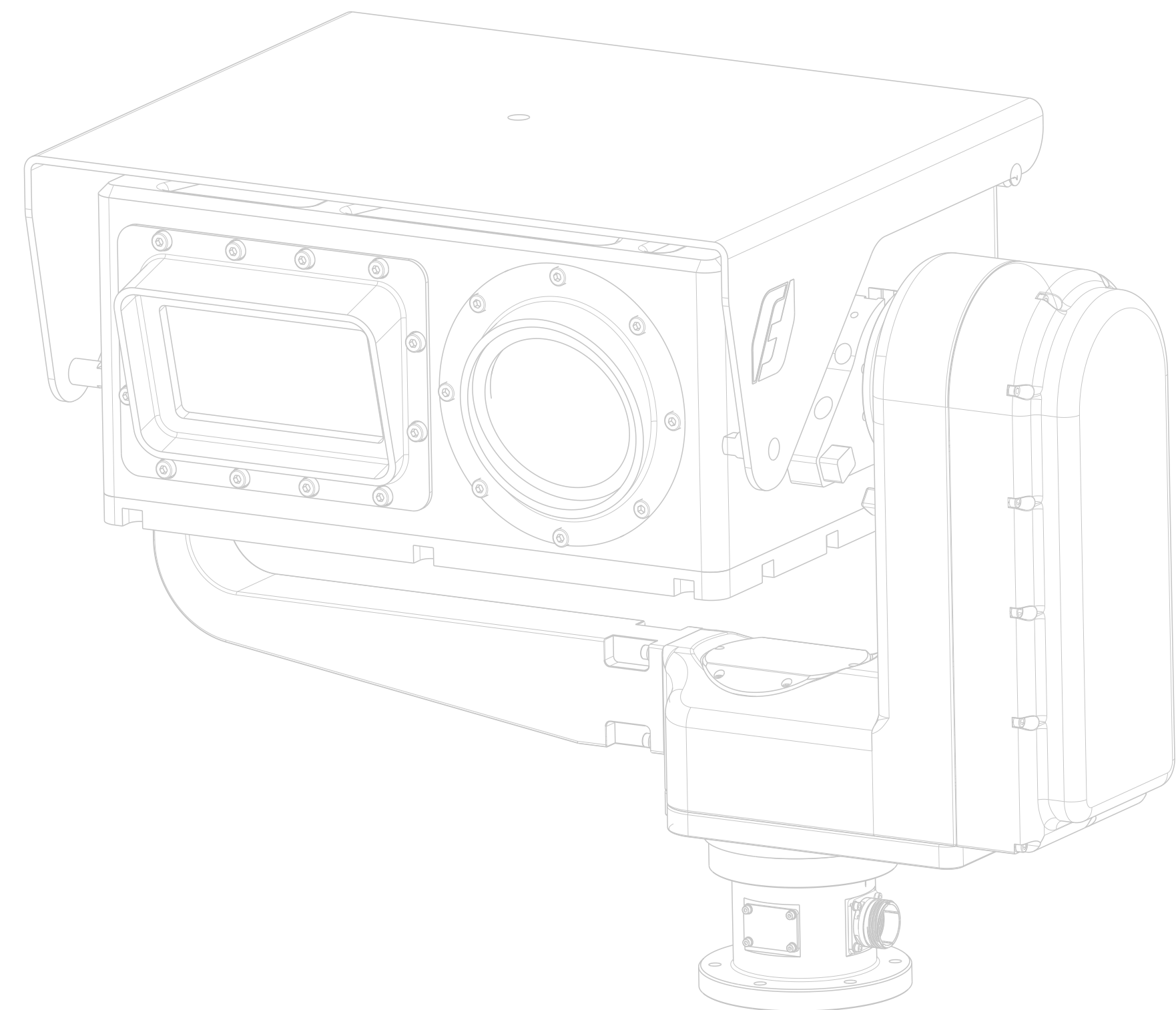
Notes to the condensed consolidated interim financial statements

8. Net finance costs

For the six months ended 30 June

IN EURO	2024	2023
Interest income from bank desposit	1,292,506	136,832
Net fair value gains on financial assets at fair value through profit or loss	86,112	172,981
Foreign exchange gains	1,693,136	274,577
Other financial income	-	4,598
Finance income	3,071,754	588,988
Interest on long-term loans	(163,812)	(110,216)
Interest on short-term loans	(1,359,200)	(878,922)
Foreign exchange losses	(1,300,288)	(440,689)
Unwinding of discount	(412,487)	-
Other finance expenses	(684,325)	(562,461)
Interest on lease liabilities	(35,714)	(16,934)
Finance costs	(3,955,826)	(2,009,222)
Net finance costs recognised in profit or loss	(884,072)	(1,420,234)

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.



Notes to the condensed consolidated interim financial statements

9. Income tax and deferred tax

For the six months ended 30 June

IN EURO	2024	2023
Current tax	(8,516,102)	(3,380,338)
Deferred Tax	284,697	(638,552)
Previous year's tax expense	(40,686)	-
Tax Expense	(8,272,091)	(4,018,890)

The current tax presents a 151.93% increase corresponding to the rise in revenue.

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 2022 according to Greek tax laws (years 2011-2013 pursuant to the provisions of Article 82 of Law No. 2238/1994 and years 2014-2022 pursuant to the provisions of Article 65A of Law No. 4174/2013). The tax compliance audit for the year ended 31 December 2023 is still in progress and is expected to be completed within 2024.

The Greek subsidiary is currently undergoing an audit conducted by the Tax Authorities, initiated through an audit instruction issued at the end of January 2023 for the financial years of 2018 and 2019. The Greek subsidiary has not received any additional audit instructions from the Tax Authorities concerning the financial years 2020 to 2022, while tax years up to 31 December 2017 are time-barred in accordance with the provisions of paragraph 1 Article 36 of Law 4174/2013. It is not expected that material liabilities will arise from these tax audits.

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: 11.9%**
- **THEON SENSORS MEA FZC, UNITED ARAB EMIRATES: 9%**
- **THEON SENSORS FAR EAST LTD, SINGAPORE: 16%**
- **THEON DEUTSCHLAND GMBH, GERMANY: 15%**
- **T INDUSTRIES DK APS, DENMARK: 23.5%**
- **T INDUSTRIES INC, USA: 35%**

Notes to the condensed consolidated interim financial statements

10. Earnings per share

A. PROFIT FOR THE YEAR AFTER TAX

For the six months ended 30 June

IN EURO	2024	2023
Profit for the period after tax	28,346,263	4,594,940

B. WEIGHTED – AVERAGE NUMBER OF ORDINARY SHARES (BASIC AND DILUTED)

For the six months ended 30 June

	2024	2023
Issued ordinary shares 1 st January	60,000,000	200,000
Issued ordinary shares 7 th February 2024	10,000,000	-
	70,000,000	200,000
Share split from €1 to €0.01 - 14 th November 2023	-	20,000,000
Weighted average number of ordinary shares at 30 June	69,166,667	20,000,000
Earnings per share	0.41	0.23

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.

Notes to the condensed consolidated interim financial statements

11. Property, plant and equipment

During the six-month period ended 30 June 2024, the Group acquired assets with a cost of €4,740,044 (six-month period ended 30 June 2023 €3,265,391). This amount mainly includes € 1,159,493 for machinery production equipment and molds and € 2,685,000 for processing equipment under construction. Assets with a carrying amount of €452 were disposed during the six-month period ended 30 June 2024 (six-month period ended 30 June 2023 €-) resulting in a gain on disposal of €3,177 (six-month period ended 30 June 2023 €-), which is included in “Other Income” in the condensed consolidated statement of profit or loss and other comprehensive income. The depreciation for the six-month period ended 30 June 2024 amounted to €742,803 (six-month period ended 30 June 2023 €570,389).

The following security interest has been registered in favor of Piraeus Bank:

A first mortgage prenotation on the plot situated at 62 Ioannou Metaxa St., 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 €1,615,000 as of 30 June 2024 (30 June 2023: € 1,835,000) 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 30 June 2024.

12. Intangible assets

During the six-month period ended 30 June 2024, the Group acquired assets with a cost of €333,649 (six-month period ended 30 June 2023 €285,276). This amount includes € 248,155 for capitalized internally generated intangible assets and € 85,493 for software licenses. The amortization for the six-month period ended 30 June 2024 amounted to €62,763 (six-month period ended 30 June 2023 €81,632).

13. Investment property

Investment property is measured at cost less impairment. 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 for impairment. Management considers that the circumstances as at 30 June 2024, remain the same.

The depreciation for the six-month period ended 30 June 2024 amounted to €34,386 (six-month period ended 30 June 2023 €-).

14. Equity-accounted investees

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 AG. 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.

For the six-month period ended 30 June 2024, the share of equity accounted investees’ profit amounted to €1,148,679 (six-month period ended 30 June 2023 €61,902).

15. Inventories

In the six-month period ended 30 June 2024, inventories of €96.2 million (six-month period ended 30 June 2023: €35.4 million) were recognized as an expense in Cost of Sales.

During the current period, the Group wrote down finished goods inventory by €532,682 (six-month period ended 30 June 2023: €242,758). The write-down was included in Cost of Sales.

The 20% increase in inventory, primarily in raw materials, as of 30 June 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.

Notes to the condensed consolidated interim financial statements

16. Trade accounts receivable and other receivables

IN EURO	30 June 2024	31 December 2023
Trade accounts receivable	84,789,644	46,606,320
Provision for doubtful debts	(668,530)	(518,530)
Total trade accounts receivable	84,121,114	46,087,790

IN EURO	30 June 2024	31 December 2023
V.A.T. and other receivables from state	3,410,723	1,455,306
Accrued income - Prepaid expenses	2,910,733	1,960,303
Sundry creditors prepayments	292,507	-
Other short-term receivables	1,427,644	7,562,248
Total other receivables	8,041,607	10,977,857
Total trade and other receivables	92,162,721	57,065,647

The 82.5% increase in trade receivables can be attributed to a substantial rise in sales. This significant growth in revenue has naturally led to a higher volume of outstanding invoices.

As at 30 June 2024, the trade accounts receivable balance includes €47,830,925 receivables from related parties, mainly attributable to Hensoldt Theon Nightvision Gmbh and Hensoldt–Theon Gbr (31 December 2023: €24,805,408). Detailed information on related parties is available in Note 23.

The overall impairment of trade accounts receivable as of 30 June 2024 and 31 December 2023, stands at €668,530 and €518,530 respectively. Information about the impairment of trade receivables and the Group's exposure to credit risk is available in Note 24.

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 the six-month- period ended 30 June 2024 when the listing of shares occurred.

Notes to the condensed consolidated interim financial statements

17. Other financial assets

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.

The following table presents the group's financial assets measured and recognized at fair value as at 30 June 2024 and 31 December 2023. The Group has not recognized any financial liabilities measured at fair value.

30 June 2024

Financial assets measured at fair value

	Carrying amount	Fair Value Scale			
IN EURO	FVTPL	LEVEL 1	LEVEL 2	LEVEL 3	Total
Equity securities	245,280	245,280	-	-	245,280
Total	245,280	245,280	-	-	245,280

31 December 2023

Financial assets measured at fair value

	Carrying amount	Fair Value Scale			
IN EURO	FVTPL	LEVEL 1	LEVEL 2	LEVEL 3	Total
Derivatives	48,988	-	48,988	-	48,988
Equity securities	159,168	159,168	-	-	159,168
Total	208,156	159,168	48,988	-	208,156

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 30 June 2024.

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.

Notes to the condensed consolidated interim financial statements

17. 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.

During the six-month period ended 30 June 2024, there were no transfers from within or outside any level when measuring fair value. Financial assets relate to investments in shares in companies listed on the Athens Stock Exchange.

For the derivative, the fair value is determined using quoted forward exchange rates at the reporting date.

Reconciliation of fair value measurements

IN EURO	30 June 2024	31 December 2023
Level 1		
Opening Balance at 1 January	159,168	460,804
Gains from measurement at fair value	86,112	11,245
Purchases	-	147,923
Sales	-	(460,804)
Closing Balance	245,280	159,168
Level 2		
Opening Balance at 1 January	48,988	1,600
(Losses) / gains from measurement at fair value	(48,988)	47,388
Closing Balance	-	48,988
Total	245,280	208,156

For the six-month period ended 30 June 2024 the gains from fair value measurement amount to €86,112 (six-month period ended 30 June 2023 € 172,981).

Notes to the condensed consolidated interim financial statements

18. Capital and reserves

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 recognized the net present value of the consideration as a financial liability. The resulting discount of €1,452,140 was recognized as an increase in the Treasury Share Reserve. As at 30 June 2024 the amount of €10,892,512 (31 December 2023: €13,640,243) is outstanding. The non-current portion of amount owed for share buy-back of €3,458,657 is payable 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 Group 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 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

defense sector. Qualifying costs associated with the issuance of share capital amounting to €5,982,684, were recognized within the same equity reserve.

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 this reserve. Incremental external costs directly attributable to the issue of new shares are recorded in equity as a deduction in the capital reserve.

Notes to the condensed consolidated interim financial statements

18. Capital and reserves

Dividends

On 14 June 2024, the Company, during its General Meeting, approved a dividend distribution totaling €14,438,235 (six-month period ended 30 June 2023: nil).

Dividend per share six-month period ended 30 June 2024 amounted to €0.21, while the respective amount for the six-month period ended 30 June 2023 was nil.

Dividends are subject to a deduction of special contribution for defense at 17% for individual shareholders that are both Cyprus tax residents and Cyprus domiciled. Dividends are also subject to a 2.65% contribution to the General Healthcare System.

19. Loans and borrowings and lease liabilities

IN EURO	30 June 2024	31 December 2023
Non-current liabilities		
Secured bank loans	8,119,241	1,505,000
Guaranteed bank loans	250,000	416,669
Bond loans	28,555,556	23,600,000
Lease liabilities	620,651	564,634
	37,545,448	26,086,303
Current liabilities		
Secured bank loans	220,000	220,000
Guaranteed bank loans	18,461,402	21,277,393
Bond loans	3,008,495	1,408,268
Lease liabilities	470,676	401,526
Non guaranteed bank loans	1,018,972	2,486,039
	23,179,545	25,793,226

In the six-month period ending on 30 June 2024, 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 , which was signed in December 2023 . The loan includes two bond lines: Bond Line A, with a fixed interest rate of 3.81%, and Bond Line B, with a variable interest rate tied to the six-month Euribor plus 2.8%, both with a 15-year term. Additionally, in June 2024, the Group secured a new bond loan amounting to €7,000,000, with a variable interest rate based on the six-month Euribor plus 3.5% and a term of five years. 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.

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 St., Koropi, Attica and the industrial building thereon for €2,000,000 to secure bank loan disbursed in July 2021, with a total outstanding balance of €1,615,000 as of 30 June 2024 (30 June 2023: € 1,835,000) and a second mortgage prenotation on the same plot for €9,493,000 to secure new bank loan disbursed in February 2024, with an outstanding balance of €6,724,241 as of 30 June 2024.

Some loans contain covenants that the Group adheres to.

The loans contain clauses of change of control that provide the lenders with the right of early termination.

The Group did not breach these clauses during the current period and, consequently, loans are presented in the financial statements according to their repayment schedule.

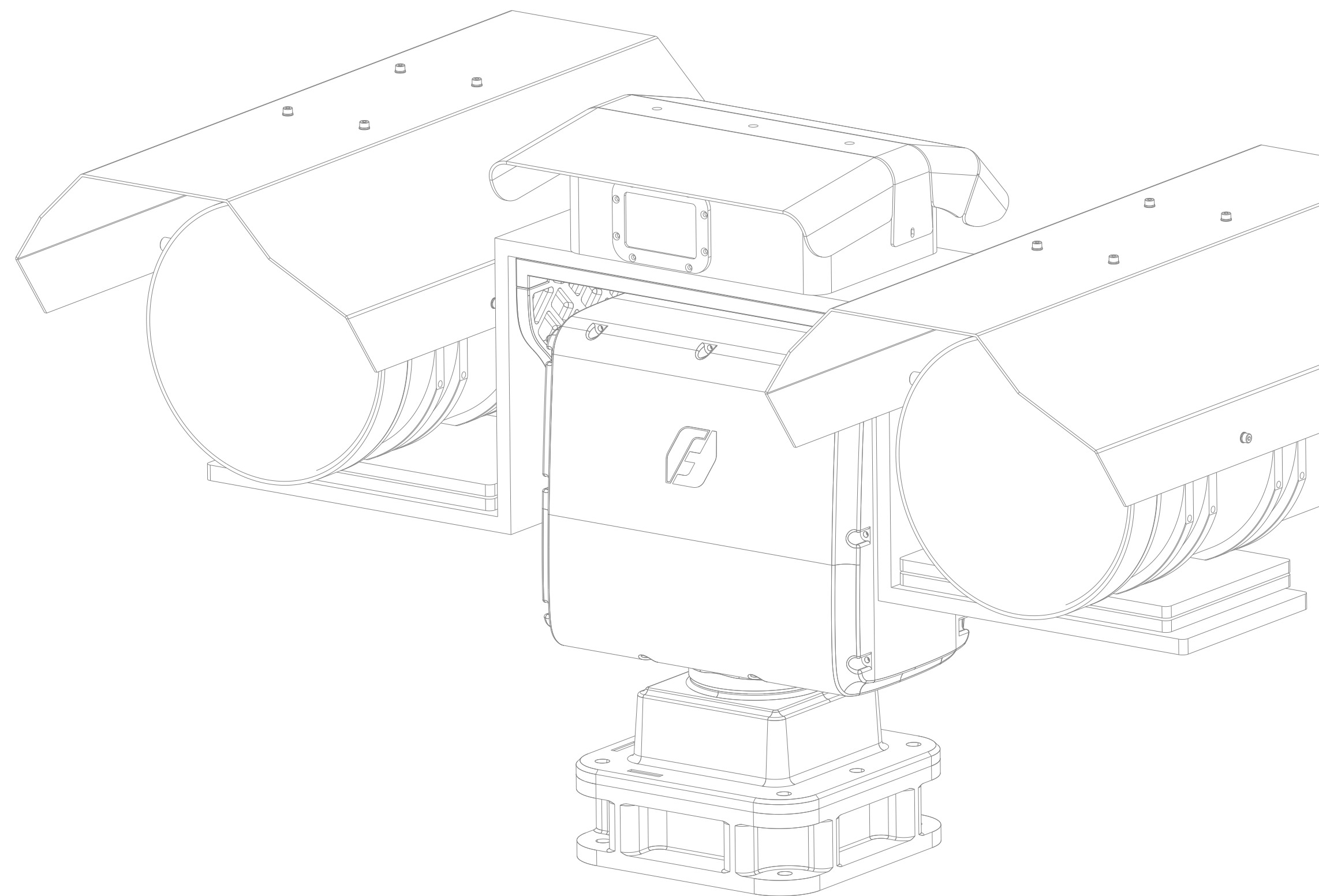
Notes to the condensed consolidated interim financial statements

20. Trade accounts payable and accrued and other current liabilities

IN EURO	30 June 2024	31 December 2023
Trade payables	27,296,480	41,811,689
Total trade accounts payable	27,296,480	41,811,689

IN EURO	30 June 2024	31 December 2023
Staff payments due	260,556	702,680
Sundry creditors	1,505,991	1,506,640
Sales and other taxes due	287,986	226,816
Amounts payable to shareholders for dividends	14,438,235	-
Accruals	5,667,130	9,854,526
Total other payables	22,159,898	12,290,662
Total trade and other payables	49,456,378	54,102,351

The 35% 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 21% reduction observed in the prior six-month period end 30 June 2023.

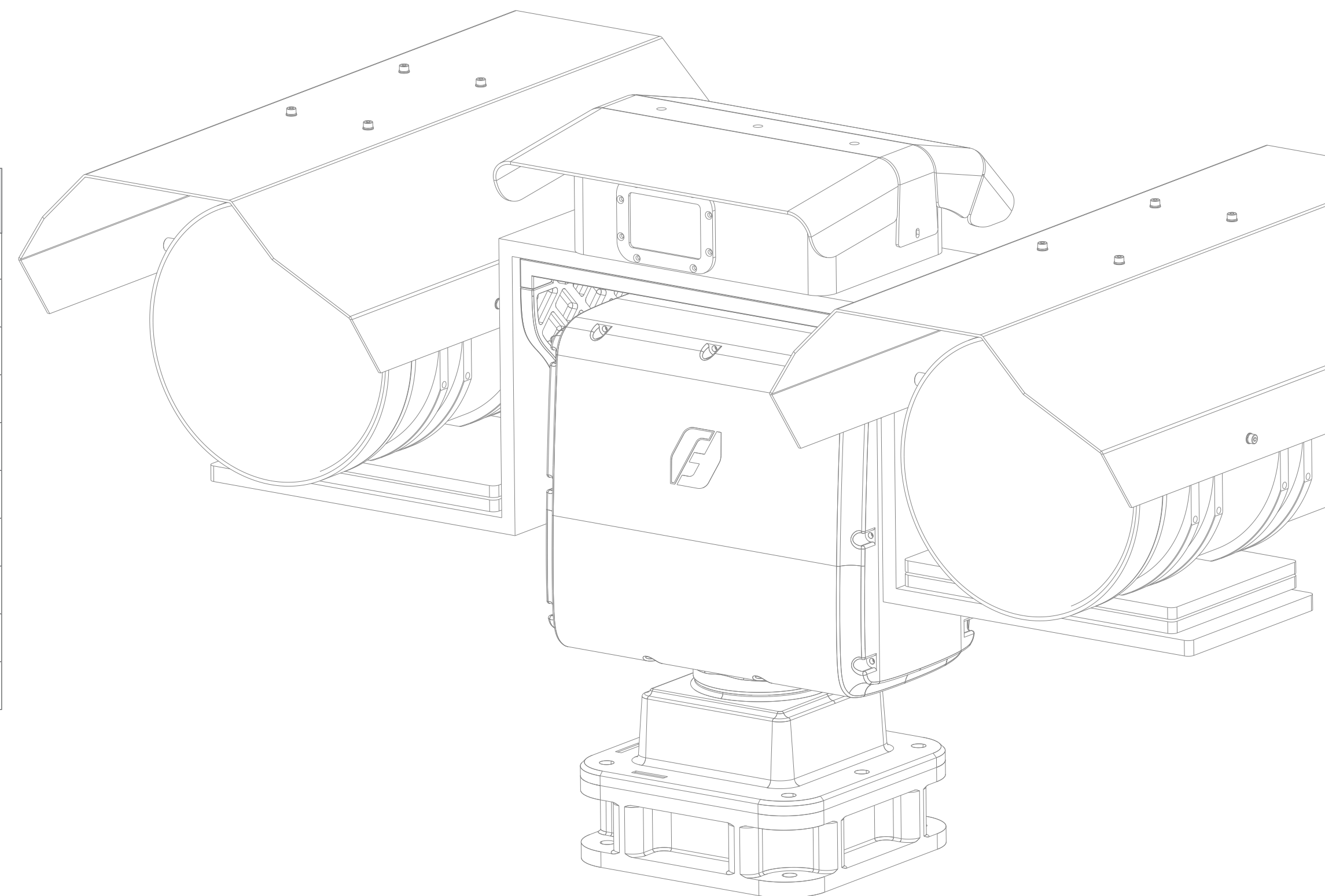


Notes to the condensed consolidated interim financial statements

21. List of subsidiaries and associates

Companies included in the condensed consolidated interim financial statements and the method of consolidation are presented in the following table:

	Name of subsidiaries and associates	Country of Incorporation	Consolidation method	Direct %	Indirect %
1	Theon International PLC	Cyprus	Holding		
2	Hensoldt Theon NightVision GmbH	Germany	Equity	49.99%	0%
3	T Industries DK APS	Denmark	Full	100%	0%
4	T Industries INC	USA	Full	100%	0%
5	Theon Sensors AG	Switzerland	Full	100%	0%
6	Theon Deutschland GmbH	Germany	Full	100%	0%
7	Theon Sensors Far East Long Ltd	Singapore	Full	100%	0%
8	Theon Sensors SA	Greece	Full	100%	0%
9	Theon Sensors USA Inc	USA	Full	100%	0%
10	Theon Sensors MEA FZC	UAE	Full	99.33%	0.67%



Notes to the condensed consolidated interim financial statements

22. Commitments & Contingencies

The existence of contingent liabilities requires the 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	30 June 2024	31 December 2023
Letters of Guarantee - Customs	19,424,000	16,569,000
Letters of Guarantee - Project Performance	2,841,306	251,069
Letters of Guarantee - Equipment Substandard Performance	816,414	816,239
Letters of Guarantee - Customers advance payments	7,894,623	9,431,964
Letters of Guarantee - Third Parties	-	191,744
Total	30,976,343	27,260,016

B. TAX LIABILITIES

The Management does not expect any tax liabilities other than those already recorded and shown in the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

23. Related parties

A. KEY MANAGEMENT PERSONNEL COMPENSATION

For the six months ended 30 June

IN EURO	2024	2023
Key Management and Board Members compensation	344,562	185,958

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.

B. 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 period ended 30 June 2024 in comparison to the previous period.

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 €10,870,000 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 parties for the current and previous reporting period were as follows:

Balance outstanding as at

IN EURO	30 June 2024	31 December 2023
Receivables	47,830,925	24,805,408
Venetus Limited	-	701,555
Hensoldt-Theon Gbr	25,421,461	8,557,569
Interad Hellas	368	404
Ucandrone	16,394	26,385
ESS	263,163	136,799
EFA Ventures	-	(270)
Scytalys	65,267	-
Related parties	25,766,653	9,422,442
Hensoldt Theon Nightvision Gmbh	22,064,272	15,382,966
Associates	22,064,272	15,382,966
Payables	(19,359)	(136,097)
ESS	(18,019)	(148,410)
EFA Ventures	(1,340)	12,313
Related parties	(19,359)	(136,097)

Notes to the condensed consolidated interim financial statements

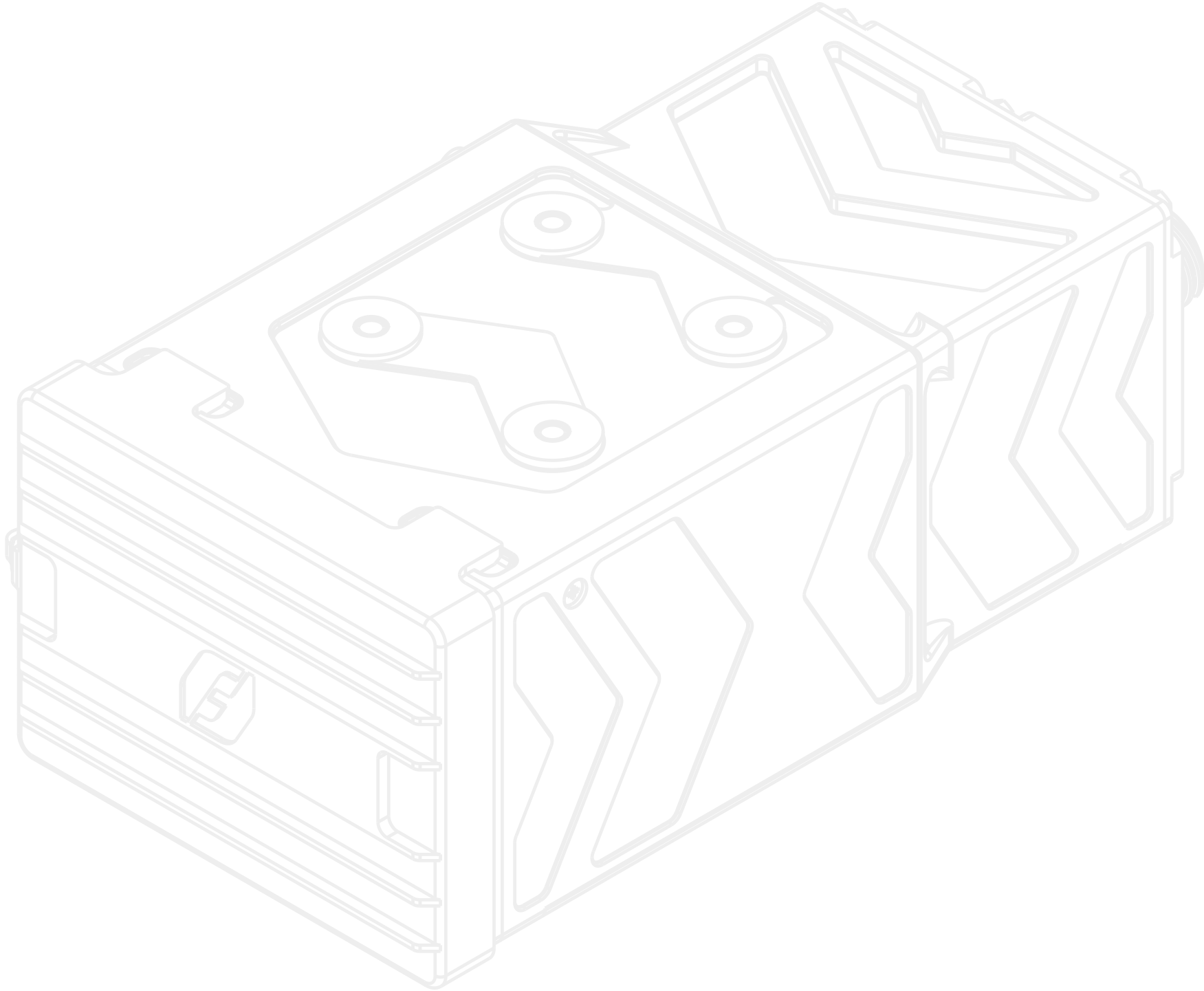
23. Related parties

B. OTHER RELATED PARTY TRANSACTIONS



Transaction values for the six months ended 30 June

IN EURO	2024	2023
Sales	69,921,065	32,467,316
Hensoldt–Theon Gbr	44,042,520	27,910,055
Interad Hellas	424	300
Ucandrone	14,701	17,025
ESS	30,898	28,381
EFA Ventures	-	3,490
Scytalys	126,758	-
Related parties	44,215,301	27,959,251
Hensoldt Theon Nightvision Gmbh	25,705,764	4,508,065
Associates	25,705,764	4,508,065
Purchases	(104,554)	(108,782)
ESS	(100,535)	(100,494)
EFA Ventures	(4,019)	(8,288)
Related parties	(104,554)	(108,782)



Notes to the condensed consolidated interim financial statements

24. 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 the 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

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. 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.

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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 24 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the customers' ability to settle the receivables.

In 2024, IPO proceeds totaling €100,000,000 were allocated to fixed-term deposits. As of 30 June 2024, €40,000,000 was invested in term deposits with maturities exceeding three months, classified as current assets, while the remaining amount was invested in term deposits with maturities of three months or less, classified as cash and cash equivalents. Term deposits and cash and cash equivalents are considered items with low credit risk according to credit exercise that was performed.

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.

The Group maintains adequate cash reserves and other liquid assets such as credit facilities with banks to ensure it can meet its financial obligations.

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. The Management consistently prioritizes the timely repayment of financial liabilities, thereby securing more favorable terms in future negotiations with banks.

Since the Group does not have significant interest-bearing assets, its operating income and cash flows are materially independent of changes in interest rates.

Notes to the condensed consolidated interim financial statements

24. Financial risk Management

D. CURRENCY RISK

The Group engages in transactions in foreign currencies when both selling and buying goods, thereby exposing itself to currency risk.

When purchasing from foreign companies, the primary transactional currency is the USD. Although there are fluctuations in the EUR/USD exchange rate, these have had no major impact on the results for the period. Moreover, the Group uses FX derivatives (options-forwards) to hedge the risk of changes in exchange rates.

Based on its sales and receipts in USD, the Group covers all its purchases in the same currency and therefore any exposure to foreign exchange is limited to the receipts segment. For surplus cash in USD, the Group enters into forward contracts to hedge exchange rate risk.

E. PRICE RISK

The Group's exposure to fluctuations in the value of raw materials and merchandise is limited. The risk from changes in commodity prices is effectively managed. The Group regularly assesses its inventories and other assets for impairment. If indications of impairment are found, appropriate adjustments are made to ensure that the values reported in the financial statements reflect their actual worth.

Regarding selling prices, the Group mitigates price risk by entering into binding sales agreements at fixed prices, thereby eliminating price risk associated with sales and receivables.

F. CAPITAL RISK

The Group's gearing ratio as at 30 June 2024 and 31 December 2023 is as follows:

IN EURO	30 June 2024	31 December 2023	VARIANCE
Long-term loan obligations	41,004,105	32,742,460	8,261,645
Short-term loan obligations	30,613,400	32,777,312	(2,163,912)
Total debt	71,617,505	65,519,772	6,097,733
Less: Cash and cash equivalents	(84,889,590)	(65,639,067)	(19,250,523)
Net debt / (cash)	(13,272,085)	(119,295)	(13,152,790)
Equity	184,931,782	77,357,508	107,574,274
Non-current liabilities	41,305,422	33,069,037	8,236,385
Total capital employed	226,237,204	110,426,545	115,810,659
Leverage ratio	(5.9%)	(0.1%)	

The leverage ratio appears to have slightly decreased because a portion of the IPO proceeds was allocated to fixed-term deposits with maturities exceeding three months, which are classified in the current assets but not as cash and cash equivalents.

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.

Notes to the condensed consolidated interim financial statements

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

For the six months ended 30 June

IN EURO	2024	2023
Profit after tax	28,346,263	4,594,940
Income tax expense	8,556,788	3,380,338
Deferred tax	(284,697)	638,552
Profit before tax	36,618,354	8,613,830
Adjustments for:		
Interest income and related income	(3,071,754)	(588,988)
Financial expenses	3,955,826	2,009,222
(Revenues) / Expenses from holdings and investments	(1,148,679)	(61,902)
EBIT	36,353,747	9,972,162
Non recurring items	577,474	-
Adjusted EBIT	36,931,221	9,972,162
Depreciation of property, plant and equipment	742,803	570,389
Depreciation of investment property	34,386	-
Amortisation of intangibles	62,763	81,632
Depreciation of right of use assets	234,928	153,428
Adjusted EBITDA	38,006,101	10,777,611

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.

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.

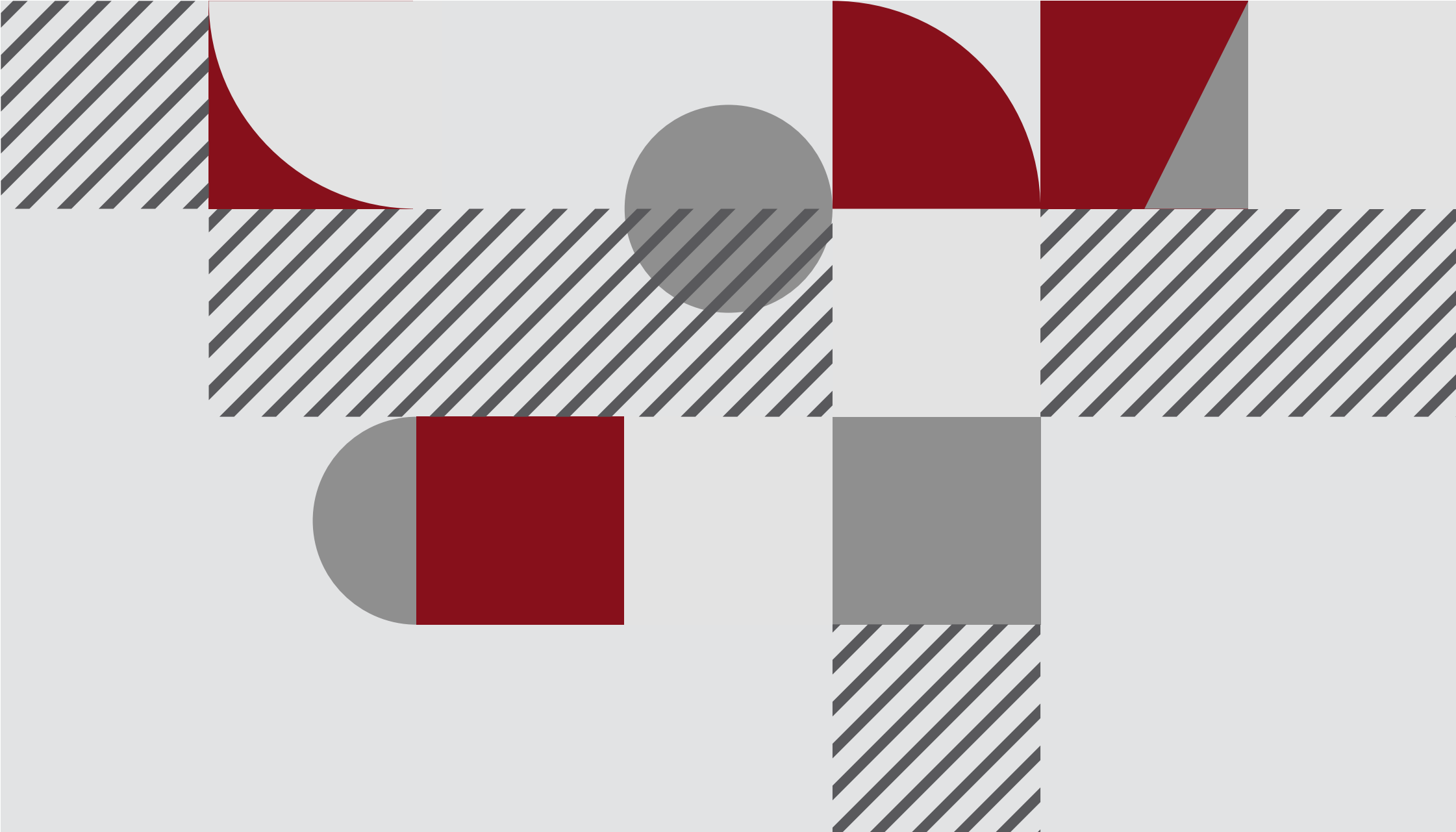
Notes to the condensed consolidated interim financial statements

26. Subsequent events

- In July 2024, 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.
- In July 2024, the Group, through Theon International Plc, entered into an investment agreement to acquire 100% of the shares of FOCUS OPTECH CO. LTD, a company incorporated under the laws of South Korea. The transaction is expected to take place in the second half of 2024 for a total consideration of up to €356 thousand.
- In September 2024, the Group ratified and approved the acquisition of 60% of the shares and voting rights, by way of share capital subscription, in Harder Digital Ingenieur- und Industriegesellschaft mbH, Woltersdorf of Germany for the amount of up to €34 million, on terms and conditions to be agreed upon. This transaction is subject to regulatory approvals and is expected to be completed towards the end of 2024.

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

On 6 September 2024 the Board of Directors of Theon International Plc approved and authorized these condensed consolidated interim financial statements.



theon.com

THEON INTERNATIONAL PLC

5, Agios Antonios str.
Muskita Building 2
1st floor, Office/Apart. 102
2002 Nicosia
Cyprus



THEON SENSORS S.A.

57, Ioannou Metaxa str.,
Koropi, GR-19441
Greece

