THEON announces Q2 2026 / H1 2026 Trading Update

- **Strong Q2 2026 performance with revenue growth of c.38%, sustained industry-leading profitability and book-to-bill of c.1.0x.**
- **Inorganic expansion into higher-growth adjacencies including UAV gimbals and AI-enabled software, further expanding THEON's addressable market to nearly €8bn across rapidly growing defence and security segments.**
- **Entering H2 2026 with solid momentum underpinned by a €1.46bn soft backlog and a robust pipeline of business opportunities.**

Bloomberg (THEON:NA) / Reuters (THEON.AS)

27 July 2026 – Theon International Plc (THEON) is pleased to announce its Q2 2026 / H1 2026 Trading Update, for the period ended 30 June 2026, delivering sustained commercial and financial performance.

THEON maintained its growth momentum during the first half of 2026 and continued to deliver profitability in the mid-twenties and a book-to-bill ratio of c. 1.0x. The Group continues to benefit from resilient demand fundamentals, providing confidence in the achievement of its FY 2026 Guidance.

Further acceleration of activity and order intake is expected in the second half of the year, in line with the sector's typical seasonality and THEON's historical business pattern. Continued opportunities across key geographies, combined with the introduction of new products and technologies within THEON's ecosystem, are expected to support further growth and materially enhance the Group's total addressable market.

THEON continued to execute its M&A strategy during Q2 2026, announcing its largest acquisition to date. Despite the increased inorganic investment activity, the Group maintains a healthy balance sheet with year-end leverage expected to remain at sustainable levels.

THEON again reiterates both its FY 2026 Guidance and Medium-Term Targets, which include maintaining a book-to-bill ratio above 1.0x for FY 2026 and reaching €1 billion revenue by 2029.

Financial Summary

€m	Q2 2026	Q2 2025	Change
Revenue	128.6	92.9	+38.4%
Adjusted EBIT	35.1	24.3	+44.3%
Adjusted EBIT Margin	27.3%	26.2%	+1.1 p.p.

€m	H1 2026	H1 2025	Change
Order Intake	232.5	167.9	+38.5%
Revenue	248.7	183.7	+35.4%
Adjusted EBITDA	69.0	49.2	+40.2%
Adjusted EBIT	65.1	47.4	+37.5%
Adjusted EBIT Margin	26.2%	25.8%	+0.4 p.p.
NWC Absorption (% of LTM Revenues)	39.3%	43.1%	-3.8 p.p.
Capex	11.8	6.7	+74.7%
% Cash Conversion[1]	82.9%	86.3%	-3.4 p.p.

€m	30-June-26	31-March-26	Change
Soft Backlog	1,455.9	1,420.3	+2.5%
Options on Soft Backlog	902.0	896.9	+0.6%
Net Debt / (Cash)	234.3	228.2	+2.7%
Financial Leverage[2]	1.7x	1.8x	-0.1x

[1] *Defined as (Adjusted EBITDA - Capex) / Adjusted EBITDA.*

[2] *Defined as Net Debt/ LTM Adj. EBITDA*

Key Highlights

Financial Highlights

- Order intake increased by 38.5% to €232.5 million in H1 2026, reflecting continued demand across THEON's expanding portfolio of night vision, digital man-portable and ISR (Intelligence Surveillance Reconnaissance) products. The Company maintained a book-to-bill ratio of c.1.0x while entering the seasonally busier second half of the year with a robust pipeline of business opportunities.
- Revenue increased by 35.4% (24.7% organic) in H1 2026 to €248.7 million, significantly outpacing underlying market growth. The contribution from KAPPA and the increasing diversification of THEON's product portfolio further support the Group's strategy of expanding beyond traditional soldier systems into advanced and higher-growth ISR segments.
- Adjusted EBIT margin remained at industry-leading levels, further increasing vs H1 2025, demonstrating the resilience of THEON's business model, despite the ongoing investments and the integration of acquired businesses.
- Soft backlog increased to €1.46 billion (2.4x forward-looking coverage based on the top end of FY 2026 revenue guidance), providing visibility for future growth. In combination with the €902 million of associated options, THEON continues to benefit from multi-year procurement programmes, framework agreements and high customer retention across a diversified geographic footprint.
- THEON maintains a healthy balance sheet, with financial leverage of 1.7x, before completing the recently announced acquisitions of Merio SAS (MERIO*) and

SAS Stéropès, the holding company of HGH Systèmes Infrarouges (HGH*), which are expected to be completed by the end of Q3 2026 and beginning of 2027 respectively. The cash generated by the Group allows for further organic investments in production capacity expansion, development of new products and fast deleverage.

- Strong cash generation continued during H1 2026, with cash conversion of 82.9% and Net Working Capital as a percentage of LTM revenue improving by 3.4 percentage points year-on-year, reflecting continued focus on working capital efficiency.

Operational Highlights

During Q2 2026, THEON continued to strengthen its position as a leading defence optronics group, benefiting from sustained demand in its core soldier systems business while accelerating its expansion into ISR solutions, drones, counter-UAS technologies and AI-enabled capabilities. Supported by acquisitions, strategic partnerships and targeted investments, the Group continues to broaden its technological reach and address an increasingly diverse range of defence requirements.

- Continued strong demand for THEON's market-leading Night Vision solutions, supported by ongoing soldier modernisation programmes across NATO and allied nations, reinforcing the Group's leadership position in a market still growing fast.
- Building commercial traction across ISR solutions, which are expected to represent an increasing share of Group revenues over the medium term, supported by the expansion of THEON's technological portfolio and customer reach.
- Order received in the context of the Bundeswehr Future Soldier Programme (IdZ) for products from THEON's A.R.M.E.D ecosystem portfolio, further validating the Group's strategy of delivering integrated soldier solutions.
- New order for Kappa Optronics Vehicle Awareness Systems for several hundred armoured vehicles in a European Union country, with deliveries extending from 2026 to 2028, further strengthening THEON's position in platform-based applications.
- Rapid entry and acceleration of technologies and capabilities in the drone, counter UAS market and AI-enabled defence solutions. Swiftly executing on the shifting demand in the defence sector and the changing nature of modern warfare and autonomous systems and ISR capabilities.
- With an estimated addressable market approaching €8 billion (more than 2x the level of twelve months ago, when it included only man-portable and land applications), THEON has substantially expanded the scale of its growth opportunity, through its entry into adjacent high-growth optronics, ISR, drone and AI-enabled defence segments.

Corporate and Strategic Highlights

During the quarter, THEON continued to strengthen its industrial footprint and strategic ecosystem through investments, partnerships and integration initiatives. The Group also maintained an active presence at major industry events, showcasing its expanding product portfolio and next-generation technology roadmap to customers and partners worldwide.

- Participated in Eurosatory 2026, highlighting THEON's expanded portfolio spanning soldier systems, vehicle drivers' awareness, ISR, electro-optical payloads and drone-related technologies.
  - Welcomed more than 1,000 visitors in its booth, attracting interest of investors, potential customers and business partners, increasing traction and creating new business opportunities.
  - Presented a prototype Augmented Reality goggle, collaboratively developed between Kappa, Varjo and THEON, showcasing the cross-group developmental capabilities.
  - Signed Memorandum of Understanding with Safran Electronics & Defence to establish a Joint Venture dedicated to the design, development and commercialisation of airborne electro-optical and infrared systems for unmanned aerial vehicles.
- Agreed to acquire 80% stake in MERIO, the French designer and manufacturer of compact, high-performance gyro-stabilized gimbal and turret systems for aerial, ground, infrastructure protection and emerging maritime applications, with embedded AI-driven video-processing capabilities.
- Agreed to acquire HGH for an enterprise value of c.€300 million. The transaction marks THEON's entry into counter drone systems, with HGH's sophisticated AI software also expected to generate synergies across THEON's wider platform-based / ISR products, as well as its man-portable systems.
- Invested $3 million in Twin Prime, a US-based frontier AI lab building specialized models for defence and security.
- Inaugurated a new facility in Bangladesh, established as part of a Transfer of Technology program in cooperation with THEON's local representative, and the Bangladesh Army.

**Both the HGH and MERIO acquisitions are subject to customary conditions, including regulatory approvals. MERIO acquisition is expected to be completed by the end of Q3 2026 and will be financed through a combination of debt and cash on balance. The closing of the HGH acquisition is expected to take place by the beginning of 2027 and is expected to be entirely funded through debt (no associated equity capital increase), with leverage reaching a pro-forma level of c.3.0x before lowering to c.2.5x by 2027.*

THEON will publish its HY 2026 report on Monday, 7 September 2026, after market close. A webcast for analysts and investors will be hosted on Tuesday, 8 September 2026, with registration details published nearer the time.

Guidance and Outlook

	FY 2026 Guidance	Mid-Term Targets
Revenue	€570-600m	Organic Growth >15% per annum, supported by bolt-on M&A
Adjusted EBIT Margin	Mid-twenties	
Capex	€30m	c.4% of Revenue
Dividend *(% of Net Income)*	30% of FY 2025 Net Income	20-30% of Net Income

Christian Hadjiminas, Founder and CEO of THEON, stated:

"The first half of 2026 demonstrates the strength of THEON's business model and the effectiveness of our strategy. THEON has significantly accelerated its expansion into some of the fastest-growing areas of defence technology, with recent initiatives and joint business development activities already translating into commercial opportunities and new orders, validating our ambition of building a European defence optronics champion. We believe THEON is increasingly positioned at the forefront of a new market being created by the convergence of advanced sensing, artificial intelligence, autonomous systems, ISR and next-generation soldier modernisation programmes. With an expanded addressable market of €8 billion (which is rapidly expanding further), growing geographical diversification and an innovation pipeline stronger than ever, we remain highly confident in both our FY 2026 Guidance and our ambition to reach €1 billion of revenue by 2029."

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About THEON GROUP
THEON GROUP of companies develops and manufactures cutting-edge night vision and thermal imaging systems for Defence and Security applications with a global footprint. THEON GROUP started its operations in 1997 in Greece and today occupies a leading role in the sector thanks to its international presence through subsidiaries and production facilities in Greece, Cyprus, Germany, the Baltics, the United States, the Gulf States, Switzerland, Denmark, Belgium, Singapore and South Korea. THEON GROUP has more than 300,000 systems in service with Armed and Special Forces in 73 countries around the world, 26 of which are NATO countries. In 2025 the company won the largest single procurement tender of Night Vision Goggles in the history of a European NATO member, for over 100,000 NVGs to Belgian and German Armed Forces, valued at ~€1 billion. THEON INTERNATIONAL PLC has been listed on Euronext Amsterdam (AMS: THEON) since February 2024.
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