

# Theon International

## Progressing to plan

Theon has reported a solid quarter, with management increasing revenue guidance for FY25 and providing initial revenue guidance for FY26, including 20% organic growth. This provides a strong base to be supplemented by the benefits of recent acquisitions and investments and the THEON NEXT strategy, which management will provide clearer details on at the capital markets event on 6 November.

Year end	Revenue (€m)	PBT (€m)	EPS (EUc)	DPS (EUc)	P/E (x)	Yield (%)
12/23	218.7	49.9	-	0.00		N/A
12/24	352.4	86.7	98.00	34.00	31.2	1.1
12/25e	440.0	105.2	114.00	39.90	26.8	1.3
12/26e	580.2	130.5	141.00	49.35	21.7	1.6

Note: PBT and EPS are normalised, excluding exceptional items and share-based payments.

## Q3: Strong financial progress

Theon reported revenue for the first nine months (9M25) of €279.3m, +25.5%, adjusted EBIT of €69.4m, +32.8%, with a margin of 24.8%, up 130bp, and EPS of €0.70, up 25.0%. We calculate Q3 revenue of €95.6m (H1: €183.7m), EBIT of €22.0m (H1: €47.4m) and an operating margin of 23.0% (H1: 26.0%) with the reduction in margin ascribed to the growth in the lower-margin Harder Digital (acquired in Q424). Net cash was €0.5m, down from €38.1m at the end of June, primarily reflecting c€37m spent on external investments and working capital increasing from €165.4m to €177.6m. Strong order intake continued, with new orders reaching €232.7m in 9M25, +92% (Q1: €117.9m, Q2: €50.0m, Q3: €64.8m). The soft backlog reached €591.7m, up from €400m at Q324 but below the peak of €669m at the end of Q125. However, management expects to accelerate order intake by year-end based on the historical trend of new orders in Q4.

## Increased FY25 revenue guidance and further growth expected in FY26

Management has increased sales guidance for FY25 from 'top of the range of €300–330m' to €435–445m, which includes benefits from the recent acquisitions (note this requires Q4 to account for 36.8% of annual sales, a similar level to that achieved in FY24). FY26 management revenue guidance is €570–590m, including organic growth of at least 20% plus the full year contribution from Kappa Optronics. Management also commented 'until the further integration of Harder Digital we do not restate our 2025 profit and margin guidance, but confirm that our ambitions remain unchanged in respect to a target of mid-twenties EBIT margin in the mid-term.'

## Edison sales forecasts increased, but profit unchanged

We have increased our revenue forecasts in line with guidance and including benefits from acquisitions: FY25 to €440m (from €430m) and FY26 to €580m (from €523m). Reflecting management's comments on margins, including the dilutive impact from the Harder Digital and Kappa Optronics acquisitions, we leave our profit expectations unchanged.

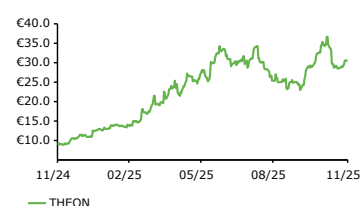
## Q3 trading update

Aerospace and defence

4 November 2025

<b>Price</b>	<b>€30.55</b>
<b>Market cap</b>	<b>€2,139m</b>
Net cash at 30 September	€0.5m
Shares in issue	70.0m
Free float	22.0%
Code	THEON
Primary exchange	AEX
Secondary exchange	N/A

## Share price performance



%	1m	3m	12m
Abs	(6.0)	14.6	251.5
52-week high/low		€37.0	€8.5

## Business description

Theon International develops and manufactures customisable night vision and thermal imaging systems, primarily for military and security applications. These optoelectronic devices are developed for both man-portable and platform applications.

## Next events

Capital markets day	6 November
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## Analyst

David Larkam	+44 (0)20 3077 5700
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[industrials@edisongroup.com](mailto:industrials@edisongroup.com)

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**Exhibit 1: Financial summary**

€m	2022	2023	2024	2025e	2026e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS
<b>INCOME STATEMENT</b>					
Revenue	142.9	218.7	352.4	440.0	580.2
Cost of Sales	(92.7)	(148.5)	(243.2)	(297.9)	(396.3)
Gross Profit	50.2	70.2	109.2	142.1	183.9
EBITDA	41.7	57.2	89.4	115.8	145.5
Normalised operating profit	40.2	55.7	86.9	105.2	132.4
Reported operating profit	40.2	55.7	86.9	105.2	132.4
Joint ventures & associates (post tax)	0.0	0.6	2.4	0.0	0.0
Net Interest	(2.5)	(6.5)	(2.6)	0.0	(1.9)
Profit Before Tax (norm)	37.8	49.9	86.7	105.2	130.5
Profit Before Tax (reported)	37.8	49.9	86.7	105.2	130.5
Reported tax	(7.8)	(13.8)	(19.3)	(24.2)	(30.0)
Profit After Tax (norm)	30.0	36.1	67.3	81.0	100.5
Profit After Tax (reported)	30.0	36.1	67.4	81.0	100.5
Minority interests	0.0	0.0	0.0	(1.5)	(2.0)
Net income (normalised)	30.0	36.1	67.3	79.5	98.5
Net income (reported)	30.0	36.1	67.4	79.5	98.5
Basic average number of shares outstanding (m)	20	60	67	70	70
EPS - basic normalised (c)			98	114	141
EPS - basic reported (c)			100	114	141
Dividend (c)	0.00	0.00	34.00	39.90	49.35
Revenue growth (%)	77.4	53.1	61.1	24.9	31.9
Gross Margin (%)	35.1	32.1	31.0	32.3	31.7
EBITDA Margin (%)	29.2	26.1	25.4	26.3	25.1
Normalised Operating Margin (%)	28.2	25.5	25.0	23.9	22.8
<b>BALANCE SHEET</b>					
Fixed Assets	22.0	21.7	60.9	80.7	98.8
Intangible Assets	0.8	1.5	22.1	24.4	26.7
Tangible Assets	10.6	17.4	32.4	49.1	64.2
Investments & other	10.6	2.9	6.4	7.1	7.8
Current Assets	135.4	188.8	331.5	332.2	464.6
Stocks	34.0	63.6	75.9	94.8	125.0
Debtors	68.0	46.1	133.6	166.8	219.9
Cash & cash equivalents	24.0	65.6	117.8	66.4	115.5
Other	9.3	13.4	4.2	4.2	4.2
Current Liabilities	(89.1)	(100.1)	(107.6)	(104.9)	(125.7)
Creditors	(24.0)	(41.8)	(36.4)	(45.4)	(59.9)
Tax and social security	(6.1)	(8.0)	(14.8)	(17.2)	(20.2)
Short-term borrowings	(31.0)	(32.4)	(34.9)	(28.3)	(28.3)
Other	(28.1)	(17.9)	(21.4)	(14.0)	(17.3)
Long-Term Liabilities	(4.0)	(33.0)	(48.7)	(26.9)	(92.7)
Long-term borrowings	(3.1)	(32.1)	(46.8)	(46.8)	(46.8)
Other long-term liabilities	(0.9)	(0.9)	(1.9)	19.8	(45.9)
Net Assets	64.3	77.5	236.2	281.1	345.0
Minority interests	0.0	0.0	(11.8)	(11.8)	(11.8)
Shareholders' equity	64.3	77.5	224.4	269.2	333.2
<b>CASH FLOW</b>					
Op Cash Flow before WC and tax	41.7	57.2	89.4	115.8	145.5
Working capital	(44.1)	(8.6)	(101.4)	(16.8)	(24.5)
Exceptional & other	0.0	0.4	2.9	(2.0)	(3.0)
Tax	(3.7)	(11.3)	(13.5)	(21.8)	(27.0)
Net operating cash flow	(6.1)	37.7	(22.7)	75.2	90.9
Capex (net)	(3.7)	(7.6)	(8.7)	(20.0)	(20.0)
Acquisitions/disposals	(0.3)	(0.5)	0.0	(75.0)	0.0
Net interest	(0.2)	(2.0)	(0.6)	0.0	(1.9)
Equity financing	0.0	0.0	92.2	(6.7)	0.0
Dividends	0.0	(10.0)	(14.4)	(23.8)	(27.9)
Net Cash Flow	(10.3)	17.6	45.9	(50.3)	41.1
Opening net debt/(cash)	(9.0)	10.0	(0.8)	(41.7)	8.6
FX	0.0	(0.4)	0.0	0.0	0.0
Other non-cash movements	(8.7)	(6.4)	(5.0)	0.0	8.0
Closing net debt/(cash)	10.0	(0.8)	(41.7)	8.6	(40.5)

Source: Theon accounts, Edison Distributed Research by London South East

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