



Q3 Trading update and contemplated equity raise

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Nordic Unmanned ASA (the "Company" or "NU Group") is contemplating an equity raise to support the ongoing redirection and transition of the NU Group towards a focused and high growth OEM (original equipment manufacturer) business.

REVISED CORPORATE STRUCTURE

2024 is defined as a transition year for the NU Group focusing on continued growth in the OEM business (Defense and Security) while pursuing structural options for Flight Services. In Q1 and Q2 2024 significant efforts were made to cut cost and reduce debt, thus paving the way forward with an aim to become profitable by second half of 2025 via organic and potentially inorganic actions. Into Q3 2024 the Company continued to operationalize on this new strategy.

Further, initiatives are ongoing to prepare for a legal drop-down of assets within the NU Group, ultimately creating a holding company structure with two separate legal business units; one pureplay drone-as-a-service business unit (Flight Services) and one pureplay OEM business focused on the defense and security sector (AirRobot and DroneMatrix). Such a division and drop-down of assets resolved by the Company's board of directors (the "Board") and the implementation is subject to certain regulatory approvals. The process is also supported by the lenders, although certain approvals related to asset and debt allocation is to be finally agreed. This will enable a more focused and pure-play market strategy for the two businesses which has different operating models, value propositions and client bases, and thus also streamline each of the unit's investor profiles to engage in consolidation opportunities and attract growth capital according to investors' risk/reward preferences.

The OEM business will going forward focus on key niches within the defense & security sectors with an asset light business model, and this should lead to higher scalability and return on equity over time. There exists an opportunity to build on the NATO certification, commercial position with the German Airforce and with other key clients and further unlock and build on synergies between AirRobot and DroneMatrix by combining the companies' strengths.

The Flight Services segment is now well positioned with a strong track record in an emerging drone-as-a-service niche and is anticipated to constitute an attractive consolidation target in an industry where scale matters. The business is in a transition from an asset heavy to an asset light profitable business model and a European market leader in an emerging industry with long term growth prospects.

STRATEGIC REVIEW OF FLIGHT SERVICES

Based on the above, the Board believes that a new industrial platform will provide the basis for a broader reach and scalability for Flight Services. Pareto Securities AS has been engaged to advise on and explore the structural options for Flight Services which could lead to a merger, partial sale or sale of the entire business unit. NU Group is currently in early dialogues with potential investors for Flight Services, but no assurance can be made if or when a transaction may occur. The Company's aim is to conclude on the strategic review by the end of Q4 2024.

TURNAROUND OF THE OEM BUSINESS

The ongoing turnaround of the OEM businesses aims to streamline the supply chain and manufacturing process, improve technology offering, sales capacity and technology development partly through partnerships. In short, to be in position for:

- Strengthen the technology offering of state-of-the art surveillance drones for the defense market as well as port- and infrastructure security

- Focus on securing new orders and opportunities via sales- and manufacturing partners for growth
- Strong emphasis on gross margin expansion and profitability

Q3 2024 PRELIMINARY TRADING UPDATE

After a preliminary review, NU Group achieved an overall positive Q3 compared to Q2 2024 with estimated revenue of approx. EUR 4.9 million, a growth of ~20% from Q2 2024, and with an estimated positive adjusted EBITDA (adjusted for refinancing cost), an improvement from Q2 2024 where EBITDA was a negative EUR 0.6 million.

Flight Services experienced a positive catch-up of activity after a slow Q2 2024 characterized by operational delays and late ramp-up of EMSA contracts. Flight Services identified impairment triggers related to some operational assets, primarily due to lower-than-expected activity levels. While the Company is certain that an impairment will occur, the amount and impact remain under review. An update will follow once the review is completed and the non-cash impacts on our financial result is confirmed, anticipated in Q4 2024. In the OEM segment, AirRobot is anticipating a flat development in Q3 2024, due to supply chain and working capital constraints. It is anticipated that the mentioned turnaround efforts will improve performance from Q2 2025. In addition, it is anticipated that the “stop work order” under a key AirRobot / NU UK project announced earlier is likely to resume from Q1 2025. DroneMatrix continued with low activity but has promising prospects including the recent EUR 350.000 letter of award for development funding from the Defense-related Research Action (DEFRA), a research program initiated by Belgian MoD.

NU Group achieved a positive cashflow from underlying operating activities, which was outweighed by a negative free cash-flow of EUR approx. -0.6 million, leaving the Company’s available liquidity reserve of EUR approx. 0.9 million at the end of Q3 2024. The negative free cash-flow and liquidity development are mainly a consequence of significant extraordinary costs related to the necessary legal restructuring and financial restructuring from Q2 and Q3 2024 and into Q4 2024, the abovementioned delays in certain Flight Services operations as well as a series of previous announced disruptions at AirRobot with regards to both the Mikado project and another larger project. In addition, attempts to sell idle assets have not been successful to date. Total process costs from the financial restructuring through Q2 and Q3 2024 were approx. EUR 1.5 million.

The Q3 2024 report is anticipated to be published on 19 November 2024.

NEAR-TERM CAPITAL NEED AND CONTEMPLATED EQUITY ISSUE

The combination of extraordinary refinancing cost in Q2 and Q3 2024, ongoing turnaround activities and transition into an asset light business model, unsuccessful sale of assets as well as contractual and regulatory delays throughout Q2 and Q3 2024 coupled with forecasted working capital requirement in the OEM business, has put the Company in need of additional equity to support the ongoing redirection and transition of the Company. Against this background, the Board has engaged Pareto Securities AS to initiate a process to raise new equity of NOK 45 million. The size of the offering is based on the Board’s best understanding of the financial development and liquidity projections going forward and is deemed sufficient to finalize the ongoing turnaround, working capital requirement, improve manufacturing capabilities and obtain expected contract awards, while executing the Strategic Review of Flight Services, ultimately securing a positive cash-flow from second half of 2025. Of the total NOK 45m capital raise approx. NOK 30 million will be channeled to the OEM business and approx. NOK 15m to Flight Service. The required capital need does not require a sale of Flight Services or drone assets. A potential launch of the equity raise is expected as soon as a sufficient commitment to support the equity raise has been identified.

The Company’s largest shareholder, Tjelta Eiendom AS, holding 42% of the outstanding shares, has pre-committed to subscribe for, and will be allocated NOK 25 million in the contemplated equity raise (55.6% of the potential transaction), signaling strong support for the Company’s restructuring and future growth plans. The Company’s board will consider to propose for the EGM a subsequent repair issue towards shareholders who have not participated in the Private Placement.

OUTLOOK

Flight Services has delivered three bids with a potential, unrisksed value exceeding EUR 100 million and with potential effect from 2025, compared to limited bidding activity in 2023. With an asset light and partner-based strategy going forward, the Company only foresees minor capex required to grow the Flight Services business stand-alone.

The issues and delays for AirRobot are anticipated to be resolved over the next few months with a positive effect from Q2 2025. The Company anticipates positive effects for DroneMatrix and AirRobot from the ongoing turnaround project in the OEM segment. NU Group is growing the pipeline of leads for both AirRobot and DroneMatrix, including new leads outside

Germany and Belgium, with specific indications of further demand for AR-100s from well-known clients from 2025. The combined and risked pipeline is large and growing, together with ongoing strategic initiatives provides a good basis for long term positioning and development.

The contemplated equity raise will support this process beyond 2025, allowing to pursue strategic opportunities for the purpose of driving long-term value creation building a leading European supplier of drone and drone solutions to the defense and security industries in NATO member countries.

UPDATED INVESTOR PRESENTATION

For further information about NU Group, please refer to the enclosed updated investor presentation.

DISCLOSURE REGULATION

This information is considered to be inside information pursuant to the EU Market Abuse Regulation (MAR) and is subject to the disclosure requirements pursuant to MAR article 17 and section 5-12 of the Norwegian Securities Trading Act. This stock exchange announcement was published by Tarjei Lode, CFO of the Company on 23 October 2024, at 08:00 CEST.

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This announcement is an advertisement and is not a prospectus for the purposes of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on prospectuses to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (as amended) as implemented in any Member State.

Disclosure regulation

This information is subject to the disclosure requirements pursuant to section 5-12 of the Norwegian Securities Trading Act.

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About Nordic Unmanned

Nordic Unmanned is a leading European manufacturer (OEM) and certified operator of unmanned aircraft systems ("UAS").

We are serving large corporations, government agencies and security customers by offering systems, solutions and flight services for environmentally friendly delivery of productivity improvements and time critical, actionable data insights and logistics services.

Our solutions and services are organized in the three business segments as follows:

Flight Services: is a technology-agnostic flight services operator providing time-critical actionable data to large corporate and governmental customers. The segment also includes NUAer AS and Resale.

AirRobot: is an Equipment Manufacturer (OEM) with a leading product platform in lightweight drones and sensors (payloads) tailored for defense and security.

DroneMatrix: is an Equipment Manufacturer (OEM) offering a fully integrated and autonomous drone system with proprietary software for surveillance and security.

Nordic Unmanned is ISO 9001:2015 and ISO 14001:2015 certified for the operation, maintenance, and sales of unmanned systems and sensor technology. AirRobot is ISO 9001:2015 and EN 9100:2018 certified for its development and production capabilities of unmanned systems.

Founded in Norway in 2014, Nordic Unmanned has offices in Sandnes (NO), Cranfield (UK), Hasselt (BE) and Arnsberg (GER). Nordic Unmanned also comprise joint venture – Omni Unmanned SA with OHI Group SA (registered in Luxemburg) and joint venture – NUAer AS with Aeromon OY (registered in Norway).

For more information visit - <https://nordicunmanned.com/>

Attachments

- [Download announcement as PDF.pdf](#)
- [241023_NUGroup_InvestorPresentation.pdf](#)