

**NORDIC  
UNMANNED**

**Q2 2023**

**PRESENTATION  
& BUSINESS UPDATE**

August 29th 2023

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# Agenda

**BUSINESS UPDATE  
HIGHLIGHTS Q2 2023  
FINANCIALS Q2 2023  
BUSINESS SEGMENTS  
MARKET & OUTLOOK  
SUMMARY**

# Highlights Q2 2023\*)

**Strategic  
review  
progressing**

**37% revenue  
growth to EUR  
6.6m (EUR 4.8m)**

**Positive adjusted  
EBITDA.  
EUR 4.0m  
improvement**

**EUR 63m  
estimated order  
backlog**

**First Indago 4  
sale**

Proving our OEM role with sales to a  
NATO MOD customer

**+69% growth in  
flight hours to 1416  
hours (838 hours)**

**+EUR 1.3m (237%)  
growth in AirRobot  
revenue (OEM)**

**EUR 371' revenue  
in DroneMatrix  
(OEM)**

\*) Figures in brackets refer to corresponding period last year



# Nordic Unmanned – In brief

## Geographic Presence of Flight Operations

- **Who we are:** Nordic Unmanned is a leading European manufacturer (OEM) and certified operator of unmanned aircraft systems («UAS»)
- **Our Purpose and vision:** Above All – We Protect Values and Lives
- **Our strategy** is to be a leader in the development, construction, provision, operation and resale of environmentally friendly, cost effective and reliable unmanned aerial flight systems and flight services, delivering time critical, actionable data insight and logistics services system
- **Our people** are competent, dedicated and client focused

- Nordic Unmanned offices
- BVLOS operations



### Key technology partners

LOCKHEED MARTIN

TEXTRON

SCHIEBEL

SH  
SKY-HERO

Aeromon  
Airborne Collision Monitoring

### Key customers

LOCKHEED MARTIN

EMSA

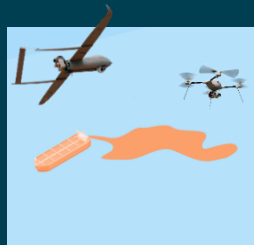
Port of  
Antwerp

equinor

BUNDESWEHR

OHI  
OMNI HELICOPTERS INTERNATIONAL

# Continued contribution towards sustainability



## General maritime surveillance

- **172** maritime surveillance missions
- **77** environmental missions
- **12** oil spill response vessels
- **2** fishery inspection vessels

**1,46 kg direct CO2 emissions per flight hour**

**175x less than its manned alternatives**



## Emission monitoring

- **23** measurements performed (YTD 40)
- **0** verifications (YTD 35)

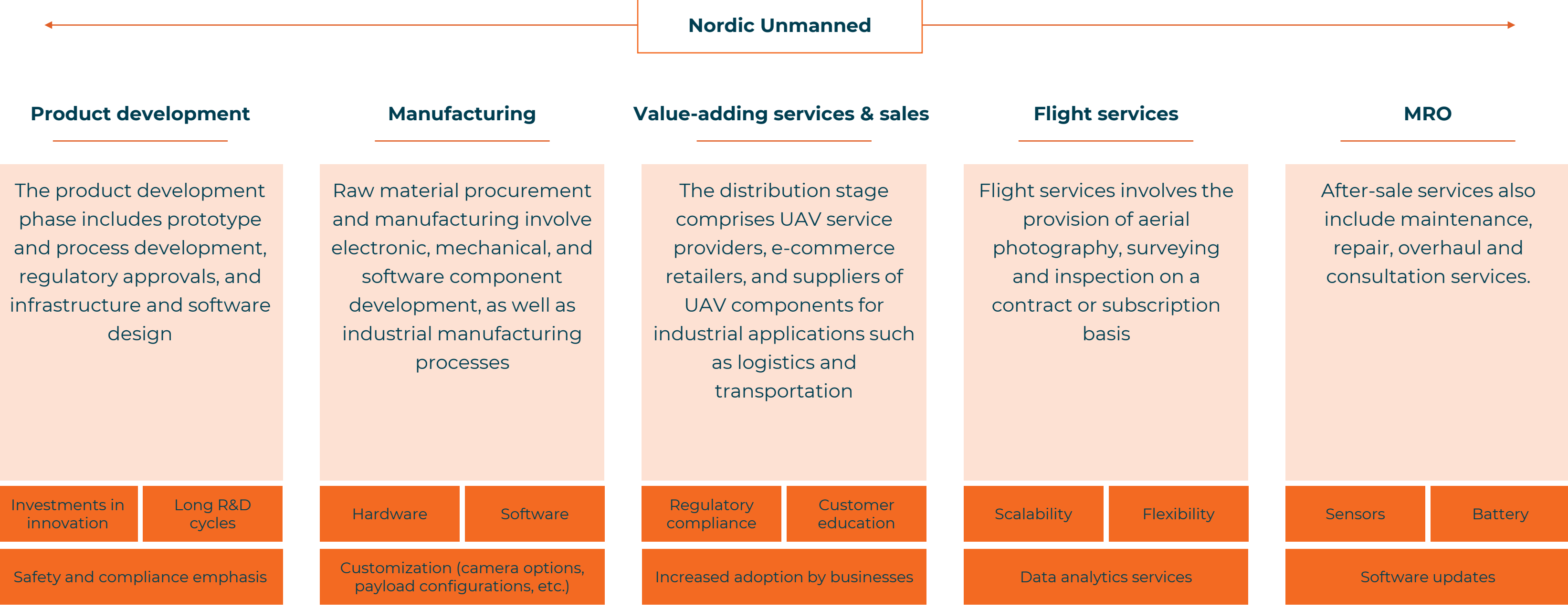
**1361 tons CO2 saved\***

*\*The amount of direct CO2 emissions saved by our fleet in Q2 compared to a Beech King Air B350 ER doing the same amount of flight hours.*



# Present throughout the value-chain

## Illustrative value chain segments



Source: Nordic Unmanned



# Three Business Segments



## Nordic Unmanned Flight Services

*Nordic Unmanned Flight Services is a tech-agnostic flight services operator providing time-critical actionable data to large corporate and governmental customers*



## OEM - AirRobot



*AirRobot is an OEM with a leading product platform in lightweight drones tailored for defense & security*

## OEM - DroneMatrix



*DroneMatrix is an OEM offering a fully integrated and autonomous drone system with proprietary software*



# Flight Services – Overview (I)



Drone-as-a-Service operator with a team of 53 employees and a fleet of 38 drone systems. Incorporating all functions required to operate complex missions with value added data analytics services



Established track record with Copernicus Maritime Surveillance/EMSA,<sup>(1)</sup> serving government agencies and organizations in a variety of data collection missions. Has also pioneered the offshore logistics space with Equinor



Holds a Light UAS Operator Certificate (“LUC”), allowing for self-approval of BVLOS flights under EASA regulation, leveraging simplified declaration procedures across Europe. Remote operations center in Sandnes, Norway



290 maritime surveillance missions and 514 emission monitoring missions completed as of YE2022. It is estimated that manned alternatives would have yielded 175x the emissions for similar tasks



The business unit is ISO 9001 certified and has fully integrated maintenance control, operational maintenance, and training departments

## Key takeaways

**Technology agnostic  
Drone-as-a-Service**

**Maritime mission-  
critical data**

**Most comprehensive  
BVLOS license**

**Strong ESG footprint**



**Trusted partner to  
the EU**

## Selected applications



**Emissions monitoring**



**Port surveillance**







**Maritime surveillance**



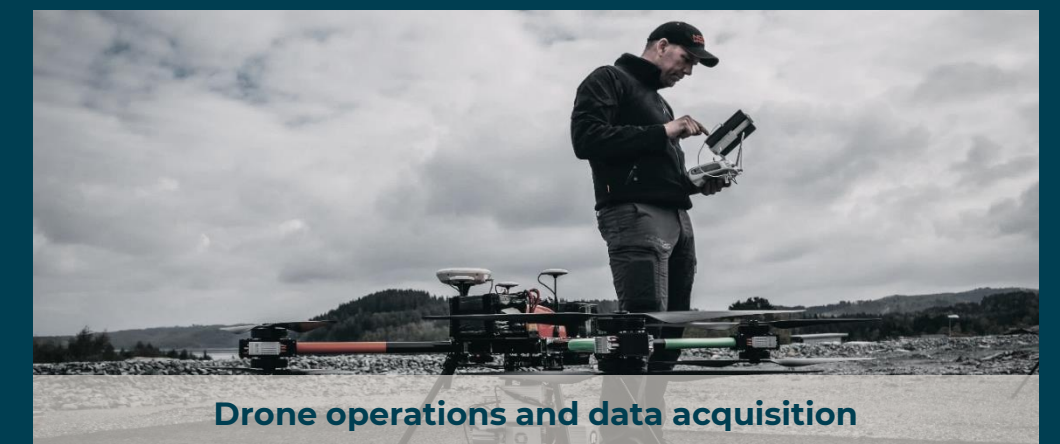
**Offshore logistics**

Note: Nordic Unmanned segment formerly named Nordun. (1) European Maritime Safety Agency.

# Flight Services – Overview (II)

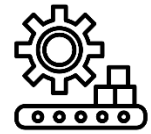
-  Operates advanced fixed-wing and rotary drones developed by major defense contractors, specializing in maritime surveillance, with a focus on government customers
-  Customers include European and governmental entities related to maritime security such as coast guards and other organizations that conduct surveillance and perform data collection
-  Experienced team with extensive aviation background and regulatory knowhow combined with LUC privileges facilitate a streamlined approval process for remote operations
-  The offering helps saving lives, strengthen defense capabilities, limit environmental disasters and enforce regulatory requirements. The service differentiates itself with quick response, low visibility, low cost, limited human involvement and high efficiency

## Key strengths





# AirRobot – Overview



Germany-based OEM of complete and robust lightweight drone systems utilizing proven technology for both the quadcopter drone, ground control station and sensor suite for military use and first responders (police, fire dept., security companies, etc.).



Technology developed in cooperation with Bundeswehr over several years. Production started for 145 AR100-H systems. Longstanding MRO partner with Bundeswehr for in-use systems.



Entirely modular drone technology with a backpack deployment system and proprietary control tablet, tailored for in-field application with encrypted data transmission. The AR100 is a military certified flight platform.



From Q3 2023 and onwards, deliveries of AR-100H and sensors will make a significant contribution to revenue and profitability. Plans to expand its sales and distribution capacity to meet demand from clients in other NATO jurisdictions.



Partner with Lockheed Martin for the supply of its proprietary Heimdal EO/IR sensor and software to Indago 4 in a significant program with the UK Ministry of Defence that will run for several years.

## Key takeaways

**Leading robust UAS for military utility**

**Development and manufacturing in-house**

**10+ years cooperation with Bundeswehr**

**Frame agreement with major US defense contractor**

**Strong opportunity pipeline**

## Key offerings



**UAV AR100-H**



**Heimdal – Optical and IR Sensor Payload (Day&Night vision)**



BUNDESWEHR

**LOCKHEED MARTIN**

**Fraunhofer**



BUNDESPOLIZEI

**Main partners**



# AirRobot – Product portfolio



## AR100-H Surveillance UAS

### AR100-H UAV



The latest innovation of the AR100 series. The predecessor is in operation with Bundeswehr since 2005 in the most challenging environmental conditions.

Rapidly deployable, the AR100-H is ready for flight in under 2 minutes from unpacking to lift-off.

Entirely modular technology with a backpack deployment system and proprietary control tablet, tailored for in-field application with encrypted data transmission.

## Heimdal EO/IR payload



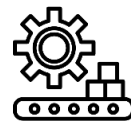
Fused Electro-Optical/Infra-Red (EO/IR) video, in full HD, enables the user to detect difficult targets of interest in complex terrain and lighting conditions.

The power of the Micro-Gimbal HD lies in the highly accurate real-time fusion of Full HD Daylight and Thermal imagery

Compatible with the AR100-H, in addition to the Lockheed Martin Indago 3 and 4

*Through close collaboration with operational personnel in both Army and Police, AirRobot continues to develop attractive solutions*

# DroneMatrix – Overview



Belgian based OEM of Drone-in-a-Box solutions for inspection, surveillance, data capture and freight purposes. Nordic Unmanned owns a 55% majority share, with the founders Frank and Lander Vanwelkenhuyzen holding the remaining minority share.



The YACOB intelligent drone has swappable payloads and safety systems. The docking station has a launch and landing platform, and acts as a communication hub with the proprietary flight management system (AR-WS).



Proprietary cloud-based software solution that enables remote and off-site control of any drone from anywhere. The drone uses AI to recognize and automatically track people, cars, vessels etc, and offers automatic adjustment of flight path.



Contracts won in both port, industrial and rail industries, with large scale multi-system operations started. Key contracts with the Port of Antwerp and Infrabel. Significant interest from police, fire departments, and airport operators. 21 drones delivered to date.



YACOB is currently experiencing increased interest from first responders looking to monitor and obtain a situational description of larger defined areas, such as police, fire departments, and even airport operators.

## Key takeaways

**Drone-in-a-Box solution (YACOB)**

**Autonomous with AI onboard**

**High bandwidth and low latency**

**Key contracts in large industries**

**Vast application potential**

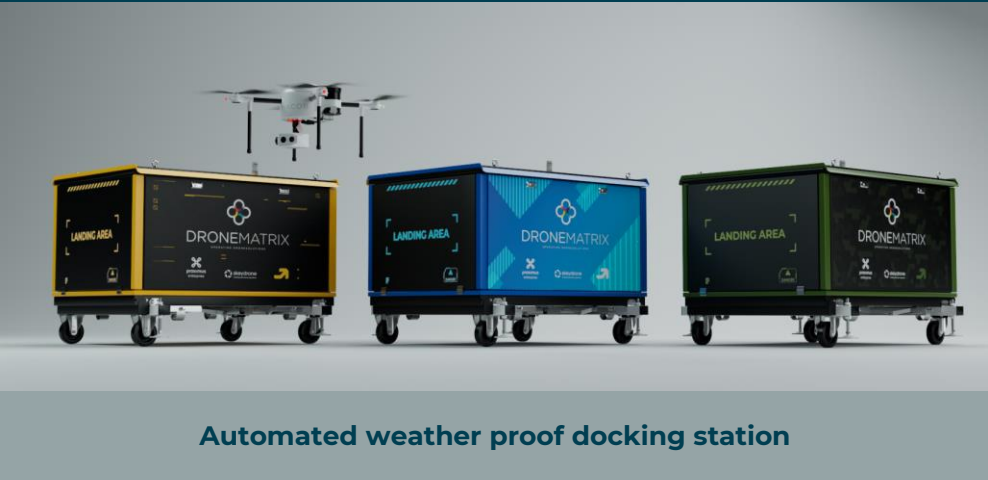
## Key offerings



DRONEMATRIX  
UNMANNED AERIAL SOLUTIONS



YACOB surveillance drone



Automated weather proof docking station



Cloud-based control center



# Highlights Q2 2023: Strategic Review

## Strategic Review:

- The Strategic Review is progressing as planned and the company continues to evaluate all options that can strengthen its balance sheet. Information memorandum has been prepared and discussions are ongoing with financial and strategic parties to address the stressed liquidity situation. Constructive dialogue is also ongoing with secured financial creditors and professional suppliers to defer payments.
- The company has secured necessary waivers from its secured financial creditors till end October 2023 which covers financial covenants and deferral of instalments during the same period. The period till end October 2023 corresponds with anticipated progress milestones towards a sustainable financial and strategic solution. A final solution may include equity raise and/or sale of certain assets.
- Target remains to arrive at a sustainable capital structure and strategic solution for the company by year end 2023.





# Highlights Q2 2023\*)

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**Positive adjusted  
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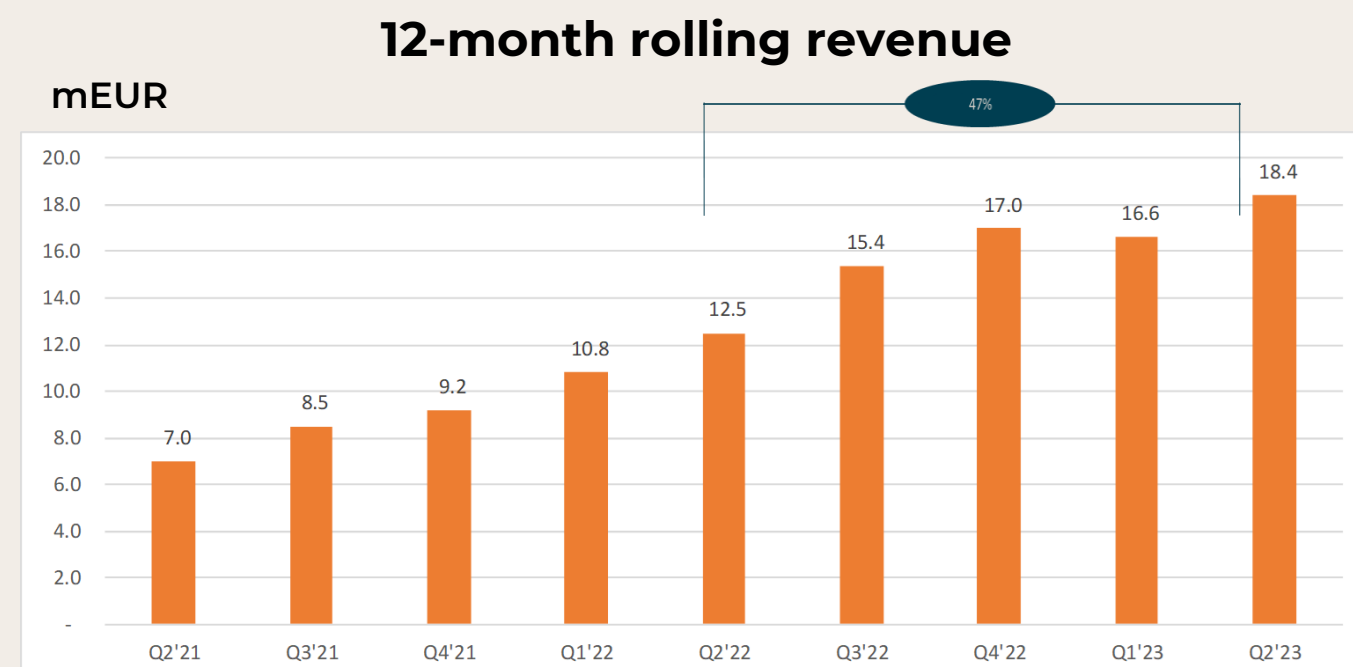
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# Financials - Group

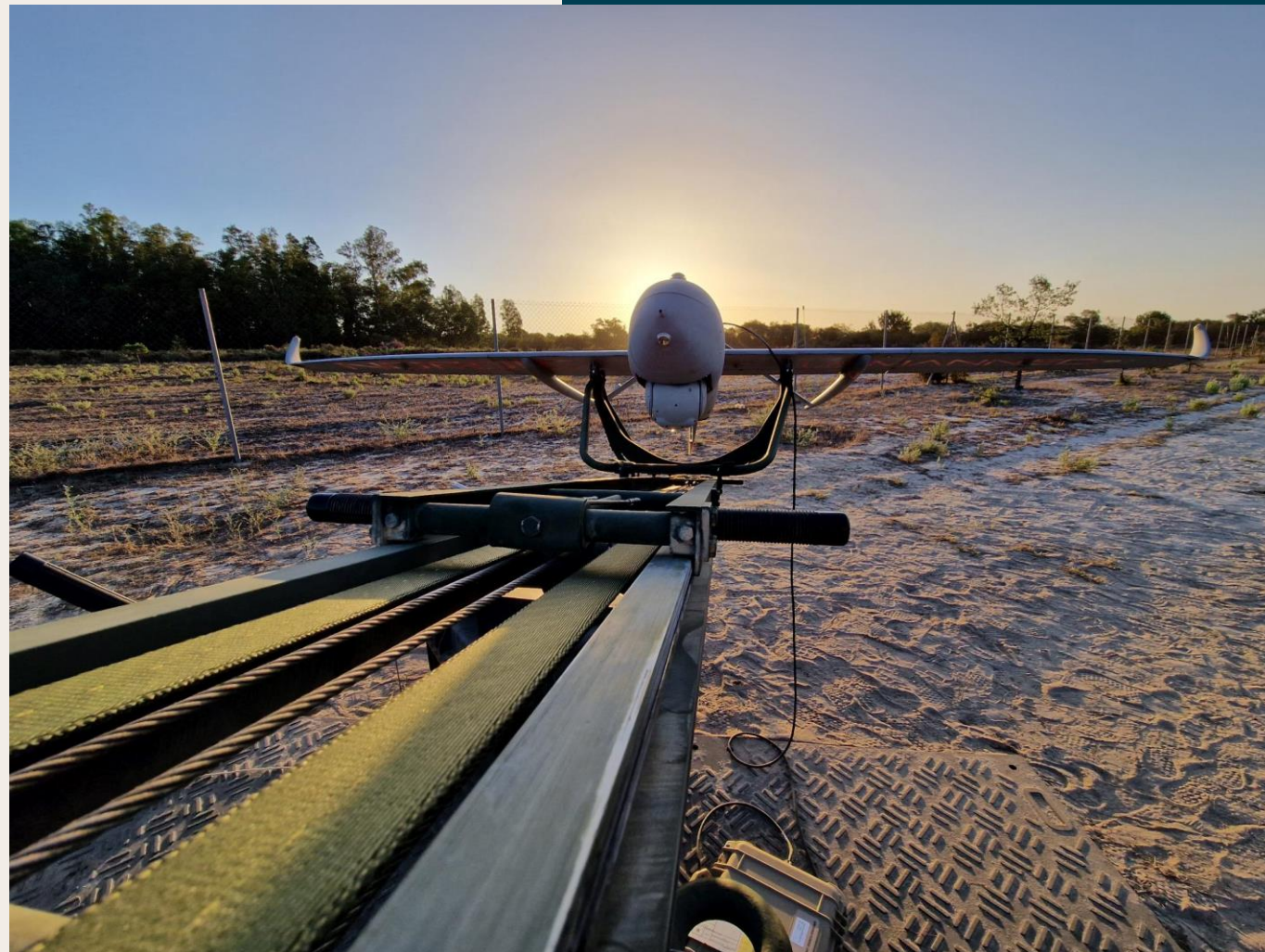
Continued growth with improved margins

Unaudited figures in EUR '000	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating revenue	6,584	4,821	8,751	7,313
Cost of goods sold	582	769	1,389	1,515
Personell expenses	2,795	3,550	5,961	5,850
Other operating expenses	2,195	3,455	3,969	4,919
<b>Adjusted EBITDA</b>	<b>1,010</b>	<b>-2,953</b>	<b>-2,568</b>	<b>-4,971</b>
Adjusted EBITDA %	15%	0%	-29%	0%
Non-recurring items	2,850	-	2,850	-
<b>EBITDA</b>	<b>-1,839</b>	<b>-2,953</b>	<b>-5,418</b>	<b>-4,971</b>
EBITDA %	-28%	-61%	-62%	-68%
Depreciation and amortization expenses	1,515	1,322	3,012	2,334
Impairments	2,887	-	2,887	-
<b>EBIT</b>	<b>-6,241</b>	<b>-4,274</b>	<b>-11,317</b>	<b>-7,305</b>
Net financial items	34	398	638	658
<b>Income (loss) before tax</b>	<b>-6,275</b>	<b>-4,672</b>	<b>-11,955</b>	<b>-7,963</b>
Income tax	867	-988	-202	-1,623
<b>Net income (loss)</b>	<b>-7,142</b>	<b>-3,684</b>	<b>-11,753</b>	<b>-6,340</b>

- Quarterly turnover of EUR 6.6 million, 37% revenue growth from Q2 2022
- Improvement in adjusted EBITDA by Euro 4 million compared to Q2 2022
  - Cost reductions
  - Higher activity
  - Operational performance
- 12 month rolling revenue increase by 47%, revenue growth combined with improved financial performance



# Specification of non-recurring items and impairments in Q2 2023



## **NON-RECURRING ITEMS IN THE QUARTER:**

- Personnel related restructuring cost and close down of US operations of EUR 1 million
- Write down of other receivables totalling EUR 0.9 million
- Provisioned for Strategic Review of EUR 1 million

## **IMPAIRMENTS IN THE QUARTER:**

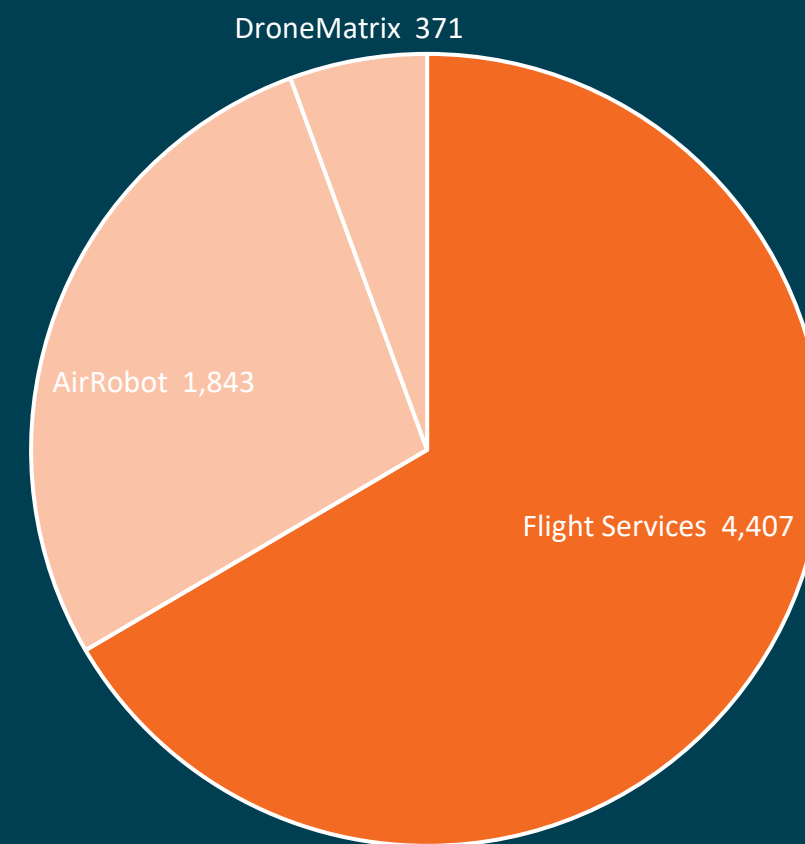
- NUAer valuation reduced with EUR 1.5 million
- Ecoxy valuation reduced with EUR 0.9 million
- Camcopter fleet valuation reduced with EUR 0.5 million



# Breakdown of Revenue and EBITDA

Quarterly revenue growth and adjusted EBITDA improvement

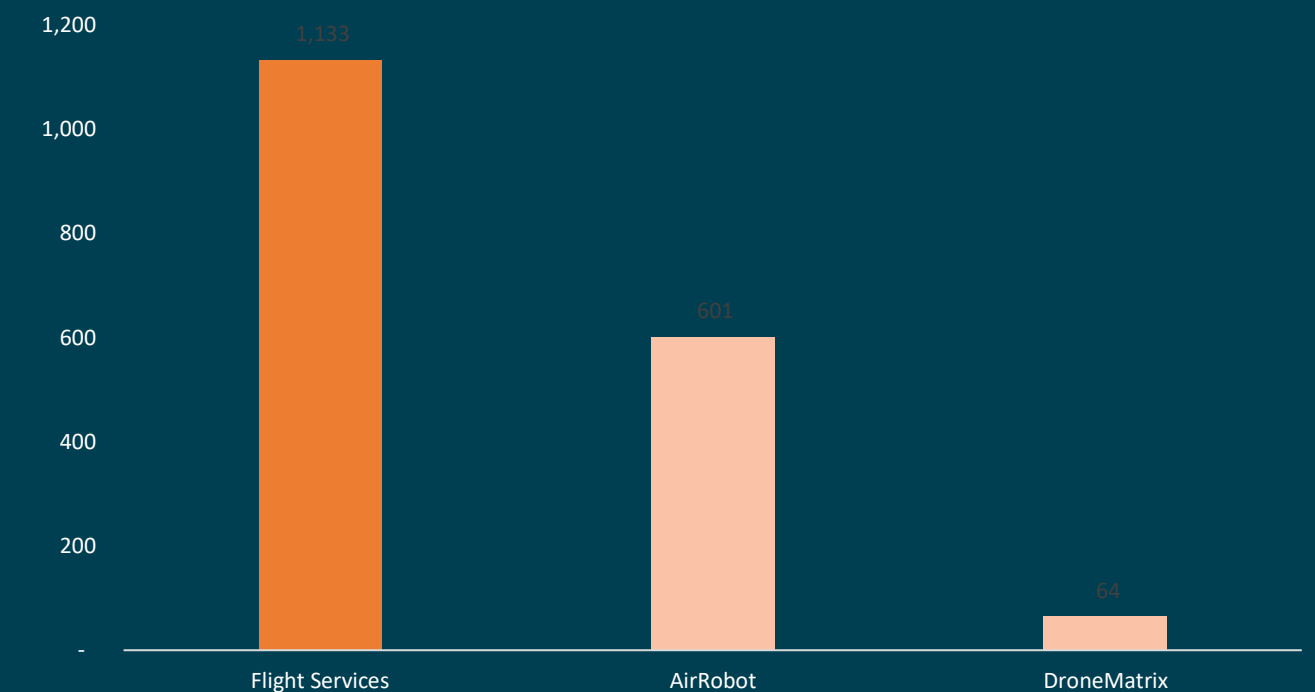
## Revenue per Segment



**Flight Services  
Business**  
Total EUR 4.4 million

**OEM Businesses**  
Total EUR 2.2 million

## Adjusted EBITDA per Segment



**Flight Services  
Business**  
Total EUR 1.1 million

**OEM Businesses**  
Total EUR 700'

# Balance Sheet

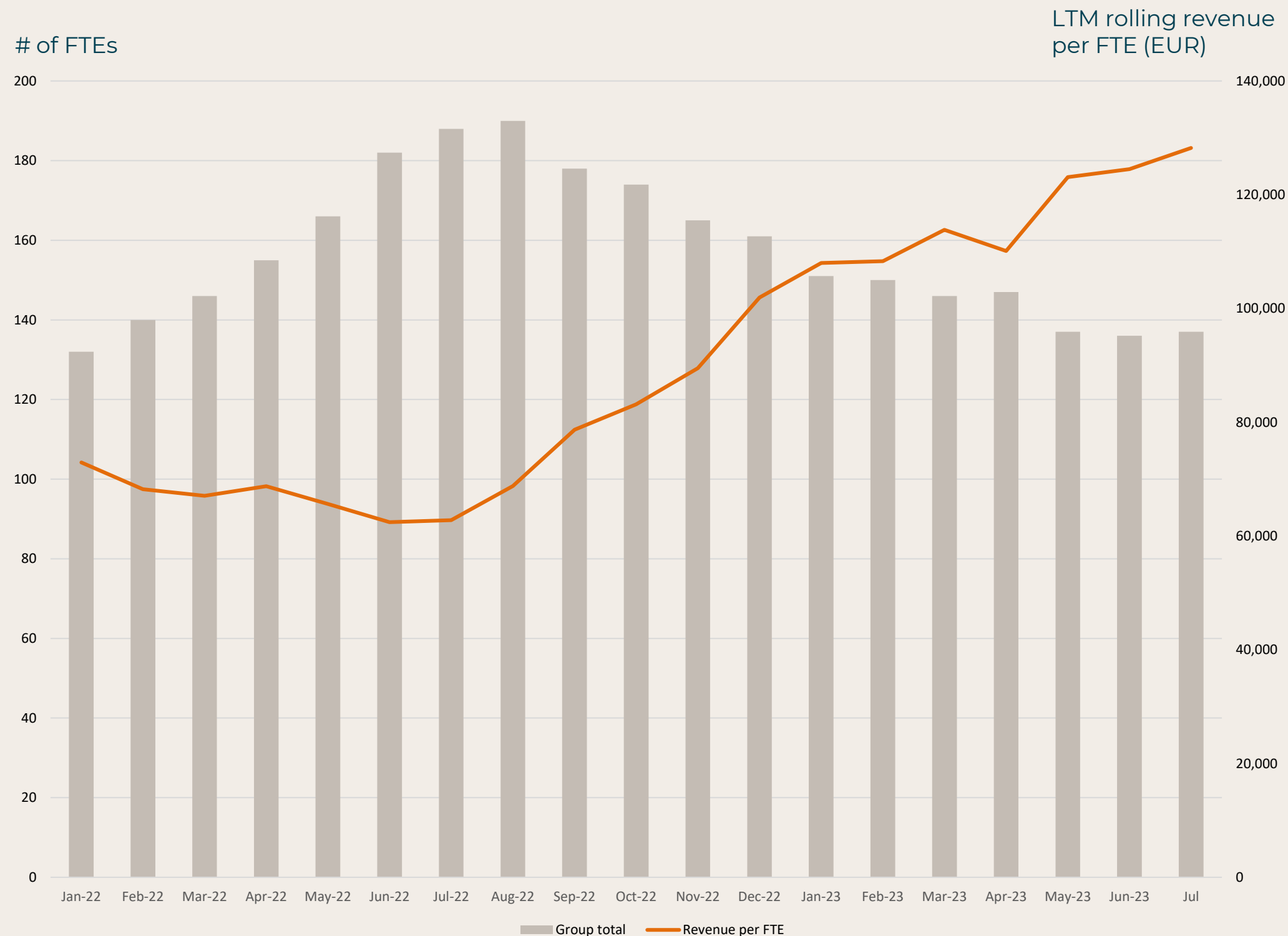
(in EURO '1000)	Q2 2023	Q1 2023	Q2 2022	2022
Total fixed assets	34,915	36,978	46,919	38,267
Inventory and receivables	9,958	6,544	9,573	6,859
Cash and cash equivalents	568	530	1,184	812
<b>Total assets</b>	<b>45,441</b>	<b>44,051</b>	<b>57,675</b>	<b>45,938</b>
Equity	12,410	18,959	30,626	23,556
Non-current liabilities	2,789	16,555	14,728	13,129
Short term liabilities to financial institutions	20,309	3,508	4,435	2,674
Payables to other short term liabilities	9,932	5,029	7,886	6,579
<b>Total Equities and liabilities</b>	<b>45,441</b>	<b>44,051</b>	<b>57,675</b>	<b>45,938</b>

- Asset and market review performed
- Impairment performed on non- strategic assets which are under process of disposal or put dormant
- Inventory build-up in AirRobot to secure critical components for Mikado 2 and Tiquila contracts
- Book equity of 27,3% end of the quarter

# Organizational rightsizing

- Organizational costs reduced by ca. EUR 2m

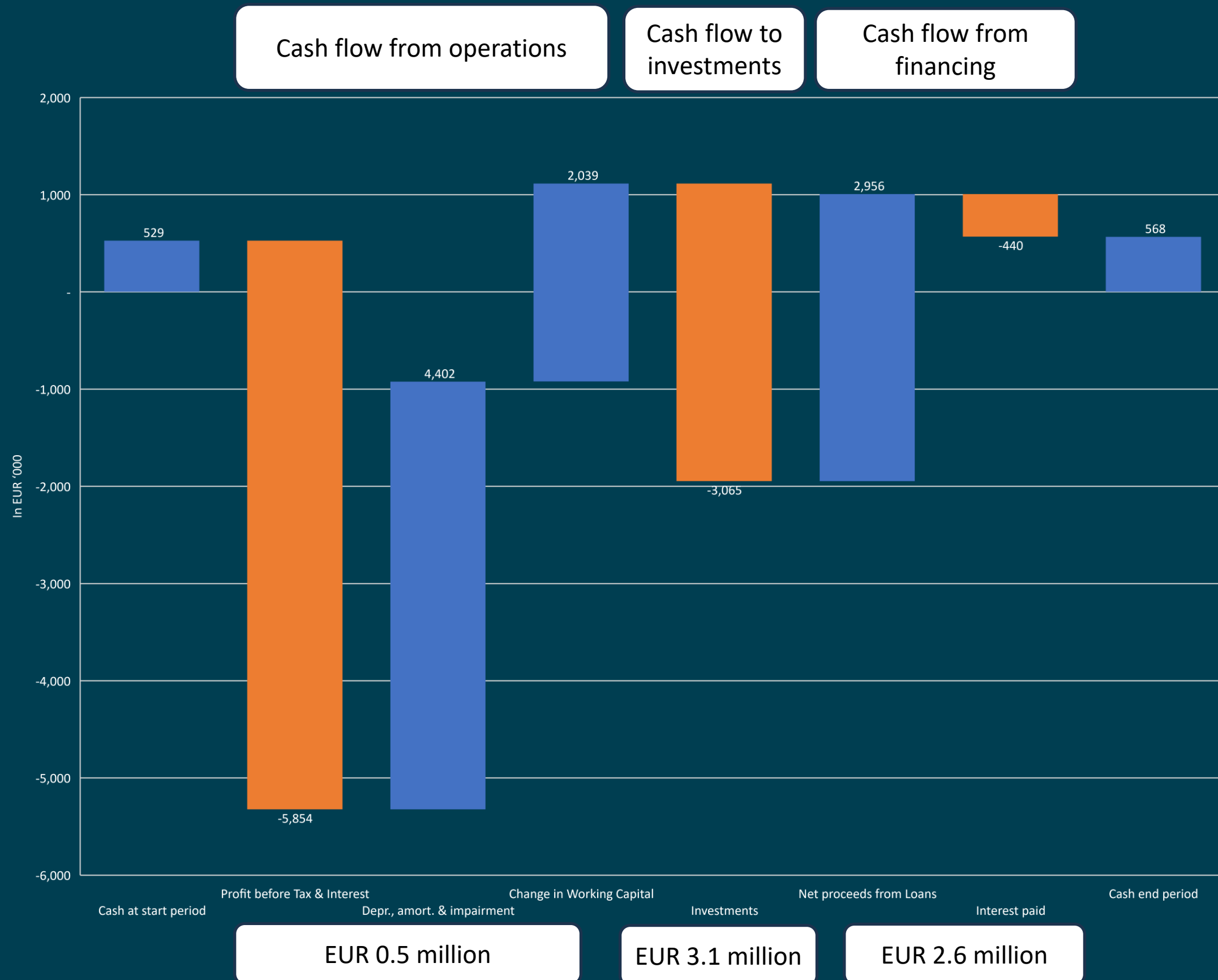
## FTE development



- Reduction of 51 full time employees (FTE) from July 2022 to July 2023
  - The ~30% reduction in total FTEs is due to staff reductions in Group overhead and Flight Services following a strategic review to ensure strategic focus and operational efficiency
  - Last Twelve Months (LTM) revenue per FTE ~ doubled in the period, from Euro 62.780 in July 2022 to 124.519 in June 2023
  - At current run-rate, the cost base going forward is assumed Euro ~2m lower than in YTD 2023 – all else equal



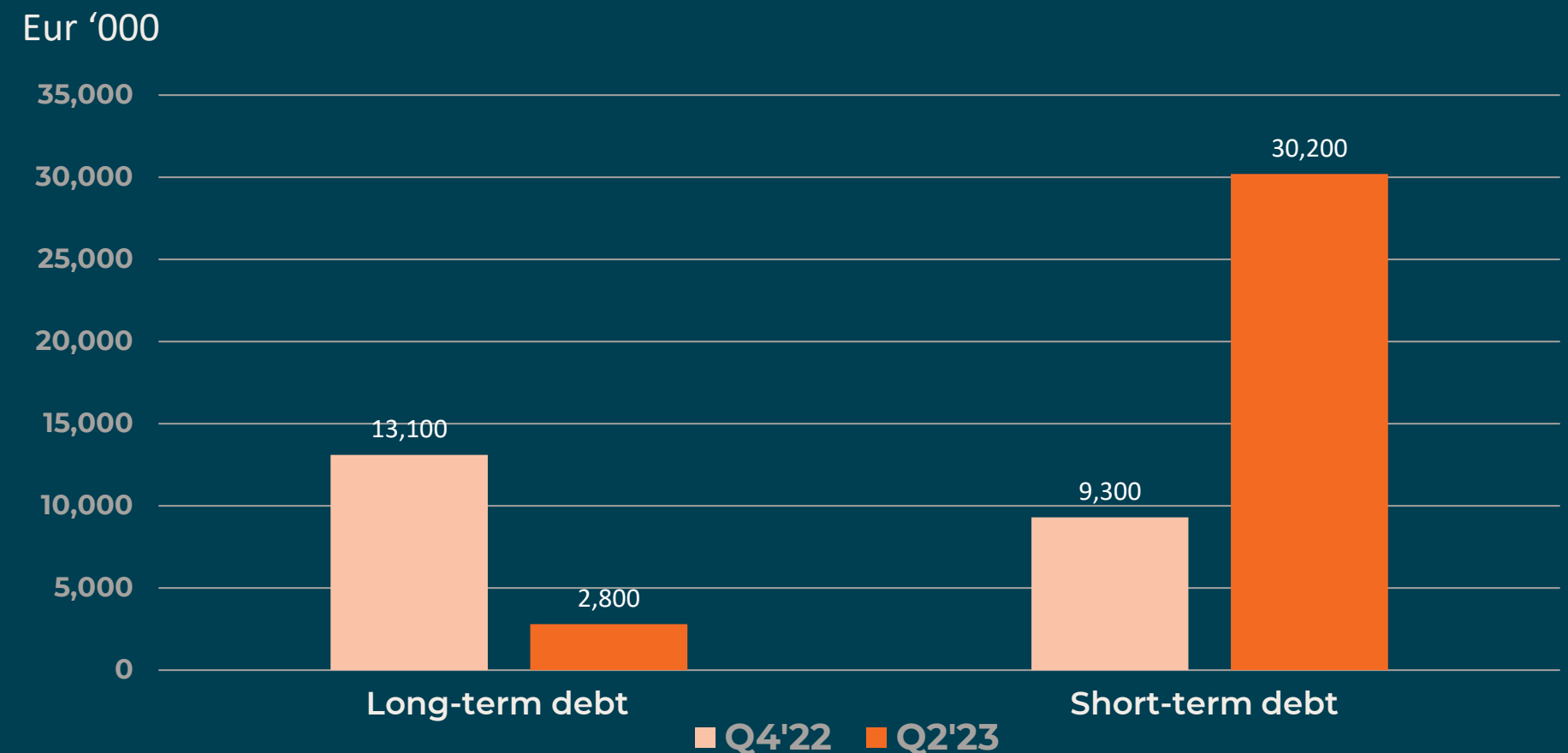
# Cash Flow Statement



- Marginal change in cash in period
  - Underlying improvement
  - Agreements with key suppliers
- Positive Euro 2 million from change in working capital
- Investments in Textron Aerosonde equipment of Euro 1.9 million for Flight Services and EUR 1.2 million related to development of proprietary technology (IP)
- Net proceeds from financing relates to draw down of credit lines

# Liquidity and solidity

- Group liquidity reserve of Euro 560.000 at quarter end
- Equity ratio of 27.3%
- Invested in growth with additional Aerosonde systems and Aersonde Hybrid Quad for OP 46 and OP 5 in flight services and inventories in AirRobot for Mikado 2 and Tiquila
- Drawn down credit lines of EUR 5.8 million from SR-Bank and Volksbank Unna
- Secured waiver from its secured lenders till end October 2023, and consequently long-term debt has been reclassified as short-term debt
- The agreement with secured lenders include deferred instalments for the same period

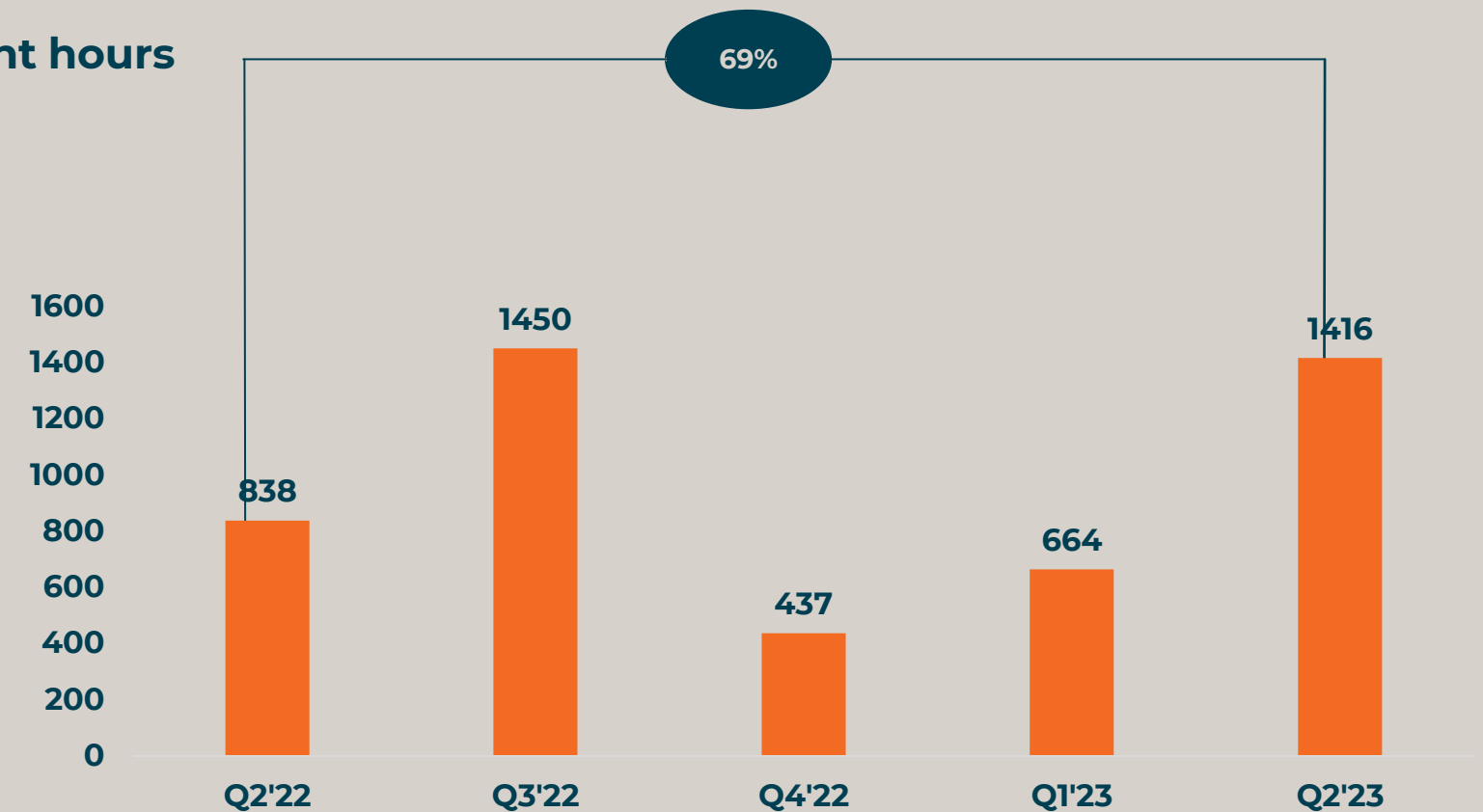


# Flight Services (100% ownership)

- Operational on two parallel deployments with the Aerosonde platform (3<sup>rd</sup> deployment start in August 2023)
- 1.416 flight hours in Q2 2023, increase of 69% compared to Q2 2022
- Trained first crew for operating the Aerosonde Hybrid Quad, to get ready of OP5 contract
- Deployed on 1 European Fishery Control Agency (EFCA) vessel throughout the quarter with lightweight capability. With 2<sup>nd</sup> EFCA vessel in parallel from Q3.
- Conducted a resale of Indago 3 systems to German customer and the first Indago 4 sale to a European MOD

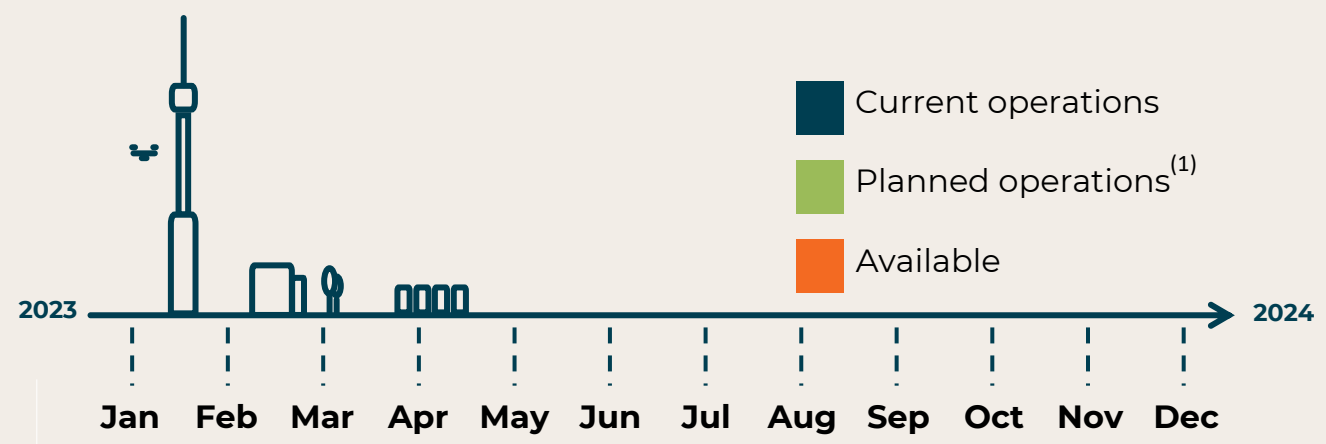
Unaudited figures in EUR '000	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating Revenue	4,407	4,491	5,442	6,501
<b>Adjusted EBITDA</b>	<b>1,133</b>	<b>-1,081</b>	<b>-1,891</b>	<b>-1,600</b>
Adjusted EBITDA %	26%	-24%	-35%	-25%
Non-recurring items	1,595	-	1,595	-
<b>EBITDA</b>	<b>-461</b>	<b>-1,081</b>	<b>-3,486</b>	<b>-1,600</b>
EBITDA %	-10%	-24%	-64%	-25%

Flight hours



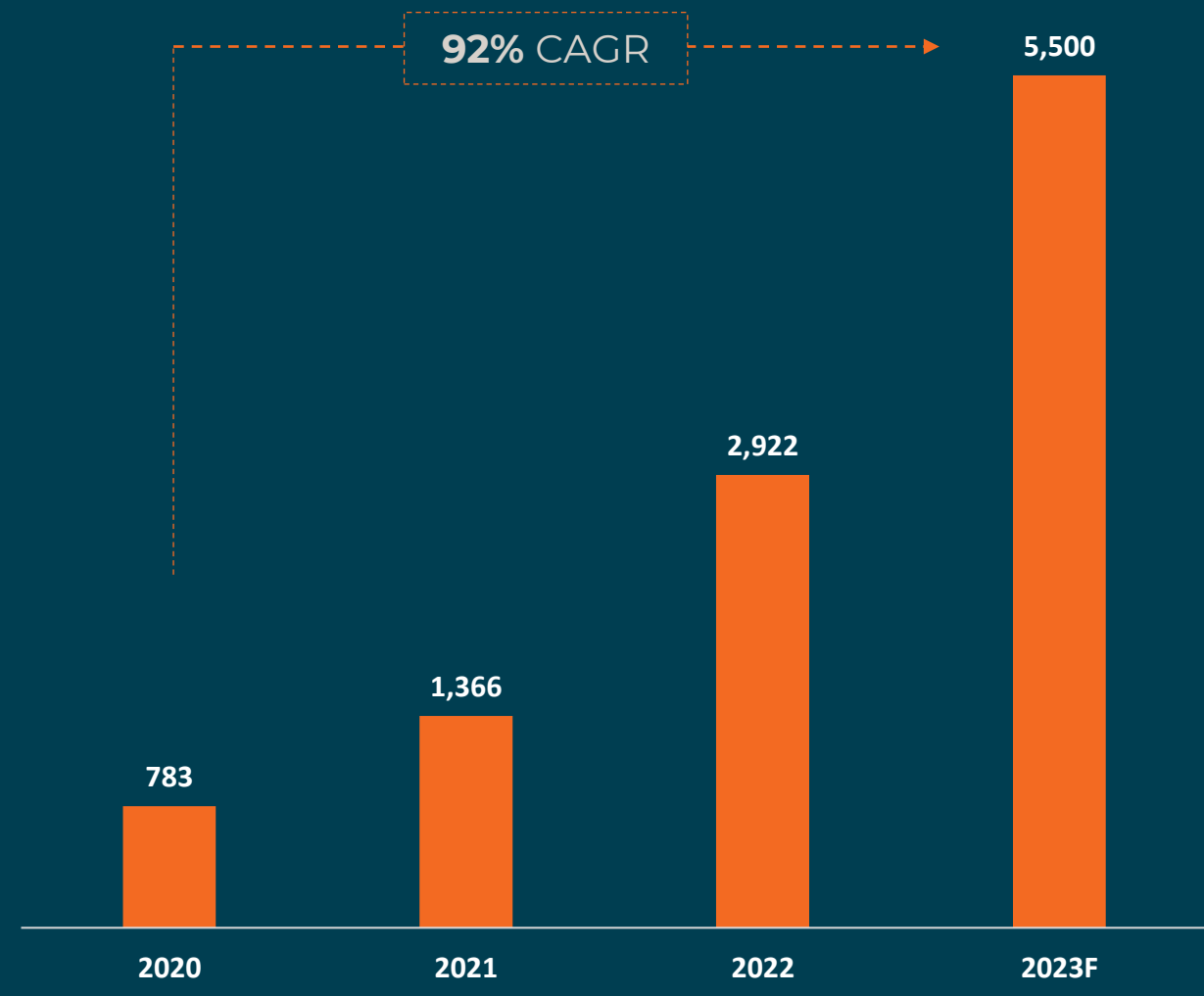


# Flight Services – Operations overview 2023



Drone system	Customer	Contract	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		Offshore logistics												
		OP/46												Converted to Aerosonde HQ (3)
		OP/46												
		OP/46												
		OP/1												
		OP/1												
		OP/5												

## Development in flight hours



**+6,500**  
Total flight hours to date  
(as of June 2023)

2023 flight hour forecast is projected to surpass the total flight hours of the past three years

# AirRobot (100% ownership)

- Lockheed Martin UK's Tiquila project with delivery of the Heimdal sensor to the Indago 4 is the largest contributor to Q2 2023 revenue and adjusted EBITDA. Significant milestones achieved including securing inventory for the planned start of sensor delivery in Q3 and Q4 of 2023
- Delivery of the AR-100H under the Mikado 2 contract for German Army progressing in accordance with the new milestone plan. The military certification process is expected to complete in Q4 with delivery of the first batch of AR-100H
- First AR100-H award from German Police forces
- First AR100-H award from Australian customer

Unaudited figures in EUR '000	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating Revenue	1,843	547	2,903	887
EBITDA	601	-12	291	-34
EBITDA%	33%	-2%	10%	-4%





# DroneMatrix

(55% ownership)

- Award of large-scale counter-UAV project for a major financial institution in Belgium to be delivered in 2023 with a contract value of Euro 0.6 million
- First delivery of the Yacob system for Infrabel (national railway operator)
- Completed the installation of 6 systems for Port of Antwerp. BVLOS operations have been implemented through the LUC of Nordic Unmanned flight services
- Increased business development activity in global ports and other critical infrastructure

Unaudited figures in EUR '000	Q2 2023	Q2 2022	YTD 2023	YTD 2022
Operating Revenue	371	n/a	584	n/a
EBITDA	64	n/a	80	n/a
EBITDA%	17%	0%	14%	0%





Well positioned towards governmental and corporate clients in a maturing and growing European drone ecosystem in need of flight services and drone systems for surveillance and data collection to protect values and lives



LARGE  
AREA  
COVERAGE

**NORDIC  
UNMANNED**  
Flight Services

MEDIUM  
AREA  
COVERAGE

**OEM**  
  
DRONEMATRIX

SMALL  
AREA  
COVERAGE

**OEM**  
  
AIRROBOT®

#### Current platform

Aerosonde 4.7  
(Large Fixed-wing;  
launch/recovery trailer  
and VTOL)

S-100  
(Large Rotary; VTOL)

Drone-in-a-box  
(docking station)  
with rotary micro  
UAS

Rapidly  
deployable VTOL  
rotary micro UAS

#### Current business model

**Asset owner** and  
systems operator  
providing **flight  
services and  
data collection**

**OEM**  
3rd party CM  
Direct sales &  
services

**OEM**  
In-house  
production  
Direct sales

#### Current leadership position



#### Demand drivers

Increasingly favourable regulatory  
environment in Europe

Environmental benefits

Improved awareness and education

Unmanned drones yield cost savings and safety  
benefits

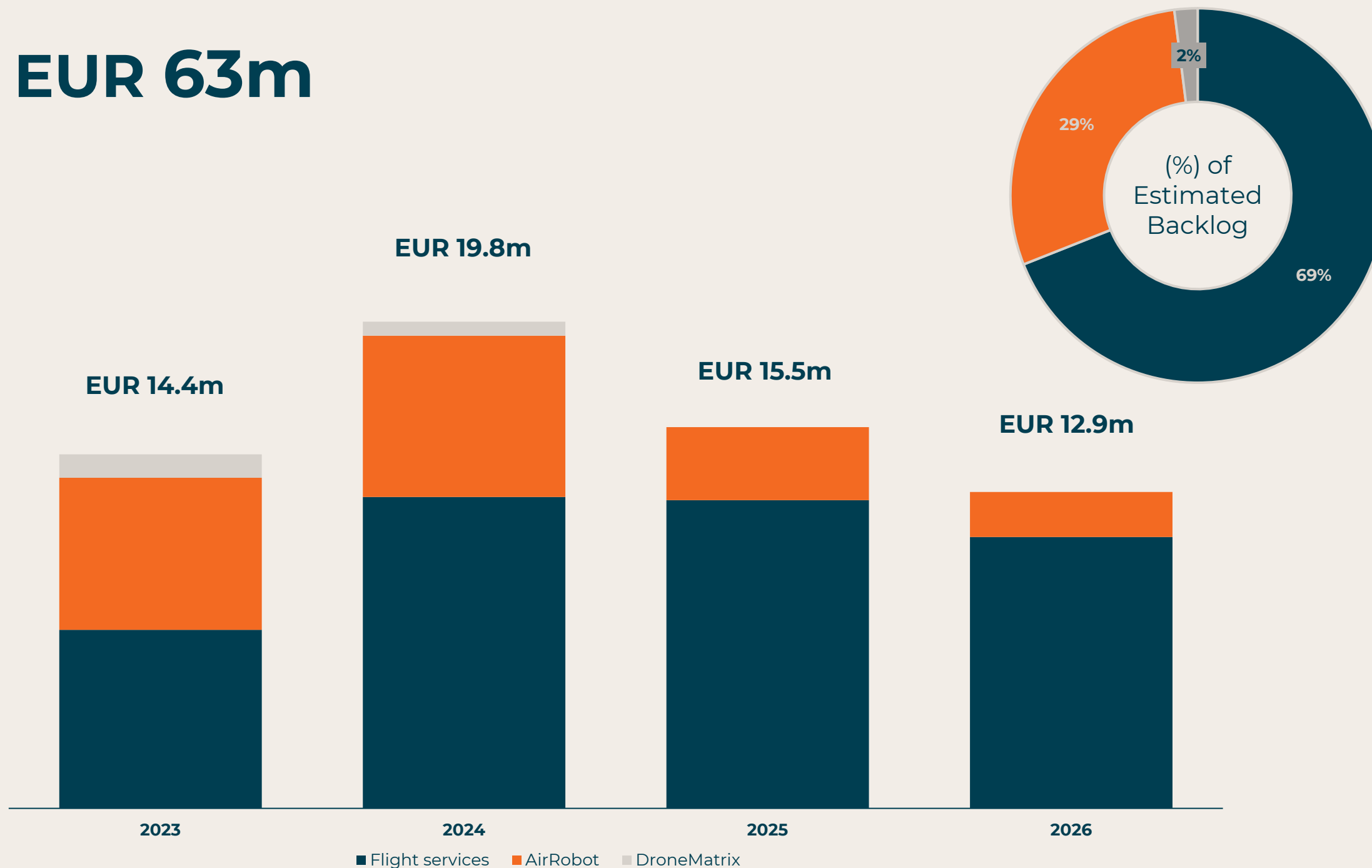
Technology advancements (batteries, sensors,  
cameras etc.)

Increasingly greater scope of application

Note: (1) EC European Drone Strategy 2.0 [https://transport.ec.europa.eu/document/download/1cb5fb4f-4252-4f97-abf4-c4a167b1c7d2\\_en?filename=COM\\_2022\\_652\\_drone\\_strategy\\_2.0.pdf](https://transport.ec.europa.eu/document/download/1cb5fb4f-4252-4f97-abf4-c4a167b1c7d2_en?filename=COM_2022_652_drone_strategy_2.0.pdf)

# Estimated Contract Backlog

**EUR 63m**



Source: Nordic Unmanned

\*) Note (1) Contract backlog includes the maximum remaining estimated value of signed and/or awarded Master Service (call-off) contracts and signed contracts/PO's as of Q2 2023. Annual utilization under Master service Agreements is based on call offs, contract estimates based on historic utilization and client feedback. Master Service Agreements with no anticipated call-offs are not included. (2) Nordic Unmanned cannot guarantee that these values will materialize as indicated, nor when they may materialize over the period

- Good basis for development based on estimated\*) order backlog comprising signed contracts and potential values in Master Service Agreements
- Estimated Contract Backlog consists of:
  - EUR 45.5 million of framework contracts
  - EUR 17.5 million of purchase orders/contracts

# Financial targets for 2023

## **Revised Revenue Target Full Year 2023: EUR 22-25m**

- Implying 20% + topline growth in 2H 2023 over 1H 2023 and improved EBITDA
- Revenue range provided to allow for weather and timing of activity



# 2H 2023 Focus

Deliver revenue growth on current contracts and prepare for 2024

Manage the challenging financial situation to minimize business disruptions

Progress the Strategic Review including ongoing dialogue with financial and strategic parties and stakeholders

Protect and support clients, partners, operations and organization

Arrive at a sustainable financial solution before year end 2023

# Summary



Increased activity and improved underlying results



Activity pick-up in OEM segments. Anticipated to counter seasonality in earnings over time



Strategic Review progressing as planned. Temporary waivers and financial support secured with lenders



Estimated order backlog of EUR 63 million providing good basis for next quarters



Clear strategy, well positioned and a promising industry outlook