



**NORDIC  
UNMANNED**

# **Refinanced, Rightsized and Revitalized**

**Investor Presentation  
October 2023**

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# Summary of Risk factors\* and Specific Disclosures

## RISK FACTORS

### Risks related to the business of the Group

The Group depends highly on existing customers contracts

The Group may not be able to respond to rapid technological changes in a highly competitive market

The Group is exposed to risk relating to non-performing strategic suppliers and reseller contracts and agreements, including delays due to OEMs

In periods adverse weather may negatively impact the Company's revenue performance .

Risk relating to insurance coverage and insurance premiums

The Group is exposed to risk related to cyber-threats

Risk relating to corruption and bribery

### Risk related to the industry in which the Group operates

Risk relating to unmanned systems and services, flight control, communications and/or other advanced technologies

The Group may not be successful in competing in a competitive industry

Components and materials risk

### Risks related to laws, regulations and compliance

Certification and licenses from civil aviation authorities and permits to fly

The Group is exposed to risk relating to global or local grounding of UAV by OEM or CAA

The Group is subject to laws and regulations in several jurisdictions, including governmental export and import controls

The Group is exposed to risk relating to data protection and data privacy regulations, licenses, etc.

The Group is exposed to risks of claims and legal proceedings, including breach of contractual obligations, non-disclosure agreement and intellectual property disputes

Reputational risk of non-compliance

### Risks related to intellectual property

The Group relies on a variety of intellectual property rights, other proprietary information and trade secrets

The Group may be subject to litigation regarding intellectual property rights

Changes in patent law could diminish the value of patents, thereby impairing the Group's ability to protect its products

The Group may not be able to protect its intellectual property rights throughout the world

### Risk related to financial matters and market risk

The reason for the equity issue is to solve the imminent cash liquidity requirement and provide financial flexibility to the company and support the renegotiated agreement with the lenders to replace the current agreement including the requirement to repay NOK 150m of the term loan by year-end 2023. Following the refinancing and equity issue the risks remain related to:

There is a risk that the company may face liquidity challenges if the business develops different to what is planned and forecasted

The Group is exposed to foreign currency exchange risk and interest rate risk

The Group's exposure to risks relating to volatile, negative or uncertain economic or political conditions, including reduced EU/EEA and/or national governments' budgets

Risk related to carrying value of assets

### Risks related to the Shares

There may not be an active and liquid market for the Shares and the Share price could fluctuate significantly

Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway

Norwegian law could limit shareholders' ability to bring an action against the Company

Investors could be unable to exercise their voting rights for Shares registered in a nominee account

The Company is subject to the continuing obligations for companies admitted to trading on Euronext Growth Oslo which may deviate from the regulations for securities trading on Oslo Børs and Euronext Expand, and which may imply a risk of a lower degree of transparency and minority protection

## SPECIFIC DISCLOSURES

The company is behind on payment to trade creditors due to its continued liquidity challenges. Most of these are covered by agreements related to payment plans and are covered in the working capital requirement.

The company is in dialogue with two creditors about disagreements related to earlier contract /deliverable where settlements are being discussed in cash or in kind by return of a drone system.

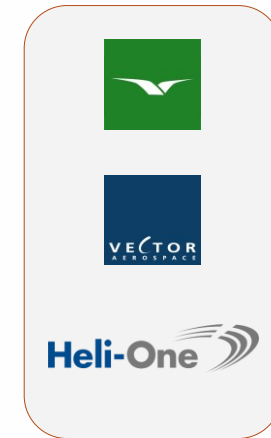
The Independent Auditor's Report for fiscal year 2022 highlights material uncertainty to going concern and certain internal control deficiencies which are being addressed currently and through this refinancing.

\* Please see slides 28-35 for details

# Presenting team



**Stig H. Christiansen**  
CEO



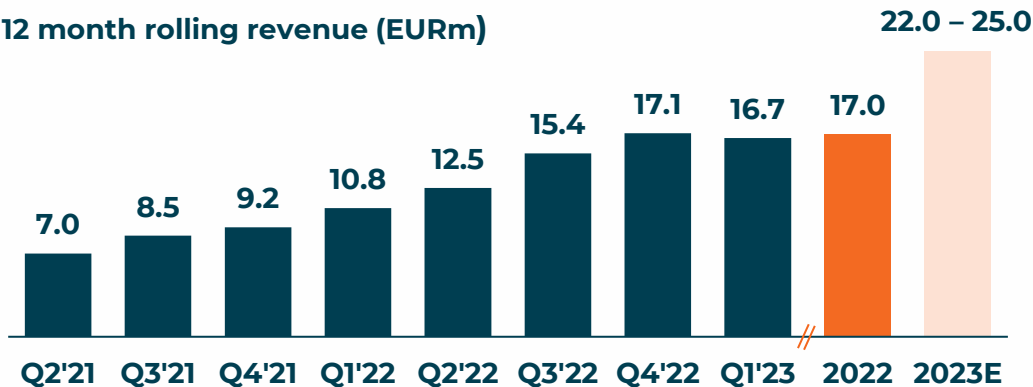
**Lars A. Landsnes**  
CFO & COO

# Leading European security & defense focused UAS company

## About the company

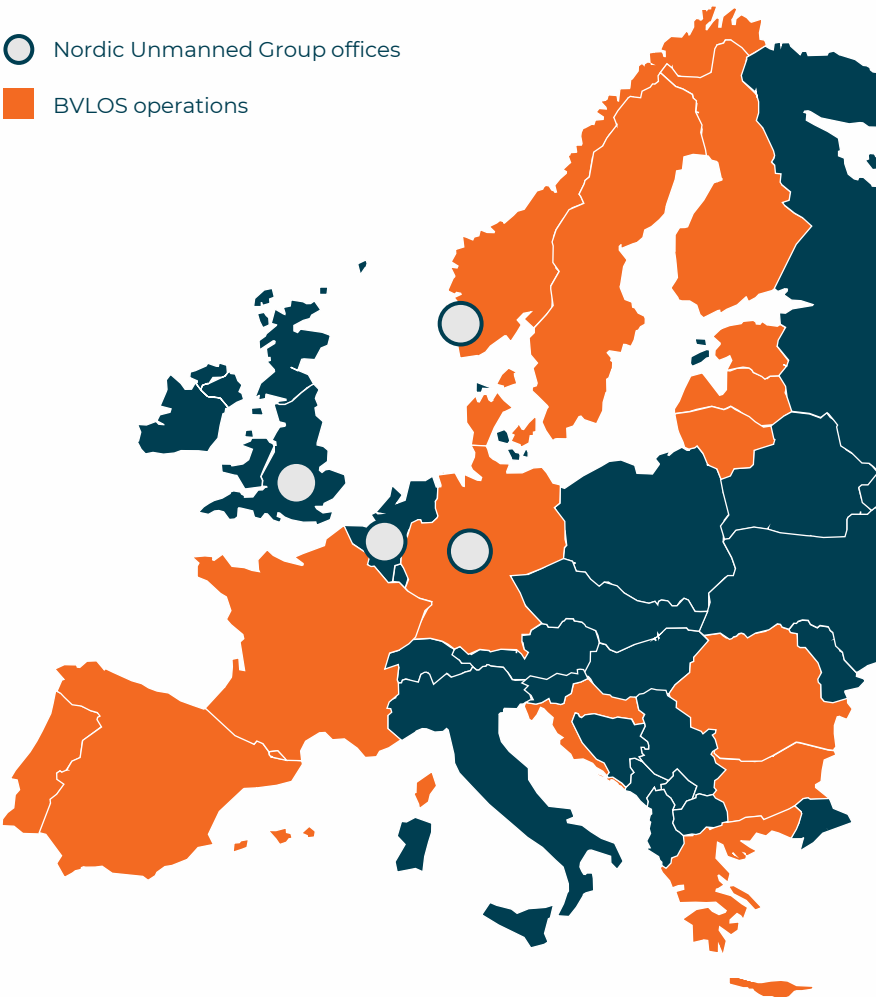
- Nordic Unmanned ASA, founded in 2014, is a leading European provider of unmanned aerial system («UAS») flight services, system integration and drone OEM systems, targeting the collection of actionable data for security, maritime surveillance and defense applications
  - Significant flight operations experience with fixed-wing and rotary systems in missions for the EU and national security organizations (Nordic Unmanned Flight Services, NO)
  - Military-grade surveillance lightweight drones and software (AirRobot, DE)
  - AI-enhanced drone-in-box solutions (DroneMatrix, BE)
  - System integrator capabilities and reseller of third-party OEM systems
- Listed on Euronext Growth Oslo in December 2020 (Ticker: NUMND)
- Approx 140 FTEs across six offices and four countries

## 12 month rolling revenue (EURm)



## Geographic presence of flight operations

- Nordic Unmanned Group offices
- BVLOS operations



## Key technology partners



## Key customers



# Nordic Unmanned Group consists of three operating 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*



## AirRobot



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

## DroneMatrix



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

# "FROM STRATEGY TO EXECUTION"

## IMMEDIATE AND NEXT PHASE TARGETS TO STABILIZE AND DEVELOP THE COMPANY

IMMEDIATE		2024 =>
MEASURES		
<ul style="list-style-type: none"><li>• Refinance and strengthen balance sheet</li><li>• Improve operating performance in Flight Services with several parallel operations</li><li>• Deliver Mikado and Tiquila contracts</li><li>• Strengthen relation with Partners and Customers</li><li>• Adjust organization to support improved operating performance</li><li>• Dispose of excess inventory</li><li>• Further build strategic framework and communicate efficiently</li></ul>		<ul style="list-style-type: none"><li>• Work to improve commercial terms on new and existing contracts Address seasonality by working to get/achieve year round contracts in Flight Services</li><li>• Conclude and invest for remote operations to streamline and reduce costs</li><li>• Implement leasing as an option of existing and new assets</li><li>• Implementing lean flow production line for large scale production in AirRobot</li><li>• Add additional large contracts to the backlog in all segments</li></ul>

# Transaction background

## Background

- Late 2022, the Company initiated a cost cutting program primarily aimed at focusing business activities and rightsizing operations
  - ~30% reduction in FTEs and reduction of operational costs of EUR ~2m by Q2 2023
  - New, more recompact management team in place during summer 2023
- In March 2023, the Company signed a financing package of up to EUR 16m
  - As a condition for the financing, the company was required to deposit NOK 150m with its lenders by year-end 2023
- In connection with the financing package, the Company initiated a Strategic review to evaluate certain strategic options, including partnerships
  - Decided to sell emissions verification business Ecoxy AS in September 2023
  - Other interests in the businesses were not deemed value-enhancing to shareholders
- Through the strategic review process the Company has engaged in constructive discussions with its main lenders. The lenders have at this juncture offered a refinancing proposal, subject to a new equity issue, that will materially strengthen the Company's ability to service its contracts and quickly achieve profitable growth



# Summary of refinancing proposal and equity issuance

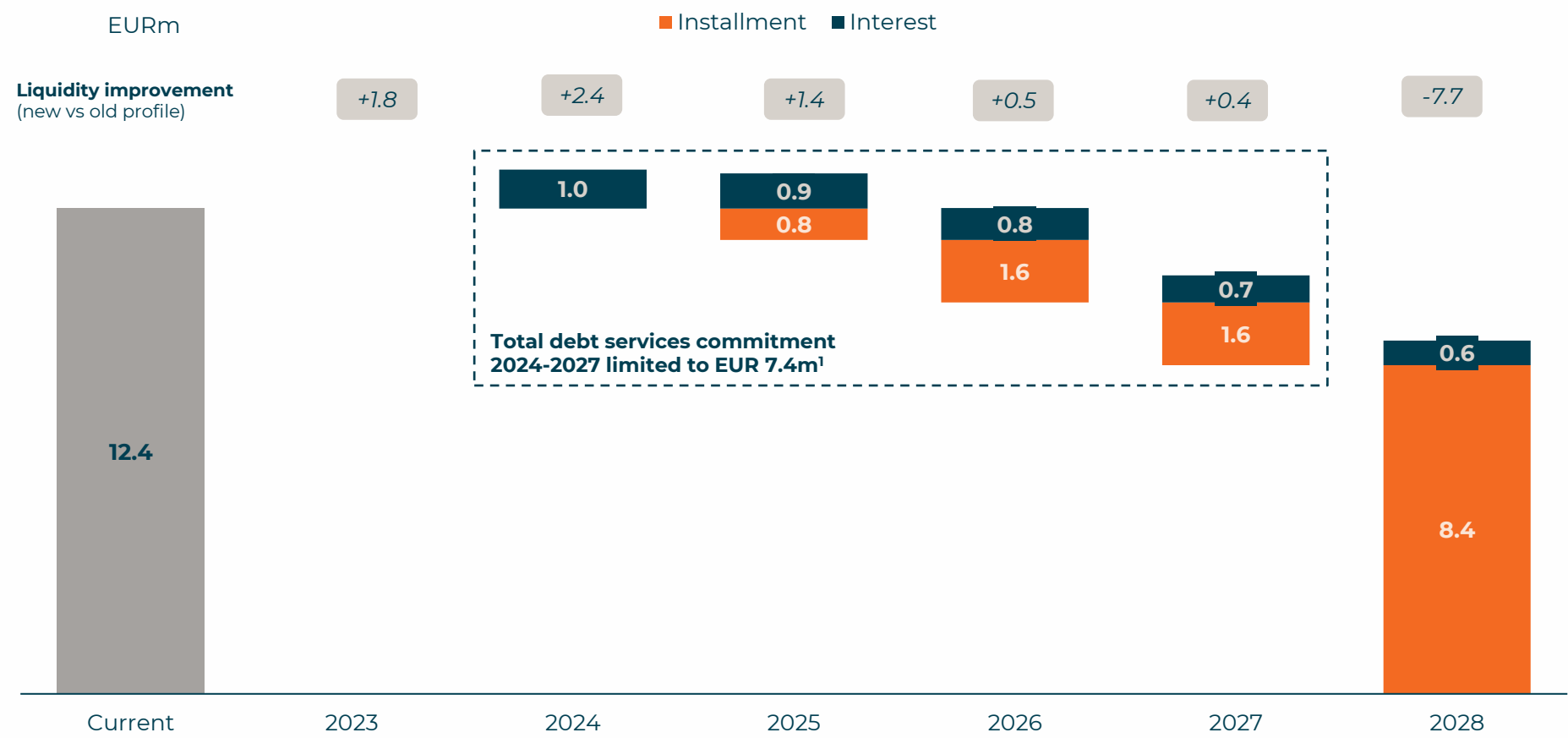
## NEW REFINANCING PROPOSAL

- Renewal of current loan agreement with a 5-year tenor
  - Term loan of EUR 12.3m to refinance the existing term loan
  - A EUR 2.9m working capital facility
  - A EUR 0.6m facility for contractual performance guarantees
- Amortization grace until 15 September 2025 and thereafter quarterly instalments of 400,000 EUR until termination date
- Term loan interest rate Euribor + 350 bps (down from +500 bps)
- 1st interest payment 30 June 2024 (all accumulated interest to be paid), thereafter every quarter
- The refinancing proposal is subject to new equity of minimum NOK 50m
- Financial covenants: Limited to minimum liquidity requirement of EUR 1m which shall not constitute a default prior to 30 September 2025 if the borrower presents its plan to remedy the breach within 5 business days

## CONTEMPLATED EQUITY ISSUE

- Private Placement of new shares in the Company to raise gross proceeds of NOK 50-70 million
- The Private Placement is fully pre-committed at the lower end of the range with NOK 50m from Tjelta Eiendom AS
- The price per Offer Share will be a fixed price of NOK 0.50
- The Company's board intends to propose for the EGM a Repair Issue of up to NOK 35m towards shareholders who have not participated in the Private Placement by way of issuing subscription rights according to their pro-rata ownership as of 12 October 2023

# New financing structure provides robust repayment profile



Note: 1) Senior lending group. Subject to base interest rate development

# Sources & Uses

## Uses

CAPEX	EUR 3.3m
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Working capital requirements	EUR 2.0m
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<b>Total Uses</b>	<b>EUR 5.3m</b>
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## Sources

Equity raise, inclusive subsequent repair offering, minimum	EUR 5.3m
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<b>Total Sources</b>	<b>EUR 5.3m</b>
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- The use of proceeds are partly to cover CAPEX in connection with contractual obligations, working capital requirements and strengthening the balance sheet
- The CAPEX is related to the EMSA OP5 contract which is a EUR 20.5m contract with 3-year remaining tenor
- Assumed new equity raise of minimum EUR 5.3m

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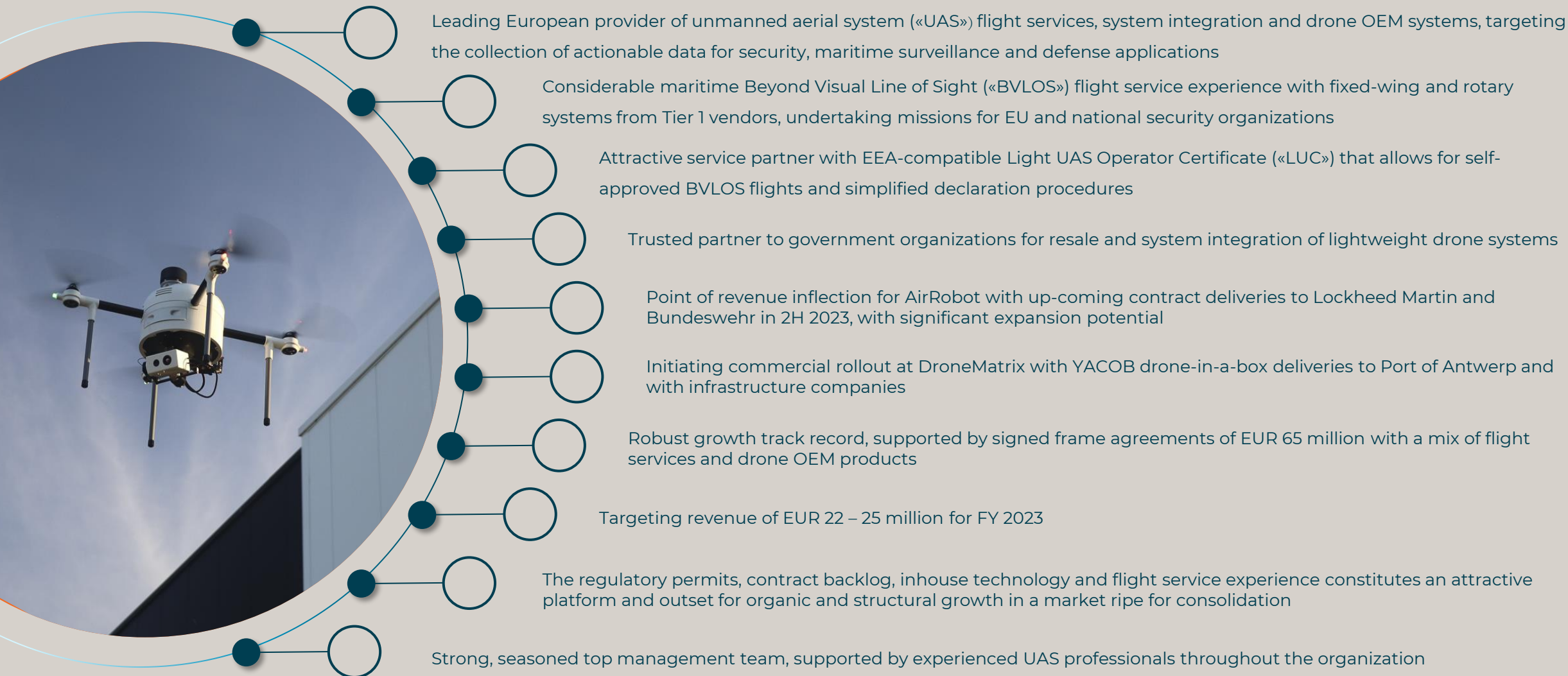
## **Introduction to Nordic Unmanned**

Financials

Risk factors



# Investment highlights




# Business Update


Flight Services	AirRobot	DroneMatrix	Group & other
<p>Operating the Aerosonde 24/7 on OP 46 for EMSA in the Baltics and in Spain. The operation in Spain is expected to be ongoing until mid December 2023</p> <p>Operating the Indago on 2 Fishery inspection vessels and 12 installed on oil spill prevention vessels</p> <p>Purchase orders received for initial phases of projects in Brazil which are to be executed in 2023 and 2024</p> <p>Completed Capability Test on the OP 5 contract for EMSA</p> <p>Year to date flight hours exceeded 2022 flight hours</p>	<p>First delivery of Heimdal sensors on the contract with Lockheed Martin for the Tiquila project performed together with significant qualification milestones</p> <p>The military certification process and testing on the contract with Bundeswehr for the Mikado 2 project ongoing with expected start of deliveries in Q4 2023</p> <p>First AR-100H to German Police delivered and two in production for delivery in Q4</p> <p>First AR-100H to Australian customer in production for delivery in Q4</p>	<p>First delivery of Yacob system to Infrabel delivered and additional purchase order received for delivery in 2023</p> <p>Awarded 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</p> <p>Operating 6 Yacob systems for Port of Antwerp and utilizing the group synergies of the LUC operating license from Flight Services</p>	<p>Divested Ecoxy AS in Q2 2023 for Euro 945.000 in net consideration</p> <p>Completed main part of rightsizing the organization with an estimated annual cost run-rate reduction of Euro 2 million compared to 1H 2023.</p> <p>Set the US business development dormant to focus on key market in Europe</p> <p>Sold first Indago 4 to European NATO MOD customer</p>

**Revenue Guiding EUR 22-25m FY 2023**  
**Targeting cash flow positive from operations for FY2024**


# Flight Services – Overview




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



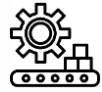
Maritime surveillance



Offshore logistics

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

# 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 Defense that will run for several years.

## Key takeaways

**Leading robust UAS for military utility**

**Development and manufacturing in-house**

**10+ years cooperation with Bundeswehr**

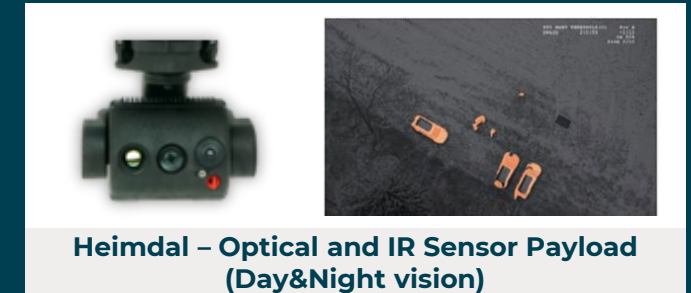
**Frame agreement with major US defense contractor**

**Strong opportunity pipeline**

## Key offerings



**UAV AR100-H**



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



BUNDESWEHR

**LOCKHEED MARTIN**

**Fraunhofer**



BUNDESPOLIZEI

**Main partners**



# 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**

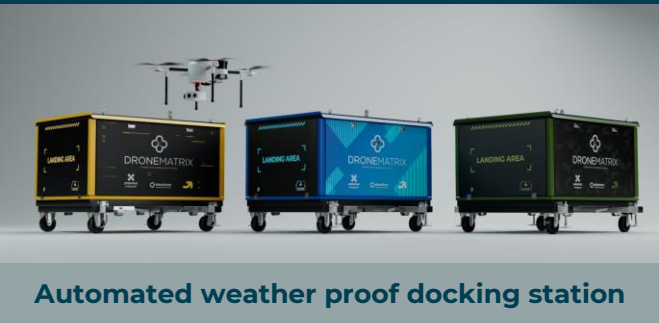
**Key contracts in large industries**

**Vast application potential**

## Key offerings



**YACOB surveillance drone**



**Automated weather proof docking station**

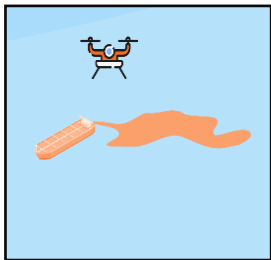


**Cloud-based control center**

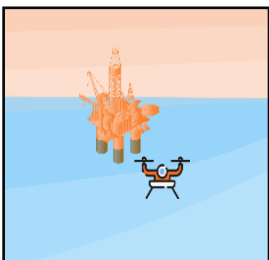
# Significant environmental contributions throughout hundreds of missions

## Missions deployed 2019-2023

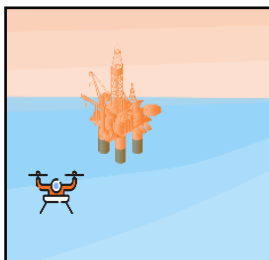
Oil spill operations



Accredited emission measurements & verifications



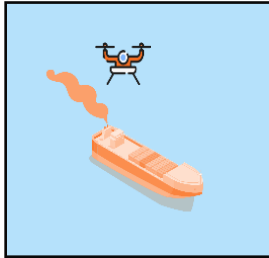
Fishery control



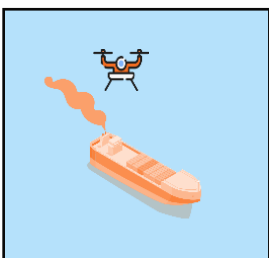
Search & Rescue operations



Emission monitoring



General Maritime Surveillance



## ESG footprint



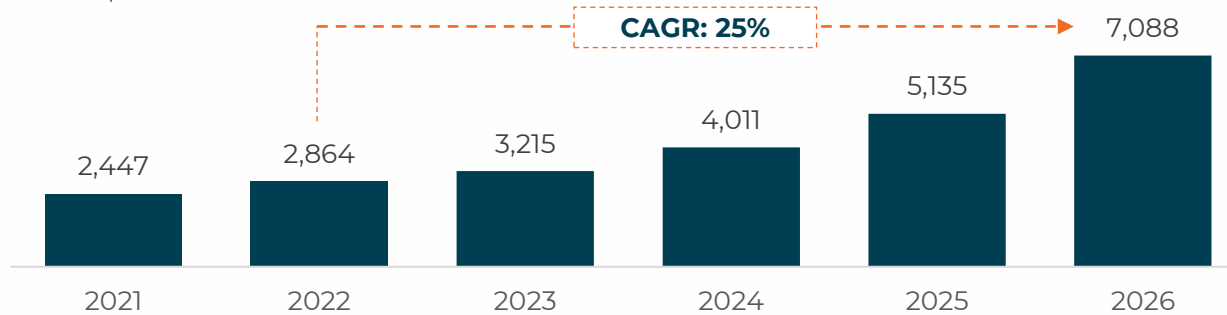
*Nordic Unmanned supports EU and EFTA member states and agencies authorities' environmental and humanitarian maritime surveillance activities by contributing to an integrated and real time operational awareness picture. As a standby emergency preparedness resource, Nordic Unmanned is also called upon as first responder to accidents or as support in situations where real time aerial overview can improve the effectiveness of sea-based operations.*

**175x**  
Less emission from our fleet compared to its manned alternatives

# Strong growth in core markets expected in the years to come

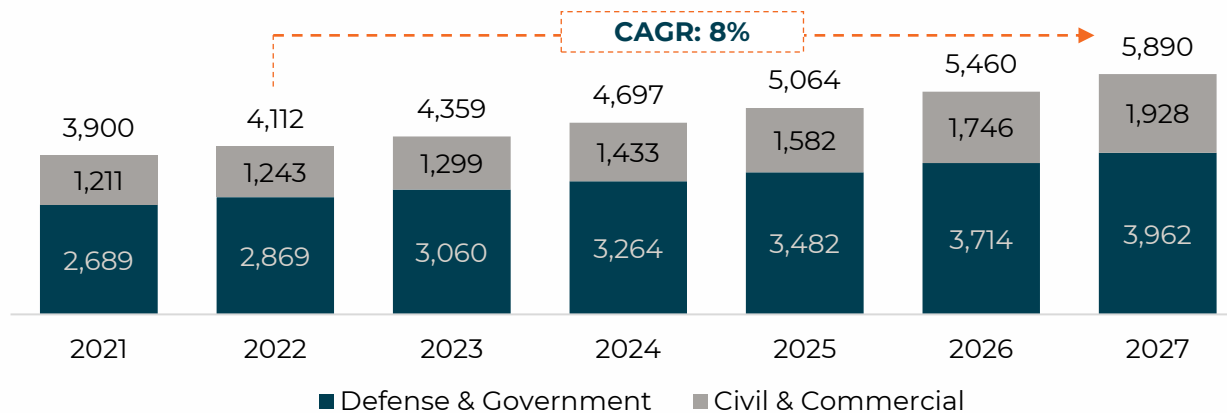
## European drone services market

Revenue, USDm



## European UAV market - products

Revenue, USDm



## Market drivers

Increasingly favourable regulatory environment in Europe

Increased demand for drones following greater scope of application

Advancements in drone technology (battery, sensors, cameras, etc.)

Improved awareness and education

Environmental benefits

Unmanned drones yield cost savings, efficiency gains and safety benefits

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Introduction to  
Nordic Unmanned

**Financials**

Risk factors



# Recent Highlights

**Strategic  
review  
completed**

**37% revenue  
growth in Q2 to  
EUR 6.6m (EUR  
4.8m)**

**EUR 1m adjusted  
EBITDA,  
EUR 4.0m  
improvement in  
Q2 YoY**

**EUR 63m  
estimated order  
backlog/  
framework  
contracts per Q2**

**First Indago 4  
sale**

Proving our OEM role with sales to a  
NATO MOD customer

**+69% growth in  
flight hours in Q2.  
Continued YoY  
growth expected in  
2H**

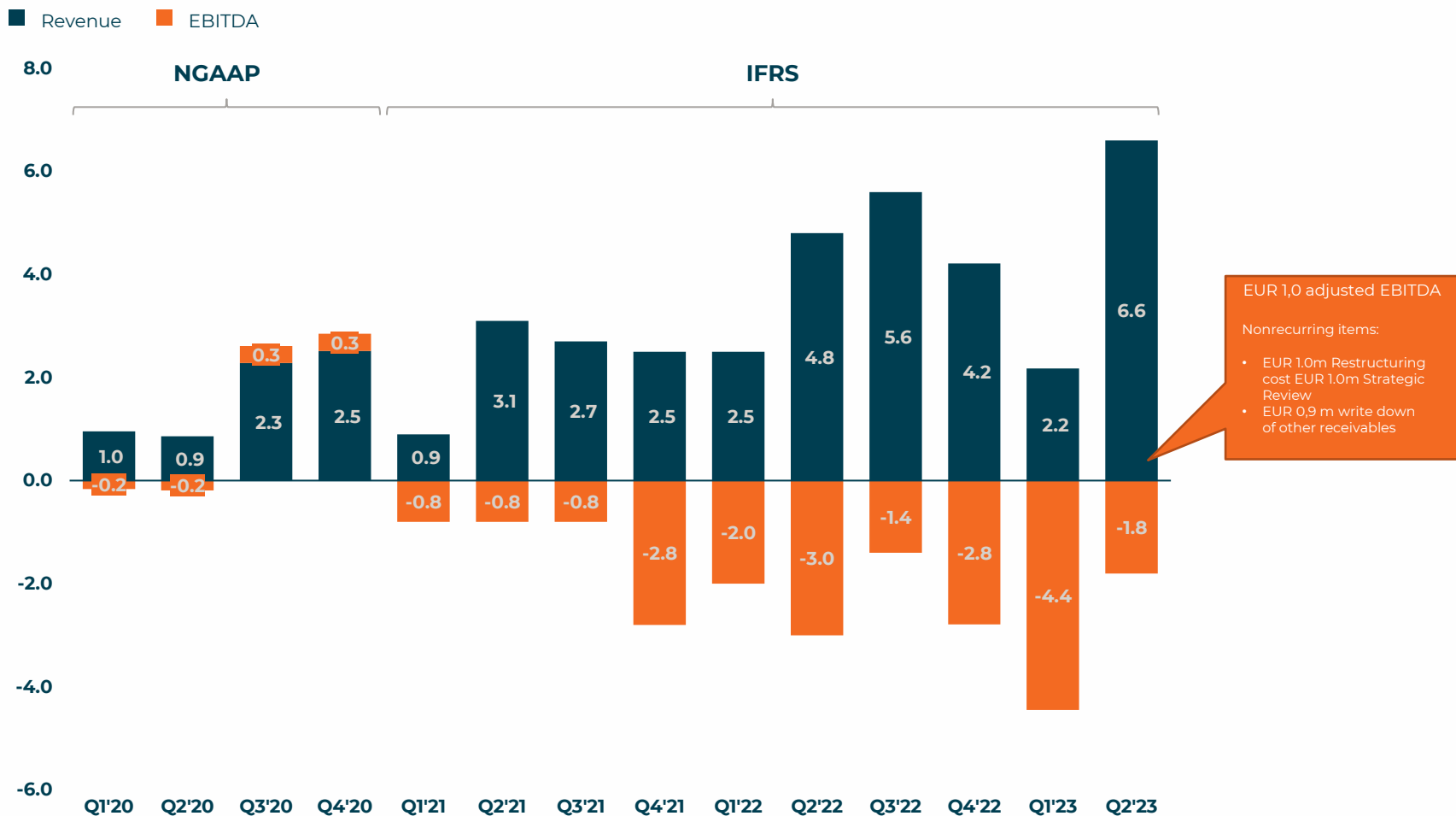
**Finalizing first  
AirRobot sensor  
and AR-100  
shipments**

**DroneMatrix  
drones already  
delivered and  
rolling out  
contracts**

# Financial Performance – Group

Key metrics and historic performance

## Quarterly revenue and EBITDA (EURm)



## Key highlights

**+37%**

Revenue growth  
Q2'23 vs Q2'22

**+69%**

Growth in flight hours  
to 1,416 hours  
Q2'23

**€4m**

Adj. EBITDA improvement  
Q2'23 vs Q2'22

**€63m**

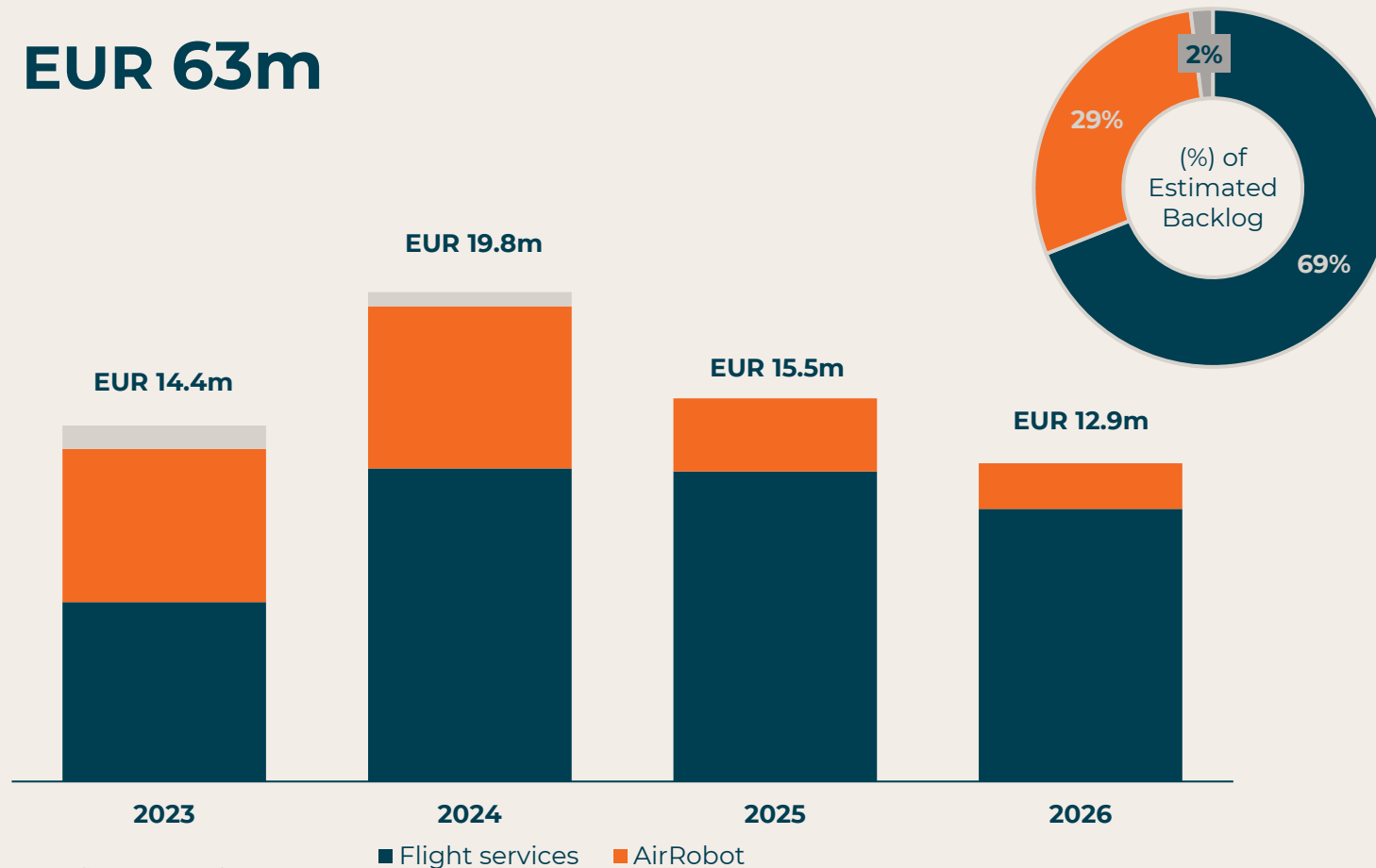
Est. order backlog  
Q2'23

Note: Q4 2022 revenue and EBITDA deviate from reported figures following year-end adjustments of EUR ~0.5m and EUR ~-0.4m, respectively.

(1) December 2022 offering and February 2023 subsequent offering

# Estimated Contract Backlog and Framework agreements per Q2 2023

**EUR 63m**



Source: Nordic Unmanned

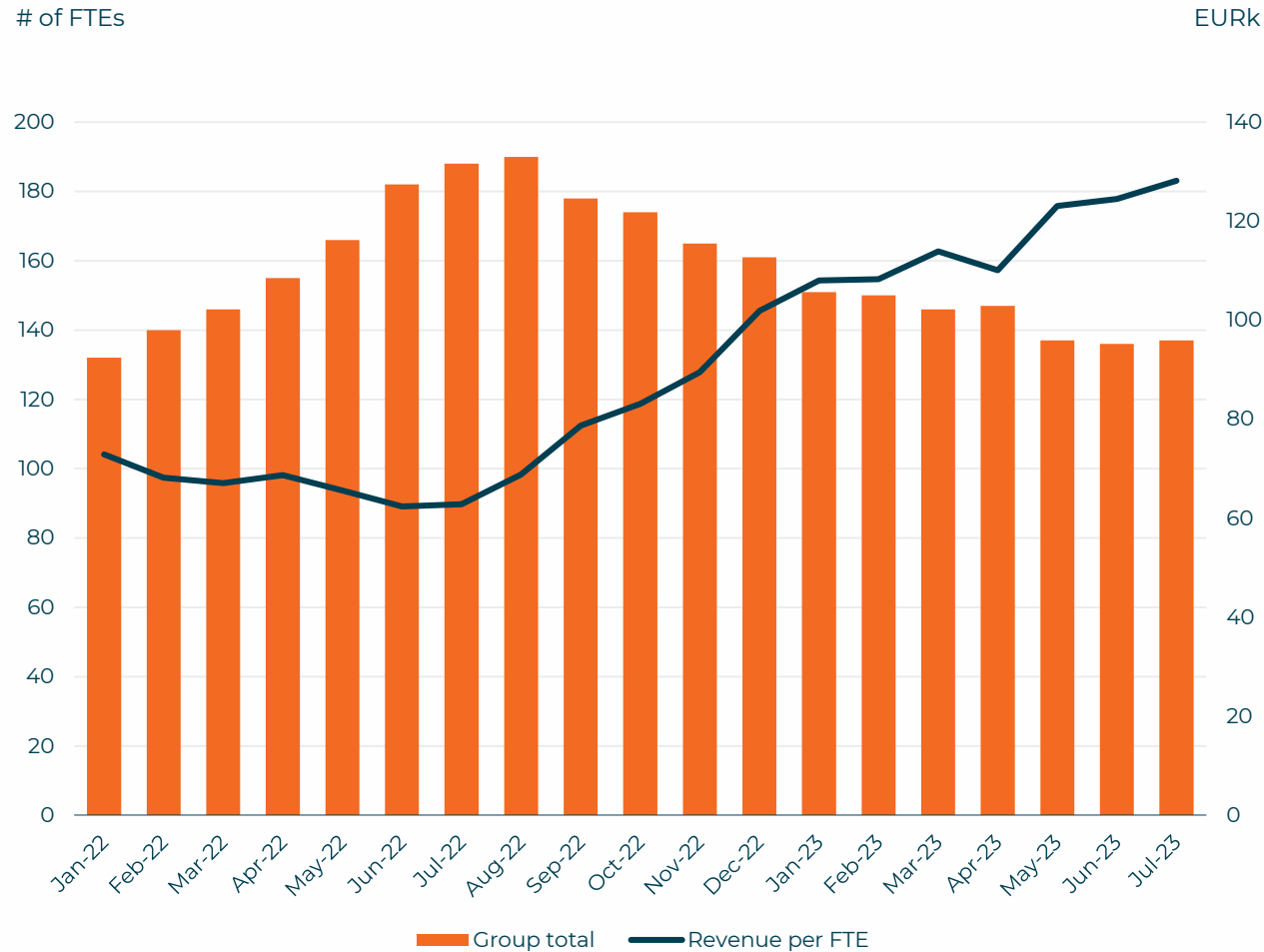
\*) Note (1) Contract backlog includes the maximum remaining estimated value of signed and/or awarded Master Service (call-off) contracts and signed contracts/PO's as of Q2 2023. Annual utilization under Master service Agreements is based on call offs, contract estimates based on historic utilization 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

# Organizational right-sizing completed

Organizational costs reduced by ca. EUR 2m

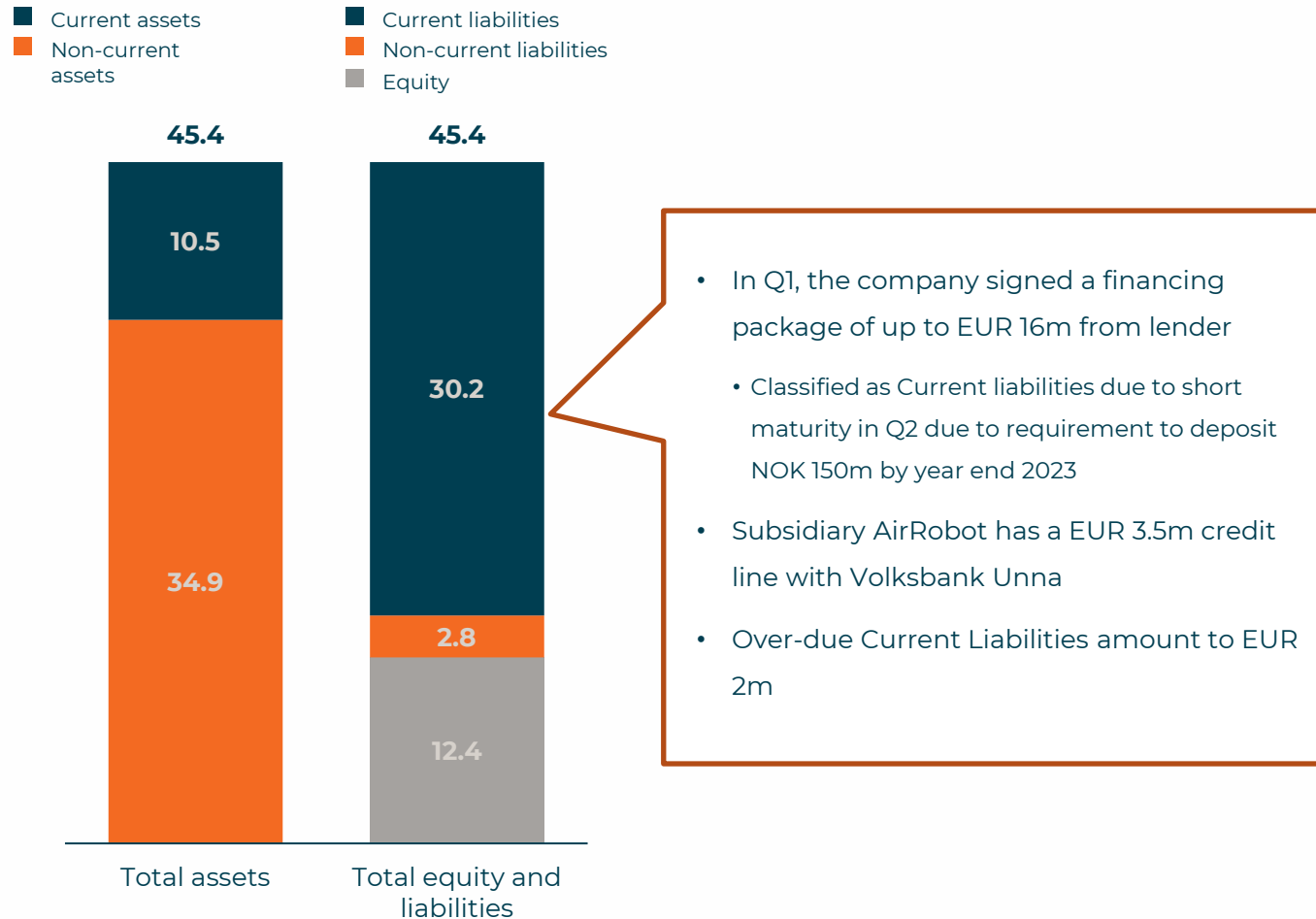


- As per July 2023, the number of FTEs was 137, down from 188 in July 2022
  - The ~30% reduction in total FTEs is due to staff reductions in Flight Services, discontinuing OEM activity in Norway and Group overhead, following a strategic focus on operational efficiency and closure of new ventures
- Estimated one-off costs associated with reduction in FTEs which are not replaced constitute EUR 1.0 m and another EUR 1.0 m of extra-ordinary costs with regards to restructuring of the Group and EUR 0.9 m in write down of other receivables
- At current run-rate, the cost base is assumed EUR ~2m lower than in 1H 2023
- The Flight Services segment aims to have a split of 60% fixed employees and 40% contractors for operational personnel

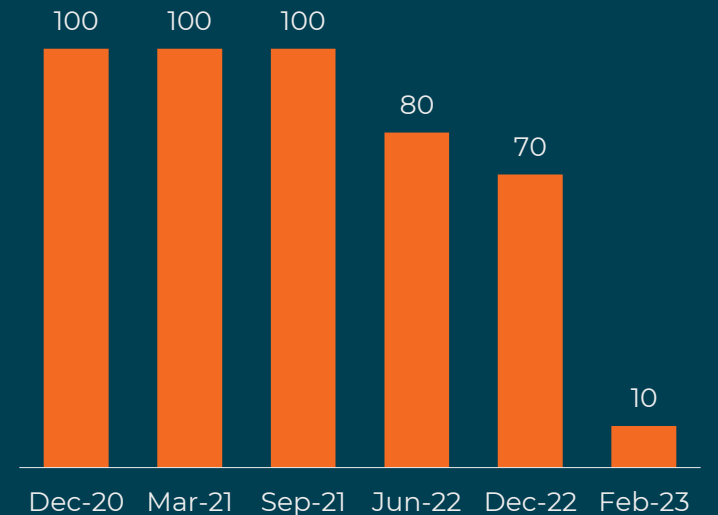


# Balance statement composition

## Financial position as of 30 June 2023 (EURm)



## Historical capital raises (NOKm)



- The company has raised NOK 460m in equity capital on Euronext Growth Oslo to date for capital expenditures, acquisitions and investments in systems and human resources

# Share capital and largest shareholders

## Share capital

- The Company's share capital before the equity issue NOK 44,078,083 divided into 44,078,083 Shares, each with a nominal value of NOK 1.00
- The Company's Shares are registered in book-entry form with the VPS
- The Company has one class of shares, and all shares provide equal rights, including the right to dividend and voting rights. The Shares carry one vote each

## Dilutive instruments

- At the annual general meeting held on 23 May 2023, the Board was authorized to increase the share capital by up to NOK 2,000,000 in one or more share capital increases through issuance of new shares in connection with the incentive program
- Options directly or indirectly held by current and former members of executive management:
  - 600,000 share options with an exercise price of 1.60 NOK/share
  - 100,000 share options with an exercise price of 6.00 NOK/share
  - 100,000 share options with an exercise price of 8.00 NOK/share
  - 600,000 share options with an exercise price of 10.00 NOK/share
  - 175,000 share options with an exercise price of 14.70 NOK/share
  - 400.000 performance share units

#	Shareholders as of 09.10.2023	Holding	Ownership %
1	WALLCROSS AS	2,281,221	5.18 %
2	HELGØ INVESTERING AS	2,273,356	5.16 %
2	JELSA INVESTERING AS	2,273,356	5.16 %
4	CLEARSTREAM BANKING S.A.	2,005,195	4.55 %
5	HERSETH AS	1,951,000	4.43 %
6	SKAULEN AS	1,870,410	4.24 %
7	NORDNET LIVSFORSIKRING AS	1,152,468	2.61 %
8	GH HOLDING AS	1,049,668	2.38 %
9	PAY EIENDOM AS	828,084	1.88 %
10	INTERVEST AS	808,867	1.84 %
11	AINO AS	791,667	1.80 %
12	DRAGESUND INVEST AS	791,667	1.80 %
13	RAVI INVESTERING AS	725,000	1.64 %
14	ÅLGÅRD HOLDING AS	573,827	1.30 %
15	MORGAN STANLEY & CO. INT. PLC.	568,381	1.29 %
16	OLA RUSTAD AS	550,000	1.25 %
17	SUBSEA TO AIR AS	511,510	1.16 %
18	ØIESTAD ØIVIND	508,131	1.15 %
19	TROLLBORG INVEST AS	438,275	0.99 %
20	MP PENSJON PK	410,638	0.93 %
<b>Sum top 20 largest shareholders</b>		<b>22,362,721</b>	<b>50.73 %</b>
<b>Total shares outstanding</b>		<b>44,078,083</b>	<b>100.00 %</b>

Note: (\*) Board of Director and affiliates holdings

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**Introduction to  
Nordic Unmanned**

**Financials**



**Risk factors**

# Risk factors (1/8)

An investment in the Company, the Group, and the Company's shares (the "Shares") involves inherent risk. Investors should carefully consider the risk factors and all information announced by the Company, including financial statements and related notes. The risks and uncertainties described herein are the material known risks and uncertainties faced by the Group as of the date hereof that the Company believes are the material risks relevant to an investment in the Company and the Shares. An investment in the Shares is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Group, taking into account their potential negative affect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialize, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares.

## **Risks related to the business of the Group**

The Group depends highly on existing customers contracts

The Group operates in the unmanned aerial vehicle ("UAV") and unmanned aerial systems ("UAS") industry and delivers tailor made remotely pilot aircraft system ("RPAS") systems. The Group offers highly specialized products and services to in a highly competitive market, with fluctuating demand for products and/or services. The Group's current business operations depend highly on continued business with its existing customer base, while future development depends also on new customers and contracts. The flight services activities is currently particularly dependent on one single customer. The demand for UAV and UAS technologies is affected by a number of factors, including awareness of technologies, availability of competing or substitute products and/or services, commercial attractiveness, ease of adoption and use, features, experience, and technical and operational reliability of the UAV and UAS. Any inability to retain and develop the Group's customer base may result in a material adverse effect on the Group's business, results of operations, financial position, cash flows and/or prospects.

In periods adverse weather may negatively impact the Company's revenue performance.

The Group may not be able to respond to rapid technological changes in a highly competitive market

The UAV and UAS technologies market is highly competitive and characterized by rapid technological changes and frequent new product and service introductions. The Group's future profitability depends heavily on its ability to enhance and improve its products and services. There can be no assurance that any attempts for enhancements or improvements to the Group's products or services will be compelling to customers or gain market acceptance in a timely and cost-effective manner. Any delays or competitors' introduction of competitive or substitute products, services and/or technologies could make the Group's products or services obsolete or adversely affect its business financial condition, results of operations, cash flows and/or prospects.

The Group is exposed to risk relating to non-performing strategic suppliers and reseller contracts and agreements, including delays due to OEMs

The Group's ability to serve its customers in a timely manner depends on the ability of the Group's strategic suppliers and resellers to perform their obligations and deliver their products and/or services in a timely manner and in accordance with contractual requirements. The Group continuously relies to a substantial extent on supplier and reseller contracts and agreements, especially withing the flight services segment where use of equipment from third party OEM's is dominant. Any delay in delivery of parts and materials by original equipment manufacturers ("OEMs") will entail a hindrance in the Group's ability to fulfil its contractual obligations. In addition, changes in pricing, incentives or other terms or non-performance of strategic suppliers and resellers, could materially adversely affect the Group's ability to perform and subject the Group to additional liabilities. Any non-performance by OEMs, suppliers or resellers, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

Risk relating to insurance coverage and insurance premiums

The Group has liability insurance coverage for its products and business operations. However, the Group may not be able to secure additional product liability insurance coverage on acceptable terms or at reasonable costs when needed. A successful liability claim against the Group due to injuries or damages suffered by customers could materially and adversely affect the Group's financial conditions, results of operations, cash flow, reputation and/or prospects. Even if unsuccessful, such a claim could cause the Group adverse publicity, require substantial costs to defend, and divert the time and attention of the Group's management. In addition, the Group does not have any business disruption insurance. Any business disruption could result in substantial cost to the Group and diversion of the Group's resources. Furthermore, any jurisdiction relevant to the Group's business may impose requirements for maintaining certain minimum liability or other insurance relating to the operation of UAVs and/or UAS. Such insurance policies could be costly, which would reduce the demand for the Group's products and services. Also, as a rapidly developing and emerging industry, the reliability and performance of UAS platforms may have direct impact on availability of certain insurance products that would be desirable to UAV operators or make these commercially unavailable, which would increase the risks of operating the Group's UAVs and also reduce the demand for them. Further, changes in market conditions may increase insurance premiums, which could adversely affect the Group's financial conditions, results of operations, cash flow and/or prospects.

# Risk factors (2/8)

The Group is exposed to risk related to cyber-threats

As a technology group that delivers highly specialized UAV products and UAS, software and solutions, the Group and its customers are subject to cyber-attacks from cybercriminals. Rapid changes in attack vectors makes it difficult to stop attacks and adapt to new threats and the increased social hacking creates a cyber-threat risk for the Group. The Group must comply with severe contractual security obligations, including maintaining network and system security, providing security patching, antivirus and malware detection and prevention services and intrusion detection and prevention as well as ensuring the credentials of those employees who work with the Group's customers. Information technology security breaches could lead to shutdowns or disruptions of the Group's systems and potential unauthorized disclosure of confidential information or data, including personal data. The Group may be required to expend significant capital or other resources to protect against the threat of security breaches or to alleviate problems caused by such breaches. The theft or unauthorized use or publication of confidential information or other proprietary business information, or information which is privacy-related or pertains to third parties, or any compromise of security that results in an unauthorized release, transfer of use of personally identifiable information or other customer data as a result of an information technology security incident, could adversely affect the Group's competitive position and reputation, and reduce marketplace acceptance of the Group's products, services and solutions. If the Group is unable to protect its products and services from cyber-threats, this could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

Risk relating to corruption and bribery

The Group may operate in or have customers, resellers and suppliers in jurisdictions which are perceived as jurisdictions with a higher risk of corruption and bribery compared to Norway and other average Western countries. The Group maintains a zero tolerance policy towards corruption and bribery by any of its employees, suppliers and resellers and has well implemented and embedded anti-corruption policies. However, corrupt practices of third parties or anyone working for the Group, or allegations of such practices, may have a material adverse effect on the reputation, performance, financial condition, cash flow, prospects and/or results of the Group.

## **Risk related to the industry in which the Group operates**

Risk relating to unmanned systems and services, flight control, communications and/or other advanced technologies

An accident involving an UAV or relating to an UAS provided by the Group or another manufacturer could cause regulatory agencies around the world to tighten restrictions on the use of UAVs, particularly over populated areas, and could cause the public to lose confidence in the Group's products, UAVs and/or UAS' generally. There are risks associated with unmanned systems and services, flight control, communications and/or other advanced technologies, and there may be accidents associated with these technologies, including crashes with or without personal injury. The safety of certain cutting-edge technologies depends in part on user interaction, and users may not be accustomed to using such technologies. The Group could face unfavorable and tightened regulatory control and intervention on the use of UAVs or UAS and other advanced technologies and be subject to liability and government scrutiny to the extent accidents associated with the Group's systems occur. Should a high-profile accident occur resulting in substantial casualty or damages, either involving the Group's UAVs or UAS or products offered by other companies, public and political confidence in and regulatory attitudes toward UAVs and/or UAS' could deteriorate. Any of the foregoing could materially and adversely affect the Group's reputations, results of operations, financial condition, cash flow, and/or future prospects.

# Risk factors (3/8)

The Group may not be successful in competing in a competitive industry

The Group operations in UAV and UAS industry with delivery of tailor made RPAS is highly competitive. In addition to competing with other UAV companies, the Group competes with traditional industry players providing similar solutions. The Group's competitors may have significantly greater financial, technical, manufacturing, marketing and other resources than the Group and may be able to devote greater resources to the design, development, manufacturing, distribution, promotion, sale and support of their products. The Group expects competition in the industry to intensify in the future in light of increased demand for UAVs, continuing globalization and consolidation in the global UAV industry. Factors affecting competition include ability to innovate, development speed, product quality, reliability, safety and features, pricing and customer service. Increased competition may lead to lower UAV unit sales or UAS sales and increased inventory, which may result in downward price pressure and adversely affect the Group's business, financial condition, operating results, cash flow and/or prospects. The Group's ability to successfully compete in the industry will be fundamental to the Group's future success in existing and new markets and will affect the Group's market share. If the Group's competitors introduce UAVs or UAS that are superior in quality or performance and/or lower in price compared with the Group's offerings, the Group may lose existing customers or be unable to attract new customers at prices that would allow the Group to generate attractive rates of return on the Group's investments, if at all.

Components and materials risk

The Group depends on the availability of components and materials in a timely and cost-efficient manner and is therefore exposed to risk relating to the supply and developments on prices of components and materials. Certain electronic components to be integrated into the Groups products are used also by significantly larger industries resulting in extraordinary long lead times. Increased prices for, or global shortages of, components and materials could result in disrupted supply chains, delays, non-delivery under contracts or cancellation of contracts, and/or increased operating expenses or loss of revenue, which in turn could have a material adverse effect on the Group's results from operations, cash flow, financial condition, growth opportunities and/or prospects.

## **Risks related to laws, regulations and compliance**

Certification and licenses from civil aviation authorities and permits to fly

The Group depends on certifications and licenses from civil aviation authorities and permits to fly due to the strict requirements for companies in the UAV and UAS industry. In Norway, use of UAVs and RPAS is regulated by the Aviation act of 11 June 1993 No 101, Regulation for Civilian Aircraft A 7-1 and an associated Norwegian Regulation implementing EU Regulations (EU) 2019/947, (EU) 2020/639 and (EU) 2020/746 (except Article 19 of (EU) 2019/947).

Nordic Unmanned has obtained a Light UAS Operator Certificate (LUC #001) which certifies that Nordic Unmanned ASA is authorised to perform UAS operations, as defined in the received UAS operations specifications, in accordance with the approved LUC manual, with the Annex to Regulation (EU) No 2019/947 and with Annex IX to Regulation (EU) 2018/1139 gives several privileges, including the right to authorise own operations, in respect of operating within EASA territory (Regulations EU 2019/947).

Applicable laws and regulations contain clear restrictions on how Unmanned Aerial Systems (UAS) should be carried out, with breaches being subject to criminal liability (fines or prison). The Group has obtained relevant certifications and licenses and permits to fly which are relevant in order to continue its operations. However, any loss of the Group's certification and licenses from civil aviation authorities or revoked permits to fly by relevant civil aviation authorities, could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

# Risk factors (4/8)

The Group is exposed to risk relating to global or local grounding of UAV by OEM or CAA

The Group's operations depends on its ability to sell its products and services. There is a risk that global or local authorities may be grounding all UAVs due to factors outside the Groups control, such as allegations of espionage and UAV-aided cyberattacks. Introduction of laws and regulations that would prevent clients from purchasing the Group's products and services could greatly impact the Group. Any global or local grounding of UAV, by OEMs or any civil aviation authority, will result in discontinuation in the Group's operations which in turn will have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

The Group is subject to laws and regulations in several jurisdictions, including governmental export and import controls

The Group operates in and is subject to laws and regulations in multiple jurisdictions around the world. The Group's products and services may be subject to governmental export and import controls that could impair the Group's ability to compete in international and/or national markets due to specific licensing requirements. Export control laws include restrictions or prohibitions on the sale or supply of certain products and services to embargoed or sanctioned countries, governments, persons and entities, and also requires authorization for the export of products, including within the defence industry. In addition, various countries regulate the import of certain products and services, including through import permitting and licensing requirements and have enacted or could enact laws that could limit the Group's ability to distribute its products and services or could limit the Group's operations in those countries. Any change in export or import laws and regulations could result in decreased use or prospects for the Group's products and services or decreased ability to export or sell products or services to existing and/or potential customers with international operations. For example, following the Russian invasion of Ukraine in February 2022, a number of new sanctions and export control measures have been implemented related to Russian and Belarusian governmental authorities, agencies, business and persons. The Group has, however, not been affected by these new measures, as it does not have a business relationship with any of these sanctioned persons or entities. Any withdrawal of export or import licenses or other decreased use of the Group's products and services, may have material adverse effect on the Group's business, results of operations, financial condition, cash flow and/or prospects. Any failure to comply with applicable national and/or international laws and regulations could lead to costly litigations, penalties and other sanctions (including exclusion/disqualifications from future public procurement processes), and thus adversely affect the overall performance of the Group.

The Group is exposed to risk relating to data protection and data privacy regulations, licenses, etc.

The Group may receive, store and process personal information and other user data through its business , particularly related to its surveillance activities, and operations in multiple jurisdictions. This makes the Group exposed to data protection and data privacy laws and regulations it must comply with, which all impose stringent data protection requirements and provides high possible penalties for noncompliance, in particular relating to storing, sharing, use, processing, disclosure and protection of personal information and other user data. The main regulations are the General Data Protection Regulation (EU) 2016/679 (the "GDPR") and the Norwegian Data Protection Act of 15 June 2018 No. 38 with regard to transfer of certain personal data from/to the EU and from/to Norway. It is possible that these laws are interpreted or applied in a manner that is adverse to the Group or otherwise inconsistent with the Group's practices, which could result in litigation, potential legal liability or oblige the Group to change its practices in a manner adverse to its business. As a result, the Group's reputation may be harmed, substantial costs may incur and consumers, customers and/or revenues may be lost. Furthermore, any failure to comply with data protection and data privacy policies, privacy-related obligations to customers or third parties, privacy-related legal obligations, or any compromise of security that results in an unauthorized release, transfer or use of personally identifiable information or other customer data, may result in governmental enforcement actions, litigation or public statements against the Group. Any such failure could cause customers and vendors to lose their trust in the Group. If third parties violate applicable laws or its policies, such violations may also put users of the Group's products at risk and could in turn have an adverse effect on the Group's business. Any significant change to applicable laws, regulations or industry practices regarding the collection, use, retention, security or disclosure of personal data, or regarding the manner in which the express or implied consent of users for the collection, use, retention or disclosure of such data is obtained, could increase the Group's costs and require the Group to modify its services and features, possibly in a material manner, which the Group may be unable to complete and may limit its ability to store and process user data or develop new services and features.

The Group is exposed to risks of claims and legal proceedings, including breach of contractual obligations, non-disclosure agreement and intellectual property disputes

The Group may be party to various legal proceedings that arise in the ordinary course of its business, including disputes relating to contractual obligations and non-disclosure agreements. The value of contracts, non-disclosure and intellectual property rights are of high importance for the Group, as it operates in a highly competitive commercial environment where the strength of the contracts and intellectual property rights may be an important feature that distinguish the Group from its competitors. It is therefore important for the Group to ensure the value and commercial use of its contracts and intellectual property rights. There can be no assurance that third parties, such as suppliers or customers, have not or may not infringed contracts or intellectual property rights owned by the Group, who may have to challenge such parties' rights to continue to use or sell certain products or services and/or may seek damages from such parties'. Moreover, there can be no assurance that the Group may not infringe or be alleged to have infringed intellectual property rights owned by third parties who may challenge the Group's right to continue to use or sell certain products, services and/or may seek damages from the Group. Any claims and legal proceeding made by or against the Group could be time-consuming, result in costly litigation, cause product delays, divert its management from their regular responsibilities or require the Group to enter into settlements. These types of claims and proceedings may expose the Group to monetary damages, direct or indirect costs, direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorizations or loss of reputation, all of which could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

# Risk factors (5/8)

## Reputational risk of non-compliance

The nature of the Group's UAV and UAS operations and national and international operations entails that the Group is exposed to the risk of allegations which, whether they are true or not, could damage the Group's trust, standing and reputation towards its shareholders, partners, new investors, suppliers, customers and/or other business relations. For example, negative publicity may ensue if the Group is accused of non-compliance with regulatory requirements, involvement in bribery, unsafe products etc. The Group's standing and reputation may also be negatively affected by the non-compliance of its suppliers, customers and resellers. Negative publicity or a bad reputation may also affect the Group's contacts with regulators, causing regulatory authorities to have a negative attitude towards the Group. If the Group's standing and reputation is harmed, then it could have a material adverse effect on the Group's business, results of operations, financial condition, cash flows and/or prospects.

## Risks related to intellectual property

The Group relies on a variety of intellectual property rights, other proprietary information and trade secrets

The Group relies on a variety of intellectual property rights, other proprietary information and trade secrets, which are used in its operations and products. The Group companies may not be able to successfully preserve such intellectual property rights, proprietary information or trade secrets; and intellectual property rights could be invalidated, circumvented, or challenged. In addition, some jurisdictions in which the services and products of the Group may be sold may not adequately protect intellectual property rights. Failure to protect intellectual property rights or otherwise information or trade secrets used in the services and products used or owned by companies within the Group, could have a material adverse effect on the Group's business, competitive position and/or prospects.

The Group may be subject to litigation regarding intellectual property rights

The Group may be a party to litigation to determine the scope and validity of its intellectual property, which, if resolved adversely to the Group, could invalidate or render unenforceable its intellectual property or generally preclude it from restraining competitors from commercializing products using technology developed by the Group. If the Group's products infringe others validly and enforceable patents, then it may not be able to sell applicable products or could be forced to pay substantial royalties or redesign a product to avoid infringement. A successful claim of infringement against the Group, or its failure or inability to develop non-infringing technology or license the infringed technology could materially adversely affect its business and results of operations, and/or prospects. Furthermore, litigation to establish or challenge the validity of patents, to defend against infringement, enforceability or invalidity claims or to assert infringement, invalidity or enforceability claims against others, if required, regardless of its merit or success, would likely be time-consuming and expensive to resolve and would divert management's time and attention, which could seriously harm the Group's business.

Changes in patent law could diminish the value of patents, thereby impairing the Group's ability to protect its products

Obtaining and enforcing patents involves technological and legal complexity, and is costly, time consuming, and inherently uncertain. Patent policy also continues to evolve, and the issuance, scope, validity, enforceability and commercial value of the Group's patent rights is highly uncertain. The Group holds several patents which are validated in several jurisdictions.

The Group may not be able to protect its intellectual property rights throughout the world

Filing, prosecuting, maintaining and defending patents on the Group's products throughout the world would be prohibitively expensive, and the extent of the Group's intellectual property rights may vary in different countries. Furthermore, in an emerging and rapidly developing industry it will be challenging to monitor if infringement of the Group's patented technology is taking place. Consequently, The Group may be unable to prevent third parties from using its inventions in all countries, or from selling or importing products made using the Group's inventions in the jurisdictions in which it does not have (or are unable to effectively enforce) patent protection. Competitors may use technologies in jurisdictions where the Group has not obtained patent protection to develop, market or otherwise commercialize products, and the Group may be unable to prevent those competitors from importing those infringing products into territories where the Group has patent protection. These products may compete with the Group's products and its patents and other intellectual property rights may not be effective or sufficient to prevent them from competing in those jurisdictions. Moreover, competitors or others in the chain of commerce may raise legal challenges against the Group's intellectual property rights or may infringe upon the Group's intellectual property rights, including through means that may be difficult to prevent or detect. Furthermore, proceedings to enforce the Group's patent rights could result in substantial costs and divert the Group's efforts and attention from other aspects of its business, could put its patents at risk of being invalidated or interpreted narrowly and its patent applications at risk of not issuing, and could provoke third parties to assert patent infringement or other claims against the Group. The Group may not prevail in any lawsuits that the Group initiates and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, the Group's efforts to enforce its intellectual property rights may be inadequate to obtain a significant commercial advantage from the intellectual property that the Group develops or licenses from third parties.



# Risk factors (6/8)

## **Risk related to financial matters and market risk**

Risk relating to the Group's working capital, liquidity reserves and cash

The Company is currently in a very challenging liquidity situation and is obligated to re-pay NOK 150m in loans within 31 December 2023, and without implementing the current financial restructuring plan and the equity issue there is high risk related to the Company's future as a going concern in its current form. That said, the agreement with the lenders which is subject to enhanced security and equity will provide the Company with significantly improved financial solidity and financial flexibility in the next five-year period.

Generally, there is a risk that the Company has been, or will be in the future, unable to predict its working capital needs and/or forecasting its liquidity reserves and cash and project cash flows or estimating the level of liquid assets required for the Group's operations in line with actual figures. This may for example be due to the Group's business strategy being based on adjusting the operational cost level to the prevailing activity level. This means that the working capital requirement may increase when the activity level increases, either from growth or re-start after paused activity. These changes could also lead to possible capital expenditures in new equipment and technology. Further, the Group may have to commence its activities and deliver its services prior to invoicing. If the Group's actual working capital, liquidity reserves, cash position or liquid assets required turns out to be weaker than predicted, it could have a material adverse effect on the Group's business, financial condition, results of operations and/or cash flows. The Group may require a significant amount of cash to service its obligations.

The Group's ability to make payments on, or repay or refinance, any debt and to fund working capital and capital investments, will depend on its future operating performance, its ability to generate sufficient cash through its operations and/or ability to raise additional equity. The Company cannot assure that its business will generate sufficient cash flow from operations, or that future debt and equity financings will be available to it in an amount sufficient to enable it to pay its debt and obligations, or to fund its other liquidity needs. No assurance can be given that the Group will be able to refinance any debt or able to raise additional equity financing on commercially reasonable terms or at all. The Group is also exposed to changes in the interest rate level, following the amount of interest-bearing debt and floating interest rate.

The Group is exposed to foreign currency exchange risk.

Because a significant part of the Group's business is conducted in currencies other than its functional reporting currency, EUR, and the Group has a large part of its revenues and costs in NOK and USD, the Group will be exposed to volatility associated with foreign currency exchange rates. Currency exchange rates risks may arise when Group companies enter into transactions that are denominated in currencies other than their functional currency. The Group itself is also invoiced in other currencies than its functional currency, thus resulting in currency exposure from both a customer and supplier position. Currency exposure is the result of purchases of goods and services in other currencies than the Group's functional currency (transaction exposure) and of the conversion of the balance sheets and income statements in currencies other than the functional currency into EUR (translation exposure). Such translation exposure does not give rise to an immediate cash effect. Additionally, changes in exchange rates can affect the Group's customers and suppliers, and for instance result in a reduction of customers' willingness to pay or increase suppliers' costs, and as such indirectly affect the Group's profitability. The Group does not use financial instruments to hedge its exposure to foreign exchange rate risks, and there is no guarantee that the Group's financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by the Group to engage in currency hedging activities will be effective. Currency exchange rate fluctuations, thus, could have a material adverse effect on the Group's business, financial condition, results of operations and cash flows.

# Risk factors (7/8)

The Group is exposed to risks relating to volatile, negative or uncertain economic or political conditions, including reduced EU/EEA and/or national governments' budgets

Global macroeconomic conditions affect the Group's customers' businesses, which may have a consequential effect on their spending and demand for the Group's products and/or services. Economic volatility and uncertainty is particularly challenging because many of the projects the Group undertakes for customers require major investment by them, which customers are less willing to make in uncertain economic conditions. Volatile, negative or uncertain economic conditions in the Group's customers' markets, may undermine business confidence and cause the Group's customers to reduce or defer their spending on new initiatives and technologies, or may result in customers reducing, delaying or eliminating spending relating to the Groups' products and services, or putting pressure on the Group's pricing. In addition, international, national or local political volatility may negatively impact the Group and its customers, including reduced EU/EEA budgets. Any of the abovementioned factors could negatively affect the Group's business, results of operations, financial condition, cash flow and/or prospects.

## **Risks related to the Shares**

There may not be an active and liquid market for the Shares and the Share price could fluctuate significantly

An investment in the Shares is associated with a high degree of risk and the price of the Shares may not develop favorably. The share prices of companies admitted to trading on Euronext Growth Oslo can be highly volatile and the trading volume and price of the Shares could fluctuate significantly. Some of the factors that could negatively affect the Share price or result in fluctuations in the price or trading volume of the Shares include, for example, changes in the Company's actual or projected results of operations or those of its competitors, changes in earnings projections or failure to meet investors' and analysts' earnings expectations, investors' evaluations of the success and effects of the Company's strategy, as well as the evaluation of the related risks, changes in general economic conditions or the equities markets generally, changes in the industries in which the Company operates, changes in shareholders and other factors. This volatility has had a significant impact on the market price of securities issued by many companies. Those changes may occur without regard to the operating performance of these companies. The price of the Shares may therefore fluctuate due to factors that have little or nothing to do with the Company, and such fluctuations may materially affect the price of the Shares.

Future issuances of Shares or other securities could dilute the holdings of shareholders and could materially affect the price of the Shares

The Company may in the future decide to offer and issue new Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. An issuance of additional equity securities or securities with rights to convert into equity could reduce the market price of the Shares and would dilute the economic and voting rights of the existing shareholders if made without granting subscription rights to existing shareholders. Accordingly, the Company's shareholders bear the risk of any future offerings reducing the market price of the Shares and/or diluting their shareholdings in the Company.

Investors could be unable to recover losses in civil proceedings in jurisdictions other than Norway

The Company is a public limited company organized under the laws of Norway. The majority of the members of the Board of Directors and management reside in Norway. As a result, it may not be possible for investors to effect service of process in other jurisdictions upon such persons or the Company, to enforce against such persons or the Company judgments obtained in non-Norwegian courts, or to enforce judgments on such persons or the Company in other jurisdictions.

Norwegian law could limit shareholders' ability to bring an action against the Company

The rights of holders of the Shares are governed by Norwegian law and by the Company's Articles of Association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For example, under Norwegian law, any action brought by the Company in respect of wrongful acts committed against the Company will be prioritized over actions brought by shareholders claiming compensation in respect of such acts. In addition, it could be difficult to prevail in a claim against the Company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions.

Investors could be unable to exercise their voting rights for Shares registered in a nominee account

Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) could be unable to vote for such Shares unless their ownership is re-registered in their names with the Norwegian Central Securities Depository (VPS) prior to any general meeting of shareholders. There is no assurance that beneficial owners of the Shares will receive the notice of any general meeting of shareholders in time to instruct their nominees to either effect a re-registration of their Shares or otherwise vote for their Shares in the manner desired by such beneficial owners.

## Risk factors (8/8)

Under Norwegian law, unless otherwise resolved at the Company's general meeting of shareholders, existing shareholders have pre-emptive rights to participate on the basis of their existing ownership of Shares in the issuance of any new Shares for cash consideration. Shareholders in the United States, however, could be unable to exercise any such rights to subscribe for new Shares unless a registration statement under the U.S. Securities Act is in effect in respect of such rights and Shares or an exemption from the registration requirements under the U.S. Securities Act is available. Shareholders in other jurisdictions outside Norway could be similarly affected if the rights and the new Shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company is under no obligation to file a registration statement under the U.S. Securities Act or seek similar approvals under the laws of any other jurisdiction outside Norway in respect of any such rights and Shares. Doing so in the future could be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new Shares, their proportional interests in the Company will be diluted.

The Company is subject to the continuing obligations for companies admitted to trading on Euronext Growth Oslo which may deviate from the regulations for securities trading on Oslo Børs and Euronext Expand, and which may imply a risk of a lower degree of transparency and minority protection

The Company is subject to the rules of the Securities Trading Act applicable to securities admitted to trading on a multilateral trading facility and the Oslo Børs' continuing obligations for companies admitted to trading on Euronext Growth Oslo, and such obligations may differ from the obligations imposed on companies whose securities are listed on Oslo Børs or Euronext Expand. The Company is not subject to any takeover regulations meaning that an acquirer may purchase a stake in the Company's Shares exceeding the applicable thresholds for a mandatory offer for a company listed on Oslo Børs or Euronext Expand without triggering a mandatory offer for the remaining Shares. In accordance with Euronext Growth Rule Book Part I, section 4.3, and without prejudice to national regulations, the Company shall make public within five (5) trading days of becoming aware of any situation where a person, acting alone or in concert, reaches, exceeds or falls below a major holding threshold of fifty percent (50%) or ninety percent (90%) of the capital or voting rights. Furthermore, there is no other requirement to disclose large shareholdings in the Company (Nw: flaggeplikt). Primary insiders and their close associates are not obliged to announce transactions made by them immediately to the market, but only to the Company which then must make a disclosure to the market immediately and no later than within the third trading day. These deviations from the regulations applicable to securities trading on Oslo Børs or Euronext Expand may, alone or together, impose a risk to transparency and the protection of minority shareholders. An investment in the Shares is suitable only for investors who understand the risk factors associated with an investment in a Company admitted to trading on Euronext Growth Oslo.

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Thank you!