

NU GROUP™



Q3 2024 Report

19th November 2024

About NU Group

NU Group is a leading European provider of advanced and fit for purpose drones and sensors, AI supported drone solutions and UAS agnostic drone-as-a-service operations to governmental agencies and MOD's, security clients and corporate clients for the purpose of:

- Empowering defenders and protect lives
- Autonomous efficiency and optimized operations
- Safe and environmentally friendly collection of live, actionable data insights

Founded in Norway in 2014, NU Group has offices in Sandnes (NO), Cranfield (UK), Hasselt (BE) and Arnsberg (GER). Nordic Unmanned ASA employs approx. 100 FTEs and is listed on Euronext Growth with the ticker NUMND. The Group's operating history is 20 years based on AirRobot in Germany.

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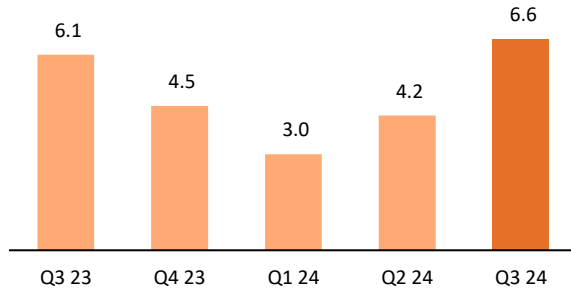


Highlights: Higher activity and strong EBITDA

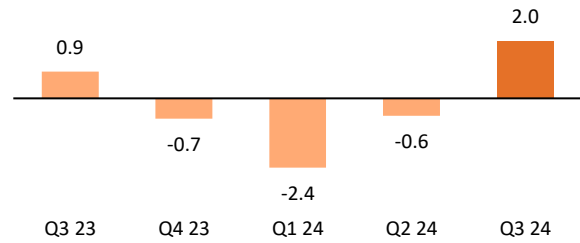
- The company launched a clarified and focused strategy towards defense and security and consolidation combined with a new profile, web and communication strategy to support the clarification of strategy and identity.
- The share capital increase of NOK 47 million and the ca. EUR 6 million debt reduction conversion, first announced in Q2 2024, were both completed in September.
- The company has in Q4 initiated a process to raise NOK 45 million in new equity through a private placement to complete the transition and turnaround. An Extraordinary General Meeting will be held on 19 November to enact the resolution for the private placement and the subsequent repair offering. The subsequent repair offering of up to NOK 10 million directed towards the existing shareholders in the Company is expected to be carried out in November 2024.
- The legal restructuring to establish NU ASA as a holding company with two separate strategic business segments, respectively Flight Services and OEM, is ongoing with a target to be completed on or around year end 2024.
- Q3 2024 revenue of EUR 6.6 million (EUR 6.1 million)¹ with YTD 2024 revenue of EUR 13.9 million (14.9 million), on par with same periods last year when adjusted for discontinued business (Ecoxy) and insurance claims. Q3 2024 saw record high activity in the Flight Services segment with four concurrent deployments.
- Personnel costs were reduced by 13% in Q3 2024 compared to Q3 2023, and 20% year to date compared to comparative periods last year.
- Q3 2024 adjusted EBITDA of EUR 2.0 million (EUR 0.9 million) with YTD 2024 adjusted EBITDA of negative 1.0 million (negative EUR 1.6 million).
- Q3 2024 non-cash Impairments of EUR 6.3 million (EUR 0 million) related to the fleet of assets. This reflects current contracts and activity patterns for existing assets and does not reflect the company's view on future potential in the industry.
- Q3 2024 net loss of EUR 7.2 million after non-cash impairments (negative EUR 1.5 million) with YTD 2024 net loss of EUR 15.5 million (negative EUR 13.3 million). This is an improvement of EUR 0.6 million for the quarter and EUR 2.4 million YTD adjusted for non-cash impairments.
- Stop of workorder for the Tiquila contract affected revenue for AirRobot negatively in the quarter. The stop work order was lifted in October 2024 after an agreement was reached with the client to recontinue deliveries, with product deliveries recommencing from early 2025.

¹ Figures in parentheses refer to the corresponding period or point in time last year.

Revenue
EUR million



Adjusted EBITDA
EUR million





Message from the CEO

The third quarter of 2024 and subsequent period to date was eventful with good performance and several important developments including higher activity and strong EBITDA. It marks what is intended to be the beginning of a new era for NU Group.

As I stated in the Q1 and Q2 2024 CEO letters, 2024 was defined as a transition year. While it has taken longer than anticipated, we have implemented the following actions and strategies:

- Implemented significant cost savings
- Reduced the bank debt and deferred interest and installments
- Clarified the strategy on basis of two strategic business units, respectively Flight Services offering "drone-as-a-service" for actionable data to governmental and large corporates in the civil space, and the OEM business where we in essence offer drone-technology and products as well as AI supported software systems to defense and security clients
- Stepped up focus on defense and security
- Decided to actively pursue consolidation for Flight Services
- Focused our strategy towards defense, security and civil based on a clear delivery model
- Focused all our efforts on Nordics and Europe
- Initiated turnaround activities to build the OEM businesses together
- Implemented a refreshed profile and communication platform to support our focused strategy

We are now in a process of completing the tidying up of our balance sheet which leads to non-cash impairments, and we are strengthening our financial position through an equity raise to allow us to complete the transition.

Operationally we had high activity for our drone as a service business (Flight Services) with more than 3 500 flight hours across Europe and Brazil year to date and improved performance showing that a combination of higher volume and a rightsized cost base pays off. The next step is to gain sufficient

scale to cushion the seasonality and turn profitable and cashflow positive.

In AirRobot we are continuing the deliveries of the cutting-edge defense drone AR-100 to Bundeswehr and working to find new clients and markets. Importantly we also saw the "stop work order" being lifted such that we can recommence deliveries of our Heimdal sensor.

In DroneMatrix we continue to support one of Europe's most forward-thinking ports, the Port of Antwerp, as well as other clients. We are also stepping up marketing efforts towards other ports and infrastructure owners in Europe.

We are pleased to see that financial performance in Q3 2024 and year to date show clear results of the actions taken as well as clear signs of the potential when there is sufficient activity and what scale may mean to financial performance.

Looking ahead

In addition to the actions and strategies implemented as mentioned above, and the ongoing equity raise, we shall not forget our multi-year track record and pioneer-status in the drone industry, our multi-drone platform flight experience beyond visual line of sight (BVLOS), our NATO certified technology, our blue-chip clients, our competent and experienced people, and the fact that we have an established name in the global drone industry and remain among the larger integrated drone technology and drone services companies in Europe.

An ongoing legal reorganization will add optionality and provide a basis for a division of the company if and when that makes sense which may open for separate consolidation and development opportunities for the two segments. In sum the aim is to ensure strategic optionality which may offer a more pure-play risk/reward and potentially attract

different types of investor interest in the next instance

NU Group is currently in early dialogue with potential investors for Flight Services, but no assurance can be made if or when a transaction may occur. The Company's aim is to conclude on

the strategic review by the end of Q4 2024 and in any event continue to push ahead on the basis of a restructured balance sheet and legal structure and a crystal-clear strategy.

Above All – We Protect Values and Lives, for A Safer Future.




Stig Harry Christiansen
CEO



Group financial summary

Unaudited figures in EUR '000	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating revenue	6,627	6,148	13,865	14,899
Cost of goods sold	781	437	2,923	1,826
Personell expenses	2,494	2,862	7,069	8,823
Other operating expenses	1,375	1,919	4,890	5,888
Adjusted EBITDA	1,978	930	-1,017	-1,638
Adjusted EBITDA %	30%	15%	-7%	-11%
Non-recurring items	885	-	885	2,850
EBITDA	1,094	930	-1,901	-4,487
EBITDA%	17%	15%	-14%	-30%
Depreciation and amortisation expenses	1,379	1,535	4,168	4,548
Impairments	6,314	-	7,527	2,887
EBIT	-6,600	-605	-13,596	-11,922
Net financial items	-597	-726	-1,834	-1,364
Income (loss) before tax	-7,197	-1,331	-15,430	-13,286
Income tax	15	189	60	-13
Net income (loss)	-7,212	-1,520	-15,490	-13,273

Business segment specific information is provided in the Business Segment Section.

Operating revenue

Q3 2024 revenues amounted to EUR 6.6 million (EUR 6.1 million). Flight Services experienced an increase of EUR 1.4 million due to additional activity and improved productivity from the OP46 and OP5 contracts, together with revenue from an insurance claim. This was partly offset by a decrease in AirRobot due to delays in project deliveries.

YTD 2024 revenues amounted to EUR 13.9 million (EUR 14.9 million). The YoY development is mainly explained by a

decrease of EUR 0.3 million in insurance claims, a decrease of EUR 0.8 million related to the divestment of Ecoxy and partly offset by an increase of EUR 0.6 million related to the sale of an Indago 4 system to a NATO country customer. Adjusted for insurance claims recorded in Q2 2023 and Q3 2024 and discontinued operations (Ecoxy) the Group had revenue on par with last year.

Operating cost

Cost of goods sold was higher than in the corresponding quarter last year, mainly due to increased activity on the Mikado II contract

and a provision for obsolete inventory items in AirRobot.

YTD Cost of goods sold was higher than last year, mainly due to the sale of a Indago 4 system in Flight Services and also increased deliveries on the Tiquila and the Mikado II contract in AirRobot.

Personnel expenses were approximately 13% lower in Q3 2024 and 20% YTD compared to the corresponding periods last year. This is explained by the three rounds of rightsizing of the Group and Flight Services organizations during 2023 and 2024, a process that the company expects to see further effects of in the last quarter of 2024.

Other operating expenses were lower than in the corresponding periods last year, both in Q3 2024 and YTD 2024, as there is a continuous focus on cost reduction and efficiency initiatives.

Depreciation and amortization were lower than in the corresponding periods last year, both in Q3 2024 and YTD 2024. The reduction is attributable to the reduction in the carrying value of assets on the balance sheet.

Q3 2024 non-cash impairments amounted to EUR 6.3 million (EUR 0.0 million) and relates to a review of the carrying value of the drone fleet of EUR 4.6 million, a review of the carrying value of parts of the inventory of EUR 1.0 million and assets lost in incidents of EUR 0.7 million. Assets lost in incidents were covered by insurance and the insurance proceed is presented as revenue. YTD 2024 non-cash impairment costs of EUR 7.5 million (EUR 2.9 million) relate to reduced carrying value of the fleet, reduced carrying value of inventory, reduced carrying value of a subsidiary and assets lost in incidents. YTD 2023 non-cash impairment costs were related to the Camcopter drone system and investments in a subsidiary and a joint venture company.

Non-recurring costs of EUR 0.9 million (EUR 0.0 million) were recorded in Q3 2024 related to legal and financial restructuring of the

Group, an asset purchase contract cancellation fee in Flight Services and an onerous contract in AirRobot. YTD non-recurring costs amounted to EUR 0.9 million (EUR 2.9 million), where the 2023 costs are related to restructuring activities and write-down of receivables.

Net financial items in Q3 2024 amounted to a cost of EUR 0.6 million (negative EUR 0.7 million) and consisted mainly of interest expenses and foreign exchange losses.

Operating profits/loss

Adjusted EBITDA for Q3 2024 was EUR 2.0 million (EUR 0.9 million). The increase is mainly due to high activity and productivity in the Flight Services segment and lower personnel and other operating costs. This is partly offset by project delays in AirRobot.

Adjusted EBITDA for YTD 2024 was negative EUR 1.0 million (negative EUR 1.6 million). The increase is mainly due to significantly improved results from the Flight Services segment. This is partly offset by project delays in AirRobot and lower activity in DroneMatrix.

Q3 2024 pre-tax losses amounted to EUR 7.2 million (negative EUR 1.3 million). Exclusive of non-cash Impairments, the Q3 2024 pre-tax losses amounted to EUR 0.9 million, a 34% improvement year over year.

YTD 2024 pre-tax losses amounted to EUR 15.4 million (negative EUR 13.3 million).

Financial position

At 30 September 2024, total assets amounted to EUR 29.3 million (EUR 43.3 million), with non-current assets amounting to EUR 21.5 million (EUR 35.7 million) and current assets amounting to EUR 7.9 million (7.6 million).

At 30 September 2024, total equity and liabilities amounted to EUR 29.3 million (EUR 43.3 million) with equity amounting to EUR 7.7 million (EUR 11.7 million), representing an equity ratio of 26 percent.

On 3 September 2024, Nordic Unmanned ASA and Tjelta Eiendom AS entered into a new EUR 2 million short-term loan agreement which replaced the previous Additional Liquidity Loan. The loan and accrued interests mature and shall be repaid in full on 31 December, the maturity date. The Lender has the option until the maturity date to request the conversion of the Loan into shares in NU ASA.

On 23 October 2024, the company disclosed an update to the Euronext Growth Stock Exchange on the contemplated equity raise to support the ongoing redirection and transition of the NU Group towards a focused and high growth OEM (original equipment manufacturer) business. The private placement of NOK 45 million and the subsequent repair offering of up to NOK 10 million are expected to be completed in December.

Liquidity

At 30 September 2024, cash and cash equivalents amounted to EUR 0.1 million (EUR 0.2 million). In addition, the Group had EUR 1.3 million available in undrawn overdraft facilities.

Cash flow

Q3 2024 net cash flow from operating activities was EUR 3.4 million (EUR 3.2 million) mainly due to high season for the Flight Services segment.

Q3 2024 net cash flow from investing activities was negative EUR 0.1 million (negative EUR 2.8 million).

Q3 2024 net cash flow from financing activities was negative EUR 3.5 million (negative EUR 0.8 million). This is mainly related to the financial restructuring, debt conversion and debt forgiveness.

Estimated Contract backlog²

30 September 2024 estimated contract backlog was EUR 44 million. The estimated contract backlog consists of framework agreements subject to call-offs (OP46, OP5, OP1) with European Maritime Safety Agency (EMSA) in Flight Services, the currently stopped Tiquila contract for Lockheed Martin UK (Heimdahl sensors) and the Mikado 1 and 2 contracts for Bundeswehr in AirRobot.

Subsequent events

[See note 10 for subsequent events.](#)

² Estimated contract backlog is defined in the Alternative Performance Measures section.



Business Segments

NU Group consists of two strategic business segments, Flight Services and OEM. Flight Services is a tech-agnostic drone-as-a-service operator providing time-critical actionable data to large corporate and governmental customers. Flight Services is an experienced organization delivering flight services at a high level and is one of the leading drone-as-a-service operators in the world. The OEM segment consists of two companies, AirRobot and DroneMatrix. AirRobot is an OEM with a leading product platform in lightweight drones tailored for the “protect the defenders” niche in defense and security. DroneMatrix is an OEM offering a fully integrated and autonomous drone system with proprietary and provision of actionable data for security purposes.

In this report all costs previously reported as Group costs that were related to operations of the Business segments Flight Services, AirRobot and DroneMatrix have been allocated to the respective Business Segments. This is done for all financial periods covered in this report (Q3 2023 and Q3 2024). See note 4 for further information.

Flight Services

Flight Services is a technology-agnostic flight services operator providing time-critical actionable data to large corporate and governmental customers.



Unaudited figures in EUR '000	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating revenue	5,151	3,730	9,122	9,173
Cost of goods sold	49	329	682	934
Personell expenses & other operating expenses	2,205	2,387	6,272	7,607
Allocated Group Cost	380	757	1,443	2,680
Adjusted EBITDA	2,517	257	725	-2,048
Adjusted EBITDA %	49%	7%	8%	-22%
Non-recurring items	471	-	471	1,595
EBITDA	2,046	257	254	-3,643
EBITDA%	40%	7%	3%	-40%

Financial

Flight Services recorded revenues of EUR 5.2 million in Q3 2024 (EUR 3.7 million). The increase is due to additional activity and improved productivity on the OP46 and OP5 contracts. Flight Services also recorded revenue of EUR 0.6 million related to an insurance claim in the quarter.

YTD 2024 revenue totalled EUR 9.1 million (EUR 9.2 million). Excluding revenue from insurance claims in both 2023 and 2024, and excluding revenue from the Ecoxy business which was divested in Q3 2023, YTD revenue for the Flight Services segment increased by EUR 1.0 million. This is mainly due to increased activity in the OP46 and OP5 contracts, activity in Brazil and sale of Indago 4 systems to a customer.

Adjusted EBITDA for Q3 2024 was EUR 2.5 million (EUR 0.3 million). YTD 2024 adjusted EBITDA was EUR 0.7 million (negative EUR 2.0 million). The main reason for the improvement, both quarter on quarter and year on year, is increased activity and productivity on project deliveries together with a reduction in personnel and other operating cost, where the implementation of efficiency measures is now taking effect.

Flight Services recorded costs related to an assets purchase cancellation fee of EUR 0.5 million in the quarter. This is presented as a Non-recurring item.

Operations

Flight Services delivered 2 381 flight hours in Q3 2024, compared to 1 769 flight hours in Q3 2023 and 3 532 flight hours YTD 2024, compared to 3 429 flight hours YTD 2023.

This quarter set multiple operational records, including the highest recorded flight hours in

a single quarter. We surpassed 10 000 cumulative flight hours and achieved a record-breaking August with over 1 050 hours flown. The operations spanned over four concurrent deployments across two clients: EMSA (Aerosonde operations in Estonia, Denmark, and Spain) and Petrobras (Camcopter operations in Brazil through OMNI).

The Baltics under the EMSA OP 46 contract saw a 10% improvement in productivity compared to last year with minimal downtime, wrapping up successfully in late September. Spain operations, which commenced in July under the same contract, have consistently achieved over 90% productivity, significantly optimizing crew costs and resource allocation.

The Denmark operations under the EMSA OP 5 contract were successfully demobilized in August, with excellent feedback from end-users. Our HQ platform performed flawlessly, and an on-site audit performed by both the Norwegian and Danish CAAs concluded with no major findings. Despite challenging weather conditions, productivity in Denmark increased more than 10 % compared to last year.

Flight Services was active under the EMSA OP 1 contract (lightweight capability), with two European Fishery Control Agency vessel deployments in the quarter, five oil pollution response exercises and one inter-agency oil spill exercise. Flight Services also mobilized one additional oil spill response vessel, bringing the total to twelve vessels now actively deployed for oil spill response operations.

AirRobot

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



Unaudited figures in EUR '000	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating revenue	1,375	2,354	4,524	5,257
Cost of goods sold	740	-35	2,107	567
Personell expenses & other operating expenses	962	860	2,666	2,870
Allocated Group Cost	162	320	901	1,113
Adjusted EBITDA	-489	1,210	-1,149	706
Adjusted EBITDA %	-36%	51%	-25%	13%
Non-recurring items	270	-	-530	-
EBITDA	-759	1,210	-620	706
EBITDA%	-55%	51%	-14%	13%

Financial

AirRobot recorded revenues of EUR 1.4 million in Q3 2024 (EUR 2.4 million). The decrease is mainly attributable to delayed deliveries under the Tiquila and Mikado II contracts. AirRobot's main activity in Q3 2024 was the production of the next batches of AR-100H drones to Bundeswehr.

YTD 2024, AirRobot recorded revenues of EUR 4.5 million (EUR 5.3 million).

Q3 2024 adjusted EBITDA amounted to negative EUR 0.5 million (EUR 1.2 million). The decrease is mainly attributable to delayed deliveries under the Tiquila and Mikado II contracts and a provision for obsolete inventory items.

AirRobot recorded costs related to an onerous contract of EUR 0.3 million in the quarter. This is presented as a Non-recurring item.

YTD 2024 adjusted EBITDA amounted to negative EUR 1.1 million (EUR 0.7 million).

Operations

AirRobot experienced a flat development in the quarter, due to supply chain and working capital constraints, in addition to challenges related to a stop work order under a key AirRobot / NU UK project.

It is anticipated that the project affected by the stop work order will restart in Q4 and be income and cash generating from Q1 2025. Moreover, the Group's turnaround efforts will improve overall performance from Q2 2025.

DroneMatrix

DroneMatrix is an OEM offering a fully integrated and autonomous UAS system with proprietary software.



Unaudited figures in EUR '000	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Operating revenue	167	426	405	1,010
Cost of goods sold	-9	154	109	265
Personell expenses & other operating expenses	91	212	468	606
Allocated Group Cost	21	44	92	145
Adjusted EBITDA	64	16	-265	-6
Adjusted EBITDA %	38%	4%	-66%	-1%
Non-recurring items	-	-	-	-
EBITDA	64	16	-265	-6
EBITDA%	38%	4%	-66%	-1%

Financial

DroneMatrix's Q3 2024 revenue amounted to EUR 0.2 million (EUR 0.4 million), whilst YTD 2024 revenue amounted to EUR 0.4 million (EUR 1.0 million). The decrease is due to reduced activity and sales.

Q3 2024 EBITDA amounted to EUR 0.1 million (EUR 0.0 million). YTD 2024 EBITDA amounted to negative EUR 0.3 million (EUR 0.0 million).

Operations

DroneMatrix's main activity in Q3 2024 was the ongoing and increased drone surveillance operations for Port of Antwerp. Furthermore, DroneMatrix also focused on increasing sales with focused campaigns and a well-defined product roadmap.

Ownership

Nordic Unmanned ASA has entered into a final agreement to acquire the remaining 45% of the shares in DroneMatrix from the Vanwelkenhuyzen family. The acquisition will be effective on closing, expected before year end 2024, with a remaining sellers credit of EUR 1 million payable to the founders end 2025.



Outlook

The key drivers for the anticipated growth in demand for drone technology and services are increasing focus on defence and security, an increasingly favourable regulatory environment in Europe, improved awareness and education, substantial environmental benefits, cost efficiencies as well as safety and security benefits, and continued technological advancements.

The estimated contract backlog is EUR 44 million and the unweighted value of the pipeline of opportunities is significant.

There is little doubt that the use of drone technology and drone services will form a significant part of the future in many industries and for many applications.

There is an attractive future for those companies that pull through the challenges, and our aim is to see NU Group among the winners in the future.

Against the above, the actions and strategies implemented as mentioned in the CEO letter, the ongoing equity raise, our multi-year track record and pioneer-status in the drone industry, and the ongoing legal reorganization provides a strongly improved basis and adds optionality for separate consolidation and development opportunities for the two strategic business segments going forward. In sum the aim is to ensure strategic optionality which may offer a more pure-play risk/reward and potentially attract different types of investor interest in the next instance.

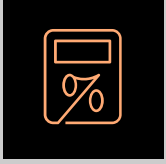
The Company's aim is to continue to push ahead on the basis of a restructured balance sheet and legal structure and a crystal clear strategy.

Disclaimer – forward looking statement

In addition to historical information, this presentation contains statements relating to our future business, events and/or results. These “forward-looking” statements include certain estimates, assumptions and projections of Nordic Unmanned ASA (the “Company”), based on information currently available to the Company. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including statements preceded by, followed by words that include the words “estimate,” “plan,” “project,” “forecast,” “intend,” “expect,” “predict,” “anticipate,” “believe,” “think,” “view,” “seek,” “target,” “goal” or similar expressions; any projections of earnings, revenues, expenses, synergies, margins or other financial items; any statements of the plans, strategies and objectives for future operations, including integration and any potential restructuring plans; any statements concerning proposed new products, services, developments or industry rankings; any statements regarding future economic conditions or performance; any statements of belief; and any statements of assumptions underlying any of the foregoing.

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Financial statements

Consolidated Statement of Income

Unaudited figures in EUR '000	Notes	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Revenues		5,832	6,107	12,976	13,491
Other income		795	41	889	1,408
Total revenues and other income	3.4	6,627	6,148	13,865	14,899
Cost of goods sold		1,051	437	3,193	1,826
Personell expenses		2,494	2,862	7,069	9,813
Depreciation and amortisation expenses	5.6	1,379	1,535	4,168	4,548
Impairments	5.6	6,314	-	7,527	2,887
Other operating expenses		1,989	1,919	5,504	7,748
Total operating expenses		13,227	6,753	27,461	26,821
Operating profit (loss)		-6,600	-605	-13,596	-11,922
Net financial income (expenses)		-597	-726	-1,834	-1,364
Income (loss) before tax		-7,197	-1,331	-15,430	-13,286
Income tax expense (benefit)		15	189	60	-13
Net income (loss)		-7,212	-1,520	-15,490	-13,273
EBITDA		1,094	930	-1,901	-4,487
Allocation of profit or loss:					
Profit/loss attributable to non-controlling interests		-1	-40	-1	-723
Profit/loss attributable to the parent		-7,210	-1,481	-15,488	-12,550
Other comprehensive income:					
<i>Items that subsequently may be reclassified to profit or loss:</i>					
Currency translation differences		-64	-	-98	-
Total other comprehensive income for the period		-64	-	-98	-
Total comprehensive income for the period		-7,276	-1,520	-15,588	-13,273
Allocation of profit or loss:					
Profit/loss attributable to non-controlling interests		-1	-40	-1	-723
Profit/loss attributable to the parent		-7,274	-1,481	-15,587	-12,550
Earnings per share ("EPS"): (presented in full figures)					
Basic and diluted EPS - profit or loss attributable to equity holders of the parent		-0.42	-	-0.08	-0.28

Consolidated Balance Sheet

Unaudited figures in EUR '000	Notes	30 Sep 2024	30 Sep 2023	31 Dec 2023
ASSETS				
Non-current assets				
Goodwill	6	1,478	3,190	2,986
Other intangible assets	6	6,299	8,624	8,029
Total intangible assets		7,777	11,814	11,016
Aircraft and spareparts	5	12,031	21,836	17,805
Assets under construction	5	198	265	61
Fixtures and fittings	5	975	1,010	1,018
Right-of-use assets		474	739	616
Total tangible assets		13,678	23,850	19,500
Other non-current assets		-	42	234
Total non-current assets		21,455	35,707	30,750
Current assets				
Inventory	7	2,661	3,044	4,158
Trade receivables		989	1,358	448
Other short-term receivables		4,085	2,990	3,935
Cash and cash equivalents		120	205	1,227
Total current assets		7,855	7,598	9,769
TOTAL ASSETS		29,310	43,304	40,519

Consolidated Balance Sheet

EQUITY AND LIABILITIES	Notes	30 Sep 2024	30 Sep 2023	31 Dec 2023
Equity				
Paid-in equity		65,574	51,156	57,330
Retained earnings		-57,688	-39,346	-43,252
Equity attributable to equity holders of the parent		7,886	11,810	14,078
Non-controlling interests		-152	-155	-158
Total equity		7,735	11,655	13,920
Non-current liabilities				
Interest bearing loans and borrowings	8	9,341	-	14,634
Non-current lease liabilities		404	552	543
Other non-current liabilities		1,037	2,118	2,112
Deferred tax liabilities		16	314	22
Total non-current liabilities		10,798	2,984	17,311
Current liabilities				
Trade payables		2,281	5,308	2,849
Interest bearing loans and borrowings	8	4,312	19,704	3,513
Current lease liabilities		155	306	172
Public duties payable		201	732	708
Other current liabilities		3,828	2,616	2,045
Total current liabilities		10,778	28,666	9,288
Total liabilities		21,576	31,650	26,599
TOTAL EQUITY AND LIABILITIES		29,310	43,304	40,519

Consolidated Statement of Changes in Equity

Unaudited figures in EUR '000	Share capital	Share premium	Treasury shares	Retained earnings	Shareholders Equity	Non-Controlling Interests	Total Equity
Balance at 1 January 2023	4,192	46,868	-737	-27,399	22,923	632	23,556
Profit (loss) for the year				-16,320	-16,320	-786	-17,106
Issue of share capital	2,314	4,694			7,008		7,008
Share-based payments				173	173		173
Other equity				74	74	-4	70
Currency translation effects (OCI)				220	220	-	220
Balance as at 31 December 2023	6,506	51,562	-737	-43,253	14,078	-158	13,920
Profit (loss) for the period				-15,489	-15,489	-1	-15,491
Issue of share capital	-4,551	12,806		-	8,255		8,255
Share-based payments				27	27		27
Other equity				1,116	1,116	5	1,121
Currency translation effects (OCI)		-12		-90	-102	3	-99
Balance as at 30 September 2024	1,955	64,356	-737	-57,688	7,886	-152	7,735

Total number of shares are 17 336 313 with a nominal value of NOK 1 per share as of 30. September 2024.

In Q3 2024, Nordic Unmanned ASA completed the capital raise, resolved from the extraordinary general meeting held on 11 June 2024 where a share capital increase through a private placement, a share increase through issuance of shares in a subsequent repair offering and a share capital increase through conversion of debt were all decided.

Subsequently, a reverse share split was implemented at a ratio of 100:1, meaning every 100 shares were consolidated into one new share.

As planned, the financial restructuring and share capital increases resolved at the extraordinary general meeting on 11 June 2024 were successfully completed in Q3 2024. Accordingly, EUR 7.1 million interest-bearing loans and borrowings were converted to equity. Additionally, EUR 0.85 million in non-current liabilities was written off.

Consolidated Statement of Cash Flows

Unaudited figures in EUR '000	Q3 2024	Q3 2023	YTD 2024	YTD 2023
Cash flows from operating activities				
Profit or loss before tax	-7 197	-1 331	-15 430	-13 286
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Net financial income/expense	597	1 230	1 834	1 766
Depreciation and impairment	7 656	1 533	11 578	7 290
Amortisation and impairment of Right-of-use assets	38	2	116	144
Share-based payment expense	27		27	102
			-	
<i>Working capital adjustments:</i>				
Change in inventory	822	55	1 219	-979
Changes in trade and other receivables	992	2 256	-690	-94
Changes in trade and other payables	-456	1 128	-365	3 185
Changes in provisions and other liabilities	954	-1 652	245	922
Net cash flows from operating activities	3 433	3 222	-1 465	-949
Cash flows from investing activities				
Changes from non current assets	-102	-2 754	-3 168	-6 206
Net cash flow from investing activities	-102	-2 754	-3 168	-6 206
Cash flow from financing activities				
Proceeds from issuance of equity	919	-	919	898
Transaction costs on issue of shares	-327	-	-327	-58
Debt conversion and debt forgiveness	6 586			
Net disbursements overdraft facility	-	-950	1 870	1 616
Proceeds from new debt (short / long term)	-	407	5 255	5 034
Repayment of debt (short / long term)	-10 620	-63	-10 620	-121
Payments of lease liability	-61	-40	-156	-156
Interest	-	-187	-	-663
Net cash flows from financing activities	-3 504	-833	-3 059	6 549
Net increase/(decrease) in cash and cash equivalents	-172	-365	-7 692	-606
Cash and cash equivalents at beginning of the period	292	568	1 932	812
Net foreign exchange difference	-	2	-	-1
Cash and cash equivalents, end of period	120	205	-5 760	205

Notes

Note 1 General

Nordic Unmanned ASA is a limited liability company incorporated and domiciled in Norway and whose shares are traded on the Euronext Growth market in Norway. The Group's head office is located at Rådhusgata 3, 4306 Sandnes, Norway.

Note 2 Basis of preparation

The Condensed consolidated interim financial statements of Nordic Unmanned ASA and its subsidiaries (collectively, "the Group" or "NU Group") for the period ended 30 September 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all the information required by IFRSs and should be read in conjunction with the Group's 2023 annual financial statements, which is publicly available at www.nordicunmanned.com. The interim financial statements reflect all adjustments which are, in the opinion of management, necessary for a fair statement of the financial position, results of operations and cash flows for the dates and interim periods presented. Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. These interim financial statements have not been subject to review or audit by independent auditors. These interim financial statements were authorized for issue by the Company Board of Directors on 29 August 2024.

The interim consolidated financial statements of the Group comprise consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, and related notes. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB and as endorsed by The European Union ("EU").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments which are measured at fair value. The financial statements are prepared based on the going concern assumption.

Comparative financial information is provided for the preceding period in the Consolidated statement of comprehensive income and Consolidated statement of financial position.

The interim financial statement has been prepared with the same accounting policies as the Financial Year 2023.

Presentation currency and functional currency

The consolidated financial statements are presented in Euros (EUR), which is also the functional currency of the parent company.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within total comprehensive income are translated from functional currency to presentation currency by applying average exchange rates for the period. If currency rates fluctuate significantly, transaction date exchange rates are applied for significant transactions.

Note 3 Revenue

Revenue from contracts with customers is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Revenue from the sale of goods is recognized over-time to the extent the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Progress is measured using a cost-to-cost based approach. Other sale of goods is recognized at the point-in-time when control of the asset is transferred to the customer. The determination of over-time versus point-in-time revenue recognition and determining progress requires the use of judgement.

Revenue from services is recognized over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

Note 4 Segments

Seasonal factors influence our Flight Service's operations. Flight plans are normally planned for the second and the third quarters with current clients due to weather risk in the first and fourth quarters, leading to low activity and a negative effect on financial performance in those low season quarters.

The Original Equipment Manufacturers (AirRobot/DroneMatrix) do not experience the same seasonality issues as the Flight Services segment. Group costs were allocated to the segments for the first time in the fourth quarter 2023 and included in both the current and historical periods, thus EBITDA figures in the table below are inclusive of group cost allocation. The figures in the Group Costs column consist of unallocated group costs and intercompany transactions eliminated at a group level.

Unaudited figures in EUR '00	Flight				Group Costs	Total
	Services	AirRobot	DroneMatrix	Eliminations		
Q3 2024						
Revenues third party	5,103	2,157	167	-	-	7,427
Revenues inter-segment	48	17	-	-65	-	-
Total Revenues	5,151	2,175	167	-65	-	7,427
EBITDA	2,046	-759	64	3	-260	1,094
Q3 2023						
Revenues third party	3,578	2,148	422	-	-	6,148
Revenues inter-segment	153	206	4	-362	-	-
Total Revenues	3,730	2,354	426	-362	-	6,148
EBITDA	257	1,210	16	57	-610	930
YTD 2024						
Revenues third party	9,032	4,430	403	-	-	13,865
Revenues inter-segment	90	894	1	-986	-	-
Total Revenues	9,122	5,324	405	-986	-	13,865
EBITDA	254	-620	-265	-825	-446	-1,901
YTD 2023						
Revenues third party	8,962	5,006	932	-	-	14,899
Revenues inter-segment	211	251	79	-541	-	-
Total Revenues	9,173	5,257	1,010	-541	-	14,899
EBITDA	-3,643	706	-6	311	-1,856	-4,487

Note 5 Property, plant, and equipment

Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of PP&E are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The residual values, useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate.

The Group assesses on each reporting date whether there is an indication that property, plant and equipment may be impaired. If such an indication exists, the Group estimates the assets or CGU's recoverable amount. The recoverable amount is the higher of an assets or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

We review the carrying value of our long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may no longer be appropriate.

Impairment triggers have been identified related to part of the drone fleet that were not generating revenue as per year end and that were not committed to any major contract or source of revenue as Q3 2024. The period reflects impairment of EUR 4.6 million related to operational assets, and EUR 0.7 million related to loss of insured operational assets under the segment Flight Services.

The recoverable amount of CGU was based on fair value estimated using discounted cash flows. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industry and have been based on historical data from both external and internal sources. The impairment calculation used a discount rate of 15%, including a debt leverage of 60% and pre-tax market interest of 7,5%.

Unaudited figures in EUR '000	Fixtures, fittings and tools	Aircraft and spareparts	Assets under construction	Total
Cost as at 31 December 2023	2 580	24 163	61	26 804
Additions	196	-46	2 238	2 388
Transfer	63	1 880	-1 880	63
Disposals	-	-543	-221	-764
Cost as at 30 September 2024	2 839	25 454	198	28 490
Depreciation and impairment as at 31 December 2023	1 562	6 357	-	7 920
Depreciation	302	2 479	-	2 781
Disposals	-	-68	-	-68
Impairment	-	4 654	-	4 654
Depreciation and impairment as at 30 June 2024	1 864	13 423	-	15 287
Net book value:				
At 31 December 2023	1 018	17 805	61	18 884
At 30 September 2024	975	12 031	198	13 204
Economic life (years)	3-5	5-10		
Depreciation plan	Straight-line method	Straight-line method	No depreciation	

Note 6 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Unaudited figures in EUR '000	Development	Concessions, patents and licenses	Goodwill	Total
Cost as at 31 December 2023	11 995	5 772	3 047	20 814
Additions	150	-	-	150
Cost as at 30 September 2024	12 145	5 772	3 047	20 964
Amortization and impairment as at 31 December 2023	6 059	3 679	60	9 798
Amortization	885	298	-	1 183
Impairment	698	-	1 508	2 206
Amortization and impairment as at 30 September 2024	7 642	3 977	1 568	13 187
Net book value:				
At 31 December 2023	5 936	2 093	2 986	11 016
At 30 September 2024	4 504	1 795	1 478	7 777
Economic life (years)	5-10	5-10		
Amortization plan	Straight-line method	Straight-line method	No Amortization	

Nordic Unmanned ASA will, through share purchase and an equity issue, obtain control of 100% of the shares of DroneMatrix. The share purchase will be effective on closing, expected before year end 2024. The purchase price will be settled with EUR 1.0 million in cash to be fully paid December 31st 2025 and the remaining will be settled with 3.6 million shares in Nordic Unmanned ASA at closing. The impairment related to this transaction was recognized in Q2 and remains unchanged for Q3. No other impairment was recognized for Q3.

Note 7 Inventory

Spare parts and consumables are measured at cost on a first-in/first-out basis.

Unaudited figures in EUR '000	Q3 2024	Q4 2023
Work in progress and materials	3 909	4 091
Finished goods	841	917
Provision of obsolescence	-2 089	-851
Total	2 661	4 158

Work in progress and finished goods includes consumable spare parts, rotables and products for sale. Rotables and spare parts which have been undertaken maintenance, repair and overhaul on the company's engines and other related components.

Provision of obsolescence is split between AirRobot and Flight Services with EUR 0.5 million and EUR 1.6 million respectively and saw an increase of EUR 0.3 million and EUR 1 in Q3.

Note 8 Maturity of financial liabilities

Contractual undiscounted cash flows from financial liabilities are presented below. The borrowings are subject to floating interest rate and the rate fixing period is short. Consequently, fair values of the borrowings are assumed to be equal to book values. "Contractual undiscounted cash flows from financial liabilities" are presented including expected interest based on the latest known applicable interest rate.

NU Group has financial covenants including a Working Capital of no less than EUR 1 million at any time. Non-compliance with the Working Capital requirement prior to 30 September 2025 shall not be considered an Event of Default, provided that the Borrower informs the lender and suggests measures to repair such non-compliance.

Liabilities are generally classified as current if the maturity is within one year and as non-current if the maturity is beyond one year of the balance sheet date.

Short-term interest-bearing loans and borrowings include credit lines and a short-term loan of EUR 2 million that are to be paid within 2024. AirRobot's current credit line of EUR 3 million expires in 2025.

In Q3 2024, the Company successfully completed its financial restructuring as planned. Tjelta Eiendom AS retains a claim of EUR 2 million, which may be converted into shares at NOK 0.05 per share, per the authorization from the extraordinary general meeting on 11 June 2024. Additionally, debt of EUR 5.2 million was converted into equity, while EUR 0.9 million was written off, significantly strengthening the Company's financial position.

Post financial restructuring, the Company's interest-bearing loans have been reduced significantly. The first installment is deferred until June 2026, with semiannual payments beginning from Q2 and Q3 2026. The first interest payment has also been postponed until 30 June 2025, with quarterly interest payments scheduled thereafter. These changes substantially enhance the Company's capital structure and liquidity profile, supporting its long-term growth objectives.

Unaudited figures in EUR '000

Q3 2024 Interest bearing loans and borrowings	Remaining contractual maturity		Total
	1-12 months	More than 1 year	
SR-bank	1 311	7 916	9 227
Innovasjon Norge	-	1 426	1 426
Volksbank Unna	3 001	-	3 001
Tjelta Eiendom AS	2 016	-	2 016
Total liabilities from financing	6 328	9 341	13 653

Credit facilities

	Q3 2024	Q4 2023
Undrawn amount credit facilities	1 274	3 543

Note 9 Going concern

In accordance with §4-5 of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern.

The growth of Nordic Unmanned Flight Services is capital intensive, and the operation has currently a seasonality where the Q2 and Q3 represent high season, while the Q4 and Q1 represent a low season with limited operations with preparation and training for new season. This represents a challenge for operational cash flow, which is negative, especially in Q1. Negative results and cash flow are putting pressure on the Group's liquidity situation. The OEM business is less seasonal and will counter some of the shortfall of liquidity in Flight Services low season.

The capital raise, refinancing and cost reductions in Q4 2023 compensated for the challenging financial performance and the unforeseen project delays. In addition to the personnel and operating cost reductions in 2023, the Company has implemented additional personnel and operating cost reduction measures in 2024, this will contribute to improved liquidity.

An extraordinary general meeting was held at 11 June 2024 where the share capital increase through a private placement and subsequent repair offering totaling NOK 47 million and the share capital increase through conversion of debt of EUR 5 172 414 were all completed in Q3.

Other lenders have as part of the financial restructuring agreed debt forgiveness of NOK 10 million.

As announced on 31 October 2024, the Board has completed an allocation of a total of 90 000 000 shares in the Company in a private placement with gross proceeds of NOK 45 million.

The Company's shares currently have a nominal value of NOK 1 which exceeds the proposed subscription price of NOK 0,5 in the Private Placement. In order to enable the Private Placement to be completed at the subscription price, the board will propose that the Company's extraordinary general meeting resolves to reduce the nominal value of the shares from NOK 1.00 to NOK 0,25 per share.

Moreover, the Board proposes that the general meeting grants the board authorization, subject to completion of the Private Placement described above, to conduct a subsequent repair offering of NOK 10 million directed towards existing shareholders who do not participate in the Private Placement. The purpose of the Subsequent Offering will be to afford such shareholders the opportunity to subscribe for shares at the same terms as in the Private Placement.

Carrying out the Subsequent Offering will be conditional upon, inter alia, the Company's general meeting granting the board with an authorization to carry out the Subsequent Offering. Launch of a Subsequent Offering, if carried out, will also be contingent on publishing of a prospectus.

If the Board makes use of the authority, the Board will determine criteria for eligibility and allocation of subscription rights in the Subsequent Offering in line with generally accepted principles, in light also of the result of the Private Placement. The Board is also authorized to allow oversubscription and subscription without subscription rights in the Subsequent Offering. Given the purpose of the Subsequent Offering, the authorization will include an authorization to waive the shareholders' preferential rights to the new shares.

On this basis, the general meeting passes the following resolution:

"The Board is authorized to increase the Company's share capital with up to NOK 5,000,000, through the issuance of up to 20,000,000 shares, each with a par value of NOK 0.25."

The allocation and issue of the shares is conditional upon approval by the general meeting. The extraordinary general meeting are expected to be completed at 19 November 2024.

Hence, the capital raise is conditional upon factors that are to be resolved after the submission of the Q3 report. The Board's assessment is that it is likely that the share capital increase through the Private Placement with simultaneous reduction of the par value of the shares and the Subsequent Repair offering will pursue as

described above, although no assurances can be given in this respect as the conditions for completion are not yet fulfilled.

NU Group is currently European leader in their category and positioned to experience significant growth in the years ahead. Disposal of assets may include sale of parts of the drone fleet.

Pareto Securities AS has been engaged to advise on the structural options for Flight Services which could lead to a merger, partial sale or a sale of the entire business unit.

There is uncertainty as to whether the alternatives discussed above will materialize.

Despite the uncertainties above and considering the successful private placement of NOK 45 million, the Board's assessment is that it is appropriate to apply the going concern assumption.

The Board anticipates that the Group can continue its operation activities and will have the financial resources to apply the going concern principle as the basis for the financial statements.

Note 10 Subsequent events

The company is working on the completion of the financial restructuring in Q4 2024 with a capital raise of NOK 45 million in a private placement and a subsequent NOK 10 million repair offering.

Nordic Unmanned UK received a letter dated 31 July 2024 from Lockheed Martin UK requesting a Stop Work Period until 30th September 2024 whilst authority acceptance is sought for the Lockheed Martin concessions.

The stop work order is now lifted and it is foreseen that the project deliveries will restart later this year and be income and cash generating from early 2025. This stop work relates to our deliveries of the Heimdal sensors under the Tiquila contract where both AirRobot and NU UK are participating. It is expected that the remaining deliveries will be executed in the first half of 2025.

Alternative performance measures

NU Group uses terms in the consolidated financial statements that are not defined by the IFRS accounting standards. These are performance measures that are relevant to NU Group's line of business.

Estimated Contract backlog

Estimated 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 Q3 2024. 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.

EBITDA

Operating profit (EBIT) + Depreciation and Impairments.

Adjusted EBITDA

EBITDA adjusted for one off and unusual items.

EBIT

Operating profit.

NU GROUP™

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