

NORDIC UNMANNED

Q3 2023 Report

November 10th, 2023

Above All – We Protect Values and Lives



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About Nordic Unmanned

Nordic Unmanned is a leading European manufacturer (OEM) and certified operator of unmanned aircraft systems (“UAS”). Founded in Norway in 2014, Nordic Unmanned has offices in Sandnes (NO), Cranfield (UK), Hasselt (BE) and Arnsberg (GER).

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

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

Flight Services: is a technology-agnostic flight services operator providing time-critical actionable data to large corporate and governmental customers. The segment also includes the joint ventures NUAer AS and resale of products manufactured by technology partners.

AirRobot: is an Original Equipment Manufacturer (OEM) with a leading product platform in lightweight UAS' and sensors (payloads) tailored for defence and security.

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

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

Nordic Unmanned also comprises joint ventures Omni Unmanned SA (registered in Luxemburg) with OHI Group SA and NUAer AS (registered in Norway) with Aeromon OY.

Nordic Unmanned ASA is listed on Euronext Growth with “NUMND”.

Q3 2023 highlights

The Group

<i>Unaudited figures in EUR '000</i>	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating revenue	6,148	5,457	14,899	12,770
Cost of goods sold	437	363	1,826	1,878
Personell expenses	2,862	3,556	8,823	9,406
Other operating expenses	1,919	2,761	5,888	7,681
Adjusted EBITDA	930	-1,223	-1,638	-6,195
Adjusted EBITDA %	15%	-22%	-11%	-49%
Non-recurring items	-	-	2,850	-
EBITDA	930	-1,223	-4,487	-6,195
EBITDA%	15%	-22%	-30%	-49%
Depreciation and amortisation expenses	1,535	1,461	4,548	3,795
Impairments	-	-	2,887	-
EBIT	-605	-2,684	-11,922	-9,990
Net financial items	726	217	1,364	875
Income (loss) before tax	-1,331	-2,901	-13,286	-10,865
Income tax	189	-624	-13	-2,247
Net income (loss)	-1,520	-2,277	-13,273	-8,619

The third quarter 2023 saw higher revenues than the same quarter last year, effects from cost reductions and positive cashflow from operations.

- Revenues of EUR 6.1 million in the quarter and EUR 14.9 million year to date 2023, compared to EUR 5.5 and EUR 12.8 million respectively in the same periods in 2022. AirRobot revenue growth in Q3 2023 of EUR 1.8 million, an increase of 323% YoY with the Tiquila and Mikado 2 contracts progressing. Flight Services had EUR 1.2 million lower revenues in Q3 2023. Flight hours increased with 22%, however revenue was lower due to contract and fleet mix.
- Adjusted EBITDA of EUR 0.9 million in the quarter, which is an improvement of EUR 2.2 million compared to the same period last year. This is due in particular to contract execution and progress related to the

Tiquila and the Mikado 2 contracts in AirRobot, efficiency improvements in Flight Services, reduced group costs and higher activity in DroneMatrix.

- A total of 1,768 flight hours was delivered from Flight Services in the quarter, an increase of 22% compared to the same quarter last year. Per Q3 2023 total flight hours surpassed 3,800 hours on the EMSA OP 46 contract based on the Aerosonde UAS operations in Estonia, Denmark and Spain in addition to EMSA OP1 lightweight UAS activity on 12 fishery inspection and oil spill prevention vessels in Europe.
- The product delivery projects for German Bundeswehr (Mikado 2) and Lockheed Martin/UK Ministry of Defence (Tiquila) represent the main activities in OEM AirRobot, with sensor deliveries on the Tiquila contract which commenced in Q3 2023 and UAS deliveries under Mikado 2 contract starting in Q4 2023.
- The main activities in the OEM DroneMatrix are product related services provided to the Port of Antwerp in Belgium. In addition, the company achieved successful deployment of first drone-in-a-box for a Belgian railway operator in the third quarter.
- Contract backlog¹ at the end of the quarter was EUR 57.6 million, of which EUR 41.9 million relate to framework contracts and EUR 15.7 million relate to firm purchase orders and contracts.

Nordic Unmanned announced on 12th October 2023 (after quarter end) refinancing of the Group based on a new bank agreement with a 5-year tenure and reduced interest margins combined with an equity raise

¹ Refer to note on page 8

that provided gross proceeds of NOK 70 million. A subsequent offering (“repair issue”) of up to NOK 35 million is contemplated before year end 2023. Following the refinancing the Group has secured a strengthened capital structure and financial flexibility and completed the strategic review announced 27th March 2023.

Group financial summary

Group revenues in the quarter ended at EUR 6.1 million compared to EUR 5.5 million in the same quarter last year. The increase is mainly due to increased revenues in AirRobot. Year to date 2023, Group revenues ended at EUR 14.9 million compared to EUR 12.8 million for the same period in 2022, representing an increase of 17%.

Adjusted EBITDA for the Group before non-recurring items was positive EUR 0.9 million in the quarter compared to a negative EUR 1.2 million for the same period last year. Year to date 2023 adjusted EBITDA ended negative EUR 1.6 million compared to a negative EUR 6.2 million for the same period in 2022. The large industrial long-term contracts (10+ years) awarded to AirRobot add some stability in group revenue through the quarters which partly balance the current seasonality in the current revenue stream in Flight Services.

Revenues in **Flight Services** ended at EUR 3.7 million in the quarter compared to EUR 4.9 million in the same quarter last year. The reduction in revenue in the period is due to lower revenue under the EMSA OP46 contract compared to the EMSA OP 10 contract operated in the same period last year.

Adjusted EBITDA before group costs improved to EUR 1.0 million in the quarter compared to EUR 0.9 million in the same quarter last year despite lower revenues. The improvement in margin before group costs in the quarter compared to the same quarter last year is mainly due to cost savings and margins per flight hour.

Revenues in **AirRobot** ended at EUR 2.4 million in the quarter compared to EUR 0.6 million in the same period last year, a growth of 323%. The main reasons are progress related to delivery of AR-100 under the Mikado 2 project for Bundeswehr and delivery of Heimdal sensors under the Tiquila project for Lockheed Martin/UK Ministry of Defence (MOD).

EBITDA before group costs ended at EUR 1.5 million in the quarter compared to breakeven in the same quarter last year.

Revenues in **DroneMatrix** ended at EUR 0.4 million in the quarter compared to EUR 0.02 in the same period last year. DroneMatrix was consolidated into the group from Q3 2022.

EBITDA before group costs ended positive EUR 0.1 million in the quarter compared to negative EUR 0.2 million in the same quarter last year.

Group overhead cost in the quarter was EUR 1.7 million compared to EUR 1.9 million in the same quarter last year, a decrease of 14%. Group overhead cost is not allocated to the business segments to date, however group cost allocation to segments will be implemented as from Q4 2023. A significant portion of the group cost is related to the Flight Services segment.

Depreciation and amortization

Depreciation and amortization for the quarter amounted to EUR 1.5 million, which was in line with the same quarter last year.

The pre-tax loss amounted to EUR 1.3 million for the quarter and EUR 13.3 million for the YTD 2023.

Liquidity

Nordic Unmanned Group had cash and cash equivalents of EUR 0.2 million as of end of Q3 2023. In addition, the Group has EUR 1.3 million of undrawn overdraft facilities available.

Note that the refinancing that was concluded in October 2023 after the quarter, has provided the Group with liquidity relief, strengthened capital structure and financial flexibility as from that period.

Financial position

Flight Services invested EUR 2.4 million in the quarter in the Textron Aerosonde UAS fleet to meet contractual obligations and deliver revenue under the EMSA² OP³ 46 and OP 5 contracts.

Inventory increased in AirRobot with EUR 0.1 million in the quarter to meet the production and delivery of AR-100 UAS systems and Heimdal sensors. Delivery of the Heimdal sensors under the Tiquila contract started in the quarter and significant progress was made on the AR-100 Mikado 2 contract. This will continue in the coming quarters.

Total assets amounted to EUR 43.3 million at the end of the quarter. Total equity at the end of the quarter amounted to EUR 11.7 million, representing a book equity ratio of 26.9%.

Current assets amounted to EUR 7.6 million at the end of the quarter, and current liabilities amounted to EUR 28.7 million at the end of the quarter of which EUR 19.7 million relates to the use of the Group credit line.

EUR 14.4 million of the Group credit line is payable more than one year in the future, however, was reclassified as current per Q3 2023 pending the outcome of the Strategic review process. Following the refinancing in October 2023 then the relevant portion of the liabilities will be reclassified as non-current from that period.

Cash flow

Net cash flow from operating activities was EUR 3.2 million in the quarter compared to a negative EUR 2.3 million in the same quarter last year.

Net cash flow from investing activities in the quarter was a negative EUR 2.8 million, of which EUR 2.4 million was related to investment in the Textron Aerosonde UAS' in Flight Services.

² European Maritime Safety Agency

³ Operations contract

Net cash flow from financing activities was negative EUR 0.8 million in the quarter, mainly related to down payment of the Group credit lines.

Estimated order backlog

The estimated order backlog⁴ at the end of the quarter was EUR 57.6 million.

Going concern

Based on the underlying performance of the business and the refinancing that was completed in October 2023, it is the Board's assessment that the company operates on a going concern and the financials are reported on that basis. See note 8, going concern, for details.

Subsequent events

The Strategic Review process was completed after quarter end in October 2023, resulting in a complete refinancing of the Group based on a new bank agreement with a 5-year tenure and reduced interest margins combined with an equity raise that provided gross proceeds of NOK 70 million.

The Group may, subject to completion of the private placement and certain other conditions, decide to carry out a subsequent repair offering of up to NOK 35 million.

⁴ (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 Q3 2023. Annual utilization under Master service Agreements s 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

Operational review

Nordic Unmanned Flight Services

Nordic Unmanned 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 2023	Q3 2022	YTD 2023	YTD 2022
Operating revenue	3,730	4,881	9,173	11,382
Personell expenses & other op expense	2,716	3,986	10,050	12,088
Adjusted EBITDA before Group Cost	1,014	895	-877	-705
Adjusted EBITDA %	27%	18%	-10%	-6%
Non-recurring items	-	-	1,595	-
EBITDA	1,014	895	-2,472	-705
EBITDA%	27%	18%	-27%	-6%

Adjusted EBITDA and EBITDA excludes group costs.

Operationally, Flight Services started the quarter with two simultaneous deployments under the EMSA⁵ OP⁶ 46 contract utilizing the Textron Aerosonde UAS system. A third deployment commenced in August 2023.

The EMSA OP 5 contract will be delivered from the spring 2024 using the modified Aerosonde UAS with vertical take-off and landing capabilities (Aerosonde Hybrid Quad). Nordic Unmanned proved the capability of the system to the customer through a capability test conducted in Denmark in the quarter.

Activity level has been high under the EMSA OP 1 contract (lightweight capability), and during the quarter the crew has been deployed on two European Fishery Control Agency vessel.

EMSA was once again the largest customer of Flight Services in the quarter. Flight Services performed maritime surveillance work under the EMSA OP1, OP5, OP12 and OP46 contracts respectively.

⁵European Maritime Safety Agency

⁶ Operations project

A total of 1,768 flight hours was delivered in the quarter, an increase of 22% compared to the same quarter last year.

Financial results

Flight Services recorded revenues of EUR 3.7 million in the quarter, compared to EUR 4.9 million from Q3 2022. The primary source of revenue was the EMSA OP46 contract.

The reduction in revenue in the period is due to lower revenue under the EMSA OP46 contract compared to the EMSA OP 10 contract operated in the same period last year.

Adjusted EBITDA before group costs improved to EUR 1.0 million in the quarter compared to EUR 0.9 million in the same quarter last year despite lower revenues. The improvement in margin before group costs in the quarter compared to the same quarter last year is mainly due to cost savings from improved crew management and better margins per flight hour.

ORIGINAL EQUIPMENT MANUFACTURER (OEM): AirRobot

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

Unaudited figures in EUR '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating revenue	2,354	556	5,257	1,443
EBITDA before Group Cost	1,529	39	1,820	5
EBITDA%	65%	7%	35%	0%

EBITDA excludes group costs.

The revenue growth in AirRobot is based on contract execution for delivering the milestone-based progress of delivering the AR-100 UAS' system to the Bundeswehr (Mikado 2) and the Heimdal sensor integrated into the Lockheed Martin Indago 4 UAS (Tiquila) which started in the quarter. Recurring revenue from MRO (Maintenance, Repair and Overhaul) and development activity for Bundeswehr (Mikado I) is also contributing to the growth in the quarter.

Financial results

Revenues ended at EUR 2.4 million in the quarter compared to EUR 0.556 in the same quarter last year, an increase of 323%.

EBITDA before group costs ended at EUR 1,5 million compared to a marginal positive EUR 0.039 in the same quarter last year. The strong improvement is due to the start of delivery of the Heimdal sensors for the Tiquila project and significant progress made on the certification process for the AR-100 UAS for Bundeswehr.

Revenues per year to date in 2023 ended at EUR 5.3 million compared to EUR 1.4 million for the same period last year, an increase of 264%, while adjusted EBITDA before group costs ended at EUR 1.8 million compared to break even for the same period in 2022.

ORIGINAL EQUIPMENT MANUFACTURER (OEM): DroneMatrix

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

Unaudited figures in EUR '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Operating revenue	426	20	1,010	20
EBITDA before Group Cost	60	-186	140	-186
EBITDA%	14%	0%	14%	0%

EBITDA excludes group costs.

An order of the second Yacob UAS system for Infrabel (national railway operator) has been formalised during the quarter.

During the quarter, DroneMatrix further expanded the Yacob UAS systems operation area under the LUC throughout the Port of Antwerp in Belgium. Business development activities focus primarily on global ports and other critical infrastructure.

DroneMatrix was awarded a large-scale counter UAS (C-UAS) project for a major financial institution in Belgium in the previous quarter. The milestone delivery is ongoing with major delivery of C-UAS hardware and software developments.

Financial results

Revenues for DroneMatrix ended at EUR 0.4 million in the quarter compared to EUR 0.020 million in the same quarter last year. DroneMatrix was consolidated into the group from Q3 2022.

EBITDA before group costs ended at EUR 0.1 million in the quarter compared to negative EUR 0.2 million in the same quarter last year.

Revenues year to date 2023 for DroneMatrix ended at EUR 1.0 million compared to EUR 0.020 per the same period last year. DroneMatrix was consolidated into the group from Q3 2022.

EBITDA before group costs ended at EUR 0.1 million year to date 2023 compared to negative EUR 0.2 million for the same period last year.

*) Nordic Unmanned currently owns 55% and has an obligation to acquire the remaining 45% by end March 2025.

Strategy and Outlook

Strategy

Our strategy is to deliver controlled and profitable growth by providing quality UAS solutions and actionable data for maritime, security and defence applications to governmental agencies and large corporates in Europe.

We meet our customers' needs for the purpose of protecting values and lives by providing surveillance, data capture and logistics in key geographical markets, with main focus on Europe.

In the years ahead, as we grow our business, our main objectives are to build a more robust and less seasonal business model with a steady revenue stream. We will focus on growing and optimising fleet management for the flight services and sale of UAS' and payloads developed in-house at AirRobot and DroneMatrix.

Outlook

Nordic Unmanned's estimated order backlog per end of Q3 2023 is EUR 57.6 million. This provides a strong basis for the company's continued operations and relations with key clients in Europe.

Industry research points to a generally positive outlook for the UAS solutions and services industry in the years ahead. It is anticipated that the use of UAS' will continue to grow in multiple verticals and positively impact the lives and work of many in numerous ways as technology improves and information and education about the benefits continue to grow and regulatory processes mature.

In Europe, where Nordic Unmanned has its main focus, there are clear indications of continued growth in the application of UAS platforms. Nordic Unmanned's core strategy is to pursue a controlled and profitable growth

with primary focus in Europe and towards governmental agencies (B2G) and large corporates (B2B).

The key drivers for the anticipated growth are 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.

We believe that Nordic Unmanned is well positioned to continue to benefit from this anticipated development in the years ahead based on its license to operate based on the LUC, multi-year track record, technology and competence, and not least, trusted partners and competent clients.

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.

Forward-looking statements do not guarantee future performance and involve risks and uncertainties. By their nature, forward-looking information and statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements that may be expressed or implied by the forward-looking information and statements in this report. These forward-looking statements are based on the current estimates and projections of the Company. No update or revision will be made to forward-looking statements contained herein, whether as a result of new information, future events or otherwise. Although the Company believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies, which are impossible to predict and are beyond Company’s control, the Company cannot assure achievement or accomplishment of such expectations, beliefs or projections.

The release, publication or distribution of this report/presentation in certain jurisdictions may be restricted by law, and therefore persons in such jurisdictions into which this report/presentation is released, published or distributed should inform themselves about, and observe, such restrictions. This report/presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire securities in Nordic Unmanned ASA.

Financial Statements

Consolidated Statement of Income

Unaudited figures in EUR '000	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Total operating income	3.4	6,148	5,457	14,899	12,770
Cost of goods sold		437	363	1,826	1,878
Personell expenses		2,862	3,556	9,813	9,406
Depreciation and amortisation expenses	5.6	1,535	1,461	4,548	3,795
Impairments	5.6	-	-	2,887	-
Other operating expenses		1,919	2,761	7,748	7,681
Total operating expenses		6,753	8,141	26,821	22,760
Operating profit (loss)		-605	-2,684	-11,922	-9,990
Net financial income (expenses)		-726	-217	-1,364	-875
Income (loss) before tax		-1,331	-2,901	-13,286	-10,865
Income tax expense (benefit)		189	-624	-13	-2,247
Net income (loss) from continuing operations		-1,520	-2,277	-13,273	-8,619
Net income (loss) from discontinued operations		-135		-135	
Net income (loss)		-1,655	-2,277	-13,408	-8,619
EBITDA		930	-1,223	-4,487	-6,195
Allocation of profit or loss:					
Profit/loss attributable to non-controlling interests		-40	-56	-723	-172
Profit/loss attributable to the parent		-1,481	-2,221	-12,550	-8,446

Consolidated Balance Sheet

Unaudited figures in EUR '000	Notes	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS				
Non-current assets				
Goodwill	6	3,190	3,422	3,308
Other intangible assets	6	8,624	20,311	12,507
Total intangible assets		11,814	23,734	15,815
Aircraft and spareparts	5	21,836	20,408	19,115
Assets under construction	5	265	148	453
Fixtures and fittings	5	1,010	1,836	1,730
Right-of-use assets		739	1,049	985
Total tangible assets		23,850	23,441	22,284
Other non-current assets		42	207	169
Total non-current assets		35,707	47,384	38,267
Current assets				
Inventory		3,044	2,488	1,819
Trade receivables		1,358	2,268	909
Other short-term receivables		2,990	4,837	4,131
Cash and cash equivalents		205	694	812
Total current assets		7,598	10,287	7,671
TOTAL ASSETS		43,304	57,671	45,938

Consolidated Balance Sheet

EQUITY AND LIABILITIES	Notes	30 Sep 2023	30 Sep 2022	31 Dec 2022
Equity				
Paid-in equity		51,156	44,698	50,323
Retained earnings		-39,346	-17,045	-27,399
Equity attributable to equity holders of the parent		11,810	27,653	22,923
Non-controlling interests		-155	731	632
Total equity		11,655	28,384	23,556
Non-current liabilities				
Interest bearing loans and borrowings	7	-	10,025	10,334
Non-current lease liabilities		552	770	715
Other non-current liabilities		2,118	2,080	2,080
Deferred tax liabilities		314	1,114	-
Total non-current liabilities		2,984	13,989	13,129
Current liabilities				
Trade payables		5,308	2,427	2,385
Interest bearing loans and borrowings	7	19,704	7,142	2,674
Current lease liabilities		306	369	369
Public duties payable		732	718	1,015
Other current liabilities		2,616	4,642	2,810
Total current liabilities		28,666	15,298	9,253
Total liabilities		31,650	29,288	22,382
TOTAL EQUITY AND LIABILITIES		43,304	57,671	45,938

Consolidated Statement of Changes in Equity

Unaudited figures in EUR '000	Share capital	Share premium	Non-registered share capital	Treasury shares	Retained earnings	Share-holders Equity	Non-Controlling Interests	Total Equity
Balance at 1 January 2022	2,632	33,068		-0	-9,060	26,639	958	27,597
Profit (loss) for the year					-19,577	-19,577	-325	-19,902
Issue of share capital	1,561	13,800				15,361		15,361
Share-based payments					443	443		443
Purchase of own shares				-737	737			-
Currency translation effects (OCI)					57	57	-0	57
Balance as at 31 December 2022	4,192	46,868	-	-737	-27,399	22,923	632	23,556
Profit (loss) for the period					-12,550	-12,550	-723	-13,273
Issue of share capital	148	686				834		834
Share-based payments					-206	-206		-206
Other equity					772	772	-64	707
Currency translation effects (OCI)					38	38		38
Balance as at 30 September 2023	4,340	47,554	-	-737	-39,346	11,810	-155	11,655

Consolidated Statement of Cash Flows

Unaudited figures in EUR '000				
Cash flows from operating activities	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Profit or loss before tax	-1,331	-2,901	-13,286	-10,864
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Net financial income/expense	1,230	180	1,766	495
Depreciation and impairment	1,533	1,392	7,290	3,588
Amortisation and impairment of Right-of-use assets	2	69	144	207
Share-based payment expense	-	-21	102	207
<i>Working capital adjustments:</i>				
Change in inventory	55	-79	-979	467
Changes in trade and other receivables	2,256	180	-94	-1,635
Changes in trade and other payables	1,128	191	3,185	1,066
Changes in provisions and other liabilities	-1,652	-1,295	922	-2,024
Net cash flows from operating activities	3,222	-2,285	-949	-8,494
Cash flows from investing activities				
Purchase of property, plant and equipment	-2,864	-548	-5,000	-7,548
Changes in capitalized intangible assets	118	-543	-1,197	-2,729
Consideration paid in DroneMatrix and TeAx transaction (net of cash acquired)	-	-430	-	-1,563
Consideration from other transactions	-9	-	-9	-
Net cash flow from investing activities	-2,754	-1,521	-6,206	-11,841
Cash flow from financing activities				
Proceeds from issuance of equity	-	1,538	898	9,449
Transaction costs on issue of shares	-	-55	-58	-451
Net disbursements overdraft facility	-950	3,398	1,616	4,337
Proceeds from new debt (short / long term)	407	-	5,034	5,410
Repayment of debt (short / long term)	-63	-1,308	-121	-2,604
Payments of lease liability	-40	-85	-156	-251
Interest paid	-187	-165	-663	-449
Net cash flows from financing activities	-833	3,322	6,549	15,441
Net increase/(decrease) in cash and cash equivalents	-365	-484	-606	-4,894
Cash and cash equivalents at beginning of the period	568	1,184	812	5,594
Net foreign exchange difference	2	-5	-1	-7
Cash and cash equivalents, end of period	205	694	205	694

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 "Nordic Unmanned") for the period ended 30 September 2023 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 2022 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 10 November 2023.

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.

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 are fluctuating 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 clients due to weather risk in the first and fourth quarters, leading to low activity and 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.

Unaudited figures in EUR '000

	Flight Services	AirRobot	DroneMatrix	Group Costs*	Total
Q3 2023					
Revenues	3,730	2,354	426	-362	6,148
EBITDA	1,014	1,529	60	-1,673	930
Q3 2022					
Revenues	4,881	556	20		5,457
EBITDA	895	39	-186	-1,971	-1,223
YTD 2023					
Revenues	9,173	5,257	1,010	-541	14,899
EBITDA	-2,472	1,820	140	-3,975	-4,487
YTD 2022					
Revenues	11,382	1,443	20	-75	12,770
EBITDA	-705	-34	-186	-5,270	-6,195

*Group Costs include Intercompany transactions eliminated on Group level. Group costs are not allocated to the business segments. Group cost will be allocated to the business segments as from the Q4 2023 report. A significant portion of the group costs is related to Flight Services.

Note 5 Property, plant, and equipment.

The group invested EUR 2.4 million in equipment in the quarter related to the Aerosonde system for the OP5 contract with EMSA.

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. No impairment was recognized in Q3.

Divestment is related to the sale of 100% of the shares in Ecoxy AS in the quarter.

Unaudited figures in EUR '000	Fixtures, fittings and tools	Aircraft and spareparts	Assets under construction	Total
Cost as at 31 December 2022	3 054	22 367	453	25 874
Additions	49	2 830	2 184	5 063
Transfer	-	2 372	-2 372	-
Disposals	-	-348	-	-348
Divestment	-542	-	-	-542
Cost as at 30 September 2023	2 561	27 221	265	30 048
Depreciation and impairment as at 31 December 2022	1 324	3 252	-	4 576
Depreciation	494	1 711	-	2 205
Disposals	-	-77	-	-77
Impairment	-	500	-	500
Divestment	-266	-	-	-266
Depreciation and impairment as at 30 September 2023	1 552	5 386	-	6 937
Net book value:				
At 31 December 2022	1 730	19 115	453	21 298
At 30 June 2023	1 010	21 836	265	23 111

Economic life (years)	3-5	5-10	
Depreciation plan	Straight-line method	Straight-line method	No depreciation

Note 6 Intangible assets

During the quarter there has been a reduction of capitalized cost due to received funding for innovative products which were previously impaired.

Unaudited figures in EUR '000	Development	Concessions, patents and licenses	Goodwill	Total
Cost as at 31 December 2022	11 670	6 710	3 368	21 748
Additions	411	-	268	679
Adjusted PPA cost	-128	-60	-	-188
Reduction of capitalized cost	-180	-	-	-180
Cost as at 30 September 2023	11 773	6 649	3 636	22 059
Amortization and impairment as at 31 December 2022	4 600	1 273	60	5 933
Amortization	956	966	-	1 922
Impairment	432	1 571	386	2 389
Amortization and impairment as at 30 September 2023	5 988	3 810	446	10 244
Net book value:				
At 31 December 2022	7 070	5 437	3 308	15 815
At 30 September 2023	5 785	2 840	3 190	11 814

Note 7 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 latest known applicable interest rate.

Unaudited figures in EUR '000	Remaining contractual maturity		
	1-12 months	More than 1 year	Total
Q2 2023 Interest bearing loans and borrowings			
SR-bank	12 270	-	12 270
Innovasjon Norge	2 118	-	2 118
Other	3 162	-	3 162
Total liabilities from financing	17 549	-	17 549
Credit facilities			
		Q3 2023	31 Dec 2022
Undrawn amount credit facilities		1 306	5 106

The following financial covenants are applicable to the Group as per end of Q3 2023:

- Equity ratio of minimum 40% (Total assets / Total equity)
- Long-term debt to credit institutions to fixed assets ratio below 60% (LT debt / BV of fixed assets)
- Positive working capital

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. Due to short term waivers from its lenders till the conclusion of the strategic review and the completion of the refinancing in October 2023, EUR 14.4 million of non-current liabilities were reclassified as current liabilities per end of the quarter. However, as from the completion of the strategic review and the resulting refinancing in October 2023, the Group is in compliance with its financial covenants and the relevant portion of its liabilities will be reclassified as non-current as from that period.

Note 8 Going concern

In accordance with §3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern.

Note 9 Subsequent events

The Group provided an update to the market in October 2023 following a successful refinancing of its loan agreements combined with an equity raise. The agreement with the lenders includes a 5-year term for the bank debt, amortization holiday until mid-September 2025, interest accumulation until June 2024 and a margin reduction from 5% to 3.5%. In addition the Group raised gross proceeds of NOK 70 million in new equity. In sum this provides the Group with a strengthened capital structure and financial flexibility. The Group is contemplating to carry out a subsequent offering ("Repair issue") of up to NOK 35 million before year end 2023.



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