

**NORDIC  
UNMANNED**



# Q1 2024 Report

21st June 2024

## About Nordic Unmanned

Nordic Unmanned is a leading European manufacturer and certified operator of unmanned aircraft systems. The Group service 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.

The solutions and services are organized in 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.
- AirRobot is an Original Equipment Manufacturer (OEM) with a leading product platform in lightweight UAS and sensors (payloads) tailored for defense and security.
- DroneMatrix is an Original Equipment Manufacturer (OEM) offering a fully integrated and autonomous UAS with proprietary software for surveillance and security.

Founded in Norway in 2014, Nordic Unmanned has offices in Sandnes (NO), Cranfield (UK), Hasselt (BE) and Arnsberg (GER). Nordic Unmanned ASA is listed on Euronext Growth with the ticker NUMND.

# Contents

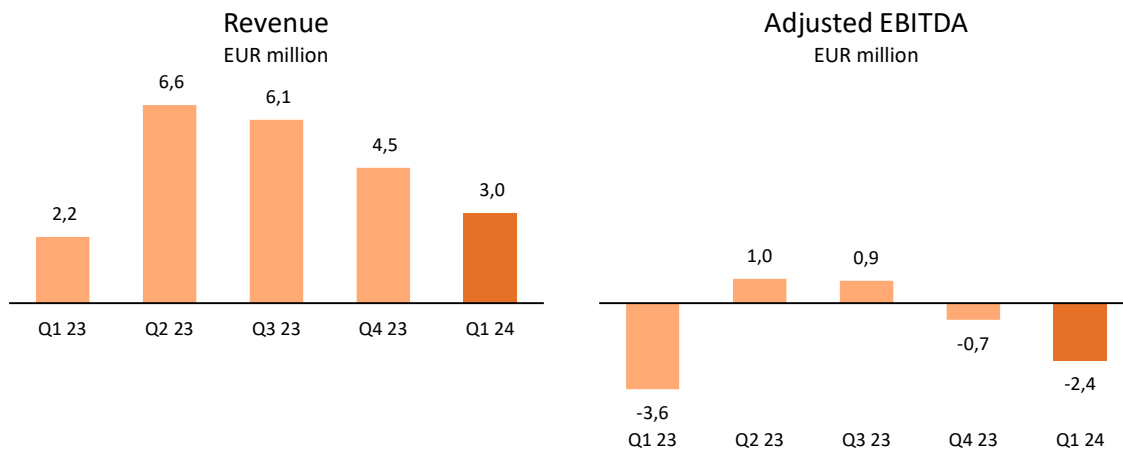
Q1 2024 Highlights	3
Message from the CEO	4
Group financial summary	5
Business Segments	8
Flight Services	8
AirRobot	10
DroneMatrix	11
Outlook	12
Financial statements	14
Notes	20
Alternative performance measures	27



# Q1 2024 Highlights

## Turnaround Plan Set For Implementation

- Q1 2024 revenue of EUR 3.0 million (EUR 2.2 million) <sup>1</sup>
- Q1 2024 adjusted EBITDA of negative EUR 2.4 million (negative EUR 3.6 million)
- Q1 2024 net loss of EUR 4.4 million (negative 4.6 million)
- Consistent delivery on the EMSA OP1 lightweight capability contract
- Conducted training and planning for the upcoming flight season for the OP 46 and OP 5 contracts using the Textron Aerosonde UAS system
- AirRobot continued deliveries to Lockheed Martin under the Tiquila project
- AirRobot gaining traction in Type Certification of the AR100-H system



<sup>1</sup> Figures in parentheses refer to the corresponding period or point in time last year For Balance Sheet items figures in parentheses refer to 31 December last year.



# Message from the CEO

After joining Nordic Unmanned in July 2023, I have been impressed by the strengths, efforts and achievements of a company that has been a trailblazer in the emerging drone industry.

However, these months have also taught me that we still have our work cut out for us. We have to be honest about the fact that Nordic Unmanned's financial performance has been disappointing over the past years.

The business model needs a further turnaround and repositioning toward asset-light, defense, security, and year-round operations. We also faced a challenging end to 2023 due to a combination of ordinary seasonality and unforeseen project delays.

However, in the second half of 2023, we took crucial actions to transform the company. We continued to right size the organization, leverage synergies between acquired companies and adjust to market conditions. Further initiatives with gradual effect during 2024 are being implemented.

Throughout 2024, we also strengthened our balance sheet by raising new equity and renegotiating our bank agreements.

This does not mean we are home-free, but it does give us a firm footing for our improvement efforts in 2024.

In 2024, AirRobot and DroneMatrix's main focus is to commercialise its new developments. We must continue to improve our manufacturing, scaling capabilities and project execution. Lastly, we must turn our largest business, Flight Services, profitable and cashflow positive through reduced seasonality, better margins and lighter investments.

Fixing this will take time and effort. But we have a basis and a plan. The plan is our Turnaround Plan we are defining in Q1 and implementing throughout the coming years.

While we still operate in what remains an emerging industry, there is little doubt that the future is unmanned. Key drivers are a growing focus on defense and security, an increasingly favorable regulatory environment in Europe, improved awareness and education, substantial environmental benefits, cost efficiencies, safety and security benefits, and continued technological advancements.

In 2024, we will work hard to implement our plan and leverage these market opportunities to deliver value to all Nordic Unmanned's stakeholders.



**Stig Harry Christiansen**  
CEO



# Group financial summary

Unaudited figures in EUR '000	Q1 2024	Q1 2023
<b>Operating revenue</b>	<b>3,024</b>	<b>2,167</b>
Cost of goods sold	1,243	807
Personell expenses	2,494	3,165
Other operating expenses	1,666	1,774
<b>Adjusted EBITDA</b>	<b>-2,379</b>	<b>-3,578</b>
Adjusted EBITDA %	-79%	-165%
Non-recurring items	-	-
<b>EBITDA</b>	<b>-2,379</b>	<b>-3,578</b>
EBITDA%	-79%	-165%
Depreciation and amortisation expenses	1,344	1,497
Impairments	-	-
<b>EBIT</b>	<b>-3,723</b>	<b>-5,075</b>
Net financial items	-659	-604
<b>Income (loss) before tax</b>	<b>-4,381</b>	<b>-5,679</b>
Income tax	45	-1,069
<b>Net income (loss)</b>	<b>-4,426</b>	<b>-4,611</b>

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

## Operating revenue

Q1 2024 revenues amounted to EUR 3.0 million (EUR 2.2 million). The EUR 0.8 million increase from the corresponding period last year is mainly due to an increase of EUR 0.8 million in AirRobot for the deliveries on the Tiquila project. In the Flight Services segment there is an increase of EUR 0.6 million mainly related to the sale of an Indago 4 system to a NATO country customer. This is partly offset by a decrease of EUR 0.5 million due to the divestment of Exocy in Q3 2023.

## Operating cost

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

Personnel expenses is 21% lower in Q1 2024 than in the corresponding period last year. This rightsizing of the organization during 2023 and 2024 is getting effective, a process that the company expects to see the full effect of in the second half of 2024.

Other operating expenses in Q1 2024 are reduced by EUR 0.1 million compared to the corresponding period last year as there is a continuous focus on cost reduction and efficiency initiatives.

Q1 2024 depreciation and amortization amounted to EUR 1.7 million (EUR 1.8 million). The reduction is attributable to the reduction in the carrying value of assets on the balance sheet.

Net financial items in Q4 2023 amounted to a cost of EUR 0.7 million (negative EUR 0.6 million) and consisted mainly of interest expenses partly offset by foreign exchange gains.

### Operating profits/loss

Adjusted EBITDA for Q1 2024 was negative EUR 2.4 million (negative EUR 3.6 million), a 33% improvement year over year. AirRobot had an adjusted EBITDA of negative EUR 0.1 million, an improvement of EUR 0.6 million compared to the same period last year due to progress in delivering Heimdal sensors to the Tiquila project and significant progress on the Mikado II certification. Flight Services had an adjusted EBITDA of negative EUR 2.1 million, an improvement of EUR 0.3 million. The implemented cost and efficiency improvements are taking effect with a reduction in salary and other operating costs of EUR 0.7 million for the group as a whole.

Q1 2024 pre-tax losses amounted to negative EUR 4.4 million (negative EUR 5.7 million), a 23% improvement year over year.

### Financial position

At 31 March 2024, total assets amounted to EUR 39.7 million (EUR 40.3 million), with non-current assets amounting to EUR 31.2 million (EUR 30.8 million) and current assets amounting to EUR 8.5 million (9.5 million).

At 31 March 2024, total equity and liabilities amounted to EUR 39.7 million (EUR 40.3 million) with equity amounting to EUR 9.6

million (EUR 13.7 million), representing an equity ratio of 24 percent.

As announced on the 16<sup>th</sup> of February 2024, the Group secured EUR 2 million in additional short-term funding, provided by the company's existing lenders and guaranteed by the main shareholder. The loan will be repaid in August 2024.

### Liquidity

At 31 March 2024, cash and cash equivalents amounted to EUR 0.4 million (EUR 1.2 million). In addition, the Group had EUR 0.6 million available in undrawn overdraft facilities.

### Cash flow

Q1 2024 net cash flow from operating activities was negative EUR 3.1 million (negative EUR 4.8 million). The negative cashflow from operating activities is mainly due to the low season for flight services.

Q1 2024 net cash flow from investing activities was negative EUR 2.1 million (negative EUR 0.4 million), mainly related to purchase of assets for the EMSA OP5 contract to be used on the upcoming flight season.

Q1 2024 net cash flow from financing activities was EUR 4.4 million (EUR 4.9 million). This is mainly related to securing a short-term credit facility of EUR 2.0 million and draw down of the overdraft facility.

### Estimated Contract backlog<sup>2</sup>

31 March 2024 estimated contract backlog was EUR 53 million. The estimated contract backlog consists of framework agreements (OP46, OP5, OP1) with European Maritime Safety Agency (EMSA) in Flight Services and the Tiquila for Lockheed Martin UK and Mikado 1 and 2 contracts for Bundeswehr in AirRobot.

<sup>2</sup> Estimated contract backlog is defined in the Alternative Performance Measures section.

## Subsequent events

The company agreed in February 2024 on a short-term loan with the lenders with support from the main shareholder. This provides EUR 2 million additional liquidity from March through August 2024. The short-term loan will be repaid by 31<sup>st</sup> August 2024.

The company initiated in February 2024 a further cost reduction plan for Flight Services and the Group which will have an effect from Q2 2024.

The company conducted a financial restructuring in Q2 2024 with a total equity offering of NOK 47.0 million, consisting of a Private Placement of NOK 23.5 million towards Tjelta Eiendom AS (the main shareholder with 50.24% of the company's outstanding shares) and a Subsequent Offering, fully underwritten by Tjelta Eiendom,

towards all other eligible shareholders in the company as of 14 May 2024.

Of the approx. EUR 12.3 million outstanding principal of the term loan facility with the company's lenders, an amount of approximately EUR 5.2 million is to be converted to shares in the company.

The outstanding principal of the term loan facility following the conversion will amount to approx. EUR 7.1 million.

The first interest payment of the term loan facility is postponed until 30 June 2025, with quarterly interest payments following first interest payment.

There is a pre-agreed sharing of net proceeds with the lenders in case of sale of assets.



# Business Segments

*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 (Q1 2023 and Q1 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	Q1 2024	Q1 2023
<b>Operating revenue</b>	<b>1,075</b>	<b>1,036</b>
Cost of goods sold	536	105
Personell expenses & other operating expenses	2,143	2,446
Allocated Group Cost	489	891
<b>Adjusted EBITDA</b>	<b>-2,093</b>	<b>-2,406</b>
Adjusted EBITDA %	-195%	-232%
Non-recurring items	-	-
<b>EBITDA</b>	<b>-2,093</b>	<b>-2,406</b>
EBITDA%	-195%	-232%

## Financial

Flight Services recorded revenues of EUR 1.1 million in Q1 2024 (EUR 1.0 million). There is an increase of EUR 0.6 million mainly related to the sale of Indago 4 systems to a customer. This is partly offset by revenues of EUR 0.5 from the Ecoxy business which was sold in Q3 2023.

Adjusted EBITDA for Q1 2024 was negative EUR 2.1 million (negative EUR 2.4 million). The implemented cost reduction and efficiency measures is now taking effect.



## Operations

Flight Services was active under the EMSA OP 1 contract (lightweight capability), with one European Fishery Control Agency vessel deployment in the quarter and four oil pollution response exercises.

Extensive training was carried out in the quarter in preparation for the upcoming flight season for the EMSA OP46 and OP5 contracts. Through this year's training, additional efficiency improvement initiatives have been launched, one of these is that a

large portion of the company's operational staff have been cross-training to be able to serve as both pilots and technicians, allowing for greater flexibility and more efficient resource management going forward.

The first deployments under the EMSA OP 5 contract will start in April 2024 with the upgraded Aerosonde UAS that has vertical take-off and landing capabilities (Aerosonde Hybrid Quad).

## AirRobot

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



Unaudited figures in EUR '000	Q1 2024	Q1 2023
<b>Operating revenue</b>	<b>1,899</b>	<b>1,060</b>
Cost of goods sold	704	649
Personell expenses & other operating expenses	859	722
Allocated Group Cost	404	379
<b>Adjusted EBITDA</b>	<b>-68</b>	<b>-690</b>
Adjusted EBITDA %	-4%	-65%
Non-recurring items	-	-
<b>EBITDA</b>	<b>-68</b>	<b>-690</b>
EBITDA%	-4%	-65%

### Financial

AirRobot recorded revenues of EUR 1.9 million in Q1 2024 (EUR 1.1 million). The increase is mainly attributable to deliveries under the Tiquila contract. AirRobot's main activity in Q1 2024 was deliveries under the Tiquila contract for Lockheed Martin and certification activities under the Mikado 2 contract for Bundeswehr.

Q1 2024 EBITDA amounted to negative EUR 0.1 million (negative EUR 0.7 million). The improvement is explained by higher revenues and stronger gross margins from the Tiquila and Mikado 2 contracts.

### Operations

Delivery of additional batches of Heimdal sensors for the Tiquila contract was completed in Q1 2024. AirRobot will have continuous delivery of most of the remaining batches throughout 2024.

The AR100-H received the Type Certification Approval II B from the German Armed Forces in Q2 2024 with training and deliveries of the AR100-H system. AirRobot is in the process of implementing improved processes to increase throughput of the AR100-H systems and the Heimdal sensors. Effects of this will be realized in the second half of 2024.

Recurring revenue from MRO (Maintenance, Repair and Overhaul) and development activity for Bundeswehr (Mikado I) is also contributing to the growth in activity.

## DroneMatrix

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



Unaudited figures in EUR '000	Q1 2024	Q1 2023
<b>Operating revenue</b>	<b>122</b>	<b>213</b>
Cost of goods sold	40	16
Personell expenses & other operating expenses	170	181
Allocated Group Cost	36	50
<b>Adjusted EBITDA</b>	<b>-125</b>	<b>-34</b>
Adjusted EBITDA %	-103%	-16%
Non-recurring items	-	-
<b>EBITDA</b>	<b>-125</b>	<b>-34</b>
EBITDA%	-103%	-16%

### Financial

DroneMatrix's Q1 2024 revenue amounted to EUR 0.1 million (EUR 0.2 million).

Q1 2024 EBITDA amounted to negative EUR 0.1 million (negative EUR 0.0 million). At the end of Q4 2023, DroneMatrix's personnel and other operating expenses were adjusted through right sizing the organisation to reflect current activity.

### Operations

DroneMatrix's main activity in Q1 2024 was the ongoing and increased drone surveillance operations for Port of Antwerp and delivery of the counter UAV system to a large financial institution in Belgium. Additional,

DroneMatrix has successfully delivered a pilot project in the Netherlands in collaboration with IoT company DeltaIoT for Boskalis, the leading global services provider in the dredging, maritime infrastructure and maritime services sector.

Furthermore, DroneMatrix has been awarded a new project with Gassco in the Port of Zeebrugge to implement the drone-in-a-box there.

### Ownership

Nordic Unmanned currently owns 55 percent of DroneMatrix and has an obligation to acquire the remaining 45 percent by May 2025.



# Outlook

Generally, industry research points to a positive outlook for the UAS solutions and services industry, in particular for defence and security applications including maritime surveillance.

The key drivers for the anticipated growth 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.

Based on existing key strengths of Nordic Unmanned and the anticipated benefits from further targeted turnaround activities, further efficiency measures and efforts to monetize assets and gain a lighter balance sheet, Nordic Unmanned should be well positioned to benefit from future opportunities.

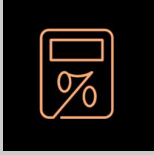
The estimated contract backlog is EUR 53 million and the unweighted value of the pipeline of opportunities is above EUR 500 million. This should form a solid foundation for the years to come.

## 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.*

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# Financial statements

## Consolidated Statement of Income

Unaudited figures in EUR '000	Notes	Q1 2024	Q1 2023
Revenues		3,007	1,958
Other income		17	209
<b>Total revenues and other income</b>	3.4	<b>3,024</b>	<b>2,167</b>
Cost of goods sold		1,243	807
Personell expenses		2,494	3,165
Depreciation and amortisation expenses	5.6	1,344	1,497
Impairments	5.6	-	-
Other operating expenses		1,666	1,774
<b>Total operating expenses</b>		<b>6,747</b>	<b>7,243</b>
<b>Operating profit (loss)</b>		<b>-3,723</b>	<b>-5,075</b>
<b>Net financial income (expenses)</b>		<b>-659</b>	<b>-604</b>
<b>Income (loss) before tax</b>		<b>-4,381</b>	<b>-5,679</b>
Income tax expense (benefit)		45	-1,069
<b>Net income (loss)</b>		<b>-4,426</b>	<b>-4,611</b>
<b>EBITDA</b>		<b>-2,379</b>	<b>-3,578</b>
<b>Allocation of profit or loss:</b>			
Profit/loss attributable to non-controlling interests		-	-51
Profit/loss attributable to the parent		-4,426	-4,560
<b>Other comprehensive income:</b>			
<i>Items that subsequently may be reclassified to profit or loss:</i>			
Currency translation differences		-33	-
<b>Total other comprehensive income for the period</b>		<b>-33</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>-4,459</b>	<b>-4,611</b>
<b>Allocation of profit or loss:</b>			
Profit/loss attributable to non-controlling interests		-	-51
Profit/loss attributable to the parent		-4,459	-4,560
<b>Earnings per share ("EPS"): (presented in full figures)</b>			
Basic and diluted EPS - profit or loss attributable to equity holders of the parent		-0.02	-0.10

## Consolidated Balance Sheet

Unaudited figures in EUR '000	Notes	31 Mar 2024	31 Dec 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	6	2 986	2 986
Other intangible assets	6	7 761	8 029
<b>Total intangible assets</b>		<b>10 748</b>	<b>11 016</b>
Aircraft and spareparts	5	18 429	17 805
Assets under construction	5	159	61
Fixtures and fittings	5	1 122	1 018
Right-of-use assets		554	616
<b>Total tangible assets</b>		<b>20 265</b>	<b>19 500</b>
Other non-current assets		234	234
<b>Total non-current assets</b>		<b>31 247</b>	<b>30 750</b>
<b>Current assets</b>			
Inventory	7	3 760	4 158
Trade receivables		1 213	379
Other short-term receivables		3 094	4 004
Cash and cash equivalents		413	1 227
<b>Total current assets</b>		<b>8 480</b>	<b>9 768</b>
<b>TOTAL ASSETS</b>		<b>39 726</b>	<b>40 519</b>



## Consolidated Balance Sheet

<b>EQUITY AND LIABILITIES</b>	<b>Notes</b>	<b>31 Mar 2024</b>	<b>31 Dec 2023</b>
<b>Equity</b>			
Paid-in equity		57 397	57 397
Retained earnings		-47 423	-43 320
<b>Equity attributable to equity holders of the parent</b>		<b>9 974</b>	<b>14 078</b>
Non-controlling interests		-158	-158
<b>Total equity</b>		<b>9 816</b>	<b>13 920</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	8	14 862	14 634
Non-current lease liabilities		484	543
Other non-current liabilities		2 112	2 112
Deferred tax liabilities		67	22
<b>Total non-current liabilities</b>		<b>17 526</b>	<b>17 311</b>
<b>Current liabilities</b>			
Trade payables		2 226	2 849
Interest bearing loans and borrowings	8	7 778	3 513
Current lease liabilities		162	172
Public duties payable		644	708
Other current liabilities		1 574	2 046
<b>Total current liabilities</b>		<b>12 384</b>	<b>9 288</b>
<b>Total liabilities</b>		<b>29 910</b>	<b>26 599</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>39 726</b>	<b>40 519</b>

## 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
<b>Balance at 1 January 2023</b>	<b>4 192</b>	<b>46 868</b>	<b>-</b>	<b>-737</b>	<b>-27 399</b>	<b>22 923</b>	<b>632</b>	<b>23 556</b>
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	-	0			74	74	-4	70
Currency translation effects (OCI)					220	220	-	220
<b>Balance as at 31 December 2023</b>	<b>6 506</b>	<b>51 562</b>	<b>-</b>	<b>-737</b>	<b>-43 253</b>	<b>14 078</b>	<b>-158</b>	<b>13 920</b>
Profit (loss) for the period					-4 426	-4 426	-	-4 426
Issue of share capital						-		-
Share-based payments						-		-
Other equity					355	355	-	355
Currency translation effects (OCI)					-33	-33		-33
<b>Balance as at 31 March 2024</b>	<b>6 506</b>	<b>51 562</b>	<b>-</b>	<b>-737</b>	<b>-47 357</b>	<b>9 974</b>	<b>-158</b>	<b>9 816</b>

Total number of shares are 199 046 788 with a nominal value of NOK 0.35 per share.

## Consolidated Statement of Cash Flows

Unaudited figures in EUR '000	Q1 2024	Q1 2023
<b>Cash flows from operating activities</b>		
<b>Profit or loss before tax</b>	-4,381	-5,679
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Net financial income/expense	659	114
Depreciation and impairment	1,305	1,434
Amortisation and impairment of Right-of-use assets	39	63
Share-based payment expense	-	102
<i>Working capital adjustments:</i>		
Change in inventory	120	157
Changes in trade and other receivables	77	-193
Changes in trade and other payables	-421	-1,584
Changes in provisions and other liabilities	-491	828
<b>Net cash flows from operating activities</b>	<b>-3,094</b>	<b>-4,759</b>
<b>Cash flows from investing activities</b>		
Changes from non current assets	-2,146	-386
<b>Net cash flow from investing activities</b>	<b>-2,146</b>	<b>-386</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of equity	-	898
Transaction costs on issue of shares	-	-58
Net disbursements overdraft facility	2,238	1,443
Proceeds from new debt (short / long term)	2,255	2,723
Repayment of debt (short / long term)	-	-29
Payments of lease liability	-68	-75
Interest paid	-	-36
<b>Net cash flows from financing activities</b>	<b>4,425</b>	<b>4,865</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-815</b>	<b>-280</b>
Cash and cash equivalents at beginning of the period	1,227	812
Net foreign exchange difference	-	-2
<b>Cash and cash equivalents, end of period</b>	<b>413</b>	<b>530</b>

# 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 31 March 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](http://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 20 June 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 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 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		
Q1 2024						
Revenues third party	1,038	1,866	120	-	-	3,024
Revenues inter-segment	37	33	1	-71	-	-
Total Revenues	1,075	1,899	122	-71	-	3,024
EBITDA	-2,093	-68	-125	1	-95	-2,379
Q1 2023						
Revenues third party	895	1,060	212	-	-	2,167
Revenues inter-segment	140	-	1	-141	-	-
Total Revenues	1,036	1,060	213	-141	-	2,167
EBITDA	-2,406	-690	-34	-66	-382	-3,578

## 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. There has been no reversal of previous impairments, and no impairment has been recognised during Q1. The recoverable amount was higher than the carrying amount.

Unaudited figures in EUR '000	Fixtures, fittings and tools	Aircraft and spareparts	Assets under construction	Total
<b>Cost as at 31 December 2023</b>	<b>2 580</b>	<b>24 163</b>	<b>61</b>	<b>26 804</b>
Additions	215	-92	1 627	1 750
Transfer	-	1 528	-1 528	-
<b>Cost as at 31 March 2024</b>	<b>2 795</b>	<b>25 599</b>	<b>159</b>	<b>28 553</b>
<b>Depreciation and impairment as at 31 December 2023</b>	<b>1 562</b>	<b>6 357</b>	<b>-</b>	<b>7 920</b>
Depreciation	110	813	-	923
<b>Depreciation and impairment as at 31 March 2024</b>	<b>1 673</b>	<b>7 170</b>	<b>-</b>	<b>8 843</b>
<b>Net book value:</b>				
<b>At 31 December 2023</b>	<b>1 018</b>	<b>17 805</b>	<b>61</b>	<b>18 884</b>
<b>At 31 March 2024</b>	<b>1 122</b>	<b>18 429</b>	<b>159</b>	<b>19 710</b>
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
<b>Cost as at 31 December 2023</b>	<b>11 995</b>	<b>5 772</b>	<b>3 047</b>	<b>20 814</b>
Additions	135	-	-	135
<b>Cost as at 31 March 2024</b>	<b>12 130</b>	<b>5 772</b>	<b>3 047</b>	<b>20 948</b>
<b>Amortization and impairment as at 31 December 2023</b>	<b>6 059</b>	<b>3 679</b>	<b>60</b>	<b>9 798</b>
Amortization	303	99	-	403
<b>Amortization and impairment as at 31 March 2024</b>	<b>6 362</b>	<b>3 778</b>	<b>60</b>	<b>10 201</b>
<b>Net book value:</b>				
<b>At 31 December 2023</b>	<b>5 936</b>	<b>2 093</b>	<b>2 986</b>	<b>11 016</b>
<b>At 31 March 2024</b>	<b>5 767</b>	<b>1 994</b>	<b>2 986</b>	<b>10 748</b>
Economic life (years)	5-10	5-10		
Amortization plan	Straight-line method	Straight-line method	No Amortization	



## Note 7 Inventory

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

Unaudited figures in EUR '000	Q1 2024	Q4 2023
Work in progress and materials	3,943	3,889
Finished goods	667	917
Provision of obsolescence	-851	-851
<b>Total</b>	<b>3,760</b>	<b>3,956</b>

Work in progress and finished goods includes consumable spare parts, rotatables 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 0.3 million and EUR 0.6 million respectively and remains unchanged in Q1.

## 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.

Financial covenants are as follows:

The borrower shall have 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.

Unaudited figures in EUR '000	Remaining contractual maturity		Total
	1-12 months	More than 1 year	
<b>Q1 2024 Interest bearing loans and borrowings</b>			
SR-bank	4 246	12 671	16 917
Innovasjon Norge	-	2 191	2 191
Other	3 532	-	3 532
<b>Total liabilities from financing</b>	<b>7 778</b>	<b>14 862</b>	<b>22 640</b>
<b>Credit facilities</b>	<b>Q1 2024</b>	<b>Q4 2023</b>	
Undrawn amount credit facilities	560	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. Nordic Unmanned is committed to restructure, simplify its business model, and cut costs in 2024. This may lead to sale of non-strategic assets, and adjustment of the drone fleet.

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.

Nordic Unmanned ASA has on 14 May 2024 entered into a term sheet with its major secured lenders to set out the main terms for amendments to a loan and guarantee facilities agreement dated 26 October 2023. The main shareholder, Tjelta Eiendom AS, has agreed to and secured for new funding through share issues with aggregate proceeds of at least NOK 47 million (EUR 4,08 million), through a private placement of NOK 23,5 million already subscribed at 12 June and through a repair issue of NOK 23,5 million fully guaranteed by Tjelta Eiendom AS. The major secured lenders have agreed to conversion of debt equal to EUR 5 172 414 of the EUR 12 269 613 current outstanding principal.

The extraordinary general meeting was held at 11 June 2024 where the share capital increase through a private placement, the share increase through issuance of shares in a subsequent repair offering and the share capital increase through conversion of debt were all decided.

The subscription period for the conversion of debt is two weeks from 11 June 2024 and the subsequent repair offering shall commence on 24 June and end at 5 July 2024. Pursuant to the capital raises decided in the extraordinary general meeting, the share capital must initially be reduced through reduction of the par value of the shares. The nominal value of the shares to be reduced from NOK 0,35 to NOK 0,01. The completion of the share capital increases are conditional upon the capital reduction is being registered as completed in the Norwegian Register of Business enterprises. The notice for the capital reduction was published at 12 June 2024 with 6 weeks notice. The conditions for the amendments of loan facilities as agreed with the major secured lenders must be fulfilled before the conversion of debt to equity can be completed.

The resolutions decided at the extraordinary general meeting at 11 June 2024 are conditional upon factors that are to be resolved after the approval of the annual accounts and annual report for the financial year 2023. The Board's assessment is that it is likely that the capital decrease and capital increases will pursue as described above.

Nordic Unmanned 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. The company is currently participating in several tenders utilizing the current drone fleet. Depending on the outcome of these tenders, the drone fleet will either be deployed towards these contracts or sold. Hence, both alternatives are currently being pursued. There is material uncertainty as to whether the alternatives discussed above will materialize.

Given the before mentioned material uncertainties, The Board's assessment is that there are material uncertainties that may cast significant doubt on the entity's ability to continue as a going concern.

## Note 10      Subsequent events

The company is working on a financial restructuring in Q2 2024 with a capital raise of NOK 47.0 million, consisting of a Private Placement of NOK 23.5 million towards Tjelta Eiendom AS (the main shareholder with 50.24% of the company's outstanding shares) and a subsequent repair offering, fully guaranteed by Tjelta Eiendom, towards all other eligible shareholders in the company as of 14 May 2024. Of the approx. EUR 12.3 million outstanding principal of the term loan facility with the company's lenders, an amount of approximately EUR 5.2 million is to be converted to shares in the company. The outstanding principal of the term loan facility following the conversion will amount to approx. EUR 7.1 million. The first interest payment of the term loan facility is postponed until 30 June 2025, with quarterly interest payments following first interest payment. There is a pre-agreed sharing of net proceeds with the lenders in case of sale of assets.

AirRobot has received Type Certification Approval II B from the German Armed Forces for the AR100-H unmanned aerial system. The AR100-H system will now be fully operational within the German Armed Forces. This approval allows us to start delivery of the first batches of drone systems under the Mikado II contract to the German Armed Forces.

On 11th April 2024, Chair of the Board Astrid Skarheim Onsum and Board member and Head of Audit Committee Siw Ødegaard notified the Board of Nordic Unmanned ASA that they are resigning with immediate effect. The Board of Directors appointed current board member Viggo Tjelta as the new Chair of the Board. Viggo Tjelta and the two other remaining board members will for the time being continue as the Board of Directors of Nordic Unmanned ASA.

# Alternative performance measures

Nordic Unmanned uses terms in the consolidated financial statements that are not defined by the IFRS accounting standards. These are performance measures that are relevant to Nordic Unmanned'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 Q1 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.

# NORDIC UNMANNED

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