

NORDIC  
UNMANNED



# Annual Report 2023

Nordic Unmanned ASA

## About Nordic Unmanned

Nordic Unmanned is a leading European manufacturer and certified operator of unmanned aircraft systems. We serve 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 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' system 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.

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# Highlights

Figures in EUR '000	2023	2022
Operating revenue	19,478	16,986
Adjusted EBITDA	-2,502	-8,981
EBITDA	-5,857	-8,981
EBIT	-15,334	-16,918
Income (loss) before tax	-17,283	-17,989
Net income (loss)	-17,304	-19,902

- Revenue increased with 15 % from FY 2022
- Adjusted EBITDA improved by EUR 6.5 million (71%) from FY 2022, driven by:
  - Efficiency improvement in Flight Services' contract execution
  - Progress on AirRobot's Tiquila and Mikado 2 contracts
  - Cost and efficiency improvements is taking effect in both group and Flight Services
- 4,097 flight hours in Flight Services
  - o Increase of 40% compared to FY 2022
- Estimated contract backlog of EUR 55 million at FY 2023
- Restructured long-term debt including 5-year term, amortization holiday to September 2025, interest accumulation until June 2024 and margin reduction from 5% to 3.5%
- Raised EUR 7 million in private placement in 2023





# 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.

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.

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



# Board of Directors' Report

## Group overview

Nordic Unmanned ASA is the parent of the Nordic Unmanned Group, which is headquartered in Sandnes, Norway.

The Group is 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 unmanned aircraft systems (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.

## Business strategy

Unmanned aviation represents an alternative to legacy solutions which reduces time, costs and CO2 emissions while increasing the safety of operations. Nordic Unmanned aims to be a leading provider of drone flight services in Europe and a niche UAV technology provider with global ambitions. The operational priorities are safety, data-driven decisions, services, and unique technology development and commercialization. The Group's overall objectives are to be the preferred solution provider of unmanned systems and services to its customers and to generate profitability and returns to its shareholders.

## Financial review

### Background

Cost efforts and rightsizing of the organization were prioritized in 2023 to establish a firm financial foundation. A capital raise and refinancing of the debt were also carried out.

Financially, the company is still in a transition phase characterized by efficiency measures, cost reductions and turnaround activities that will continue into 2024. A key challenge is to turn the largest business, Flight Services, profitable and cashflow positive via reduced seasonality, better margins and lighter investments.

### Financial results

Numbers in brackets refer to 2022 unless otherwise stated.

Nordic Unmanned reported Group revenues of EUR 19.5 million in 2023 (EUR 17.0 million). EUR 3.7 million of the increase is related to insurance settlements.

Cost of goods sold was slightly lower than in the previous year due to lower re-sale of Indago systems in Flight Services. Personnel expenses were lower than last year due to rightsizing of the organization during 2023. Other operating expenses are reduced, mainly explained by implemented cost reduction and efficiency initiatives.

Non-recurring cost amounted to EUR 3.4 million (EUR 0.0 million). Of this, EUR 2.5 million was related to the restructuring activities in 2023 and EUR 0.9 million related to write-down of receivables.

EBITDA was negative EUR 5.9 million in 2023 (negative EUR 9.0 million).

Depreciation and amortization amounted to EUR 5.6 million (EUR 5.5 million). The slight increase is due to an increase in the Aerosonde fixed-wing fleet and deliveries of the Aerosonde hybrid quad fleet in 2023, these investment was carried out to meet the requirement of the OP5 contract.

EBIT amounted to negative EUR 15.3 million (negative EUR 16.9 million).

Net financial items amounted to negative EUR 1.9 million (negative EUR 1.1 million). Total other financial expenses were EUR 2.2 million and a net foreign exchange gain of EUR 0.5 million.

Pre-tax loss amounted to EUR 17.1 million (negative EUR 18.0 million). Net loss was EUR 17.3 million (loss of EUR 19.9 million).

Total assets as of 31 December 2023 amounted to EUR 40.3 million (EUR 45.9 million), with non-current assets amounting to EUR 30.8 million (EUR 38.3 million) and current assets amounting to EUR 9.5 million (EUR 7.7 million)

Total equity amounted to EUR 13.7 million (EUR 23.6 million), representing an equity ratio of 34 percent.

NOK 9.7 million was raised in a subsequent offering in February 2023, while NOK 70 million was raised in a private placement in October 2023, and an additional NOK 7.5 million was raised in a subsequent offering in November 2023. Total gross proceeds from capital raise of NOK 87.2 million. The Group restructured long-term debt for a 5-year term, which included an amortization holiday to September 2025, interest accumulation until June 2024 and a margin reduction from 5% to 3.5%.

Cash and cash equivalents amounted to EUR 1.2 million (EUR 0.8 million). In addition, the Group had EUR 3.5 million available in undrawn overdraft facilities.

Net cash flow from operating activities was negative 7.7 million (negative 9.0 million). Cash flow from investing activities was negative EUR 1.6 million (negative EUR 13.0 million). Net cash flow from financing activities was EUR 9.6 million (EUR 17.3 million).

The estimated contract backlog as of 31 December 2023 was EUR 55 million. The estimated contract backlog consists of framework agreements (OP46, OP5, OP1) with EMSA in Flight Services and the Tiquila and Mikado 1 and 2 contracts in AirRobot.

The Parent Company Nordic Unmanned ASA reported revenues of EUR 12.3 million (EUR 13.2 million) and a net loss of EUR 15.9 million (EUR 18.6 million) in 2023. The Parent Company had a total equity of EUR 14.9 million (EUR 23.7 million).

## Events after the reporting period

### 16th of February 2024:

Nordic Unmanned ASA secured additional short-term liquidity of EUR 2 million, in the form of a loan agreement with existing lenders to be repaid in August 2024.

The Group has in May 2024 entered into a term sheet with its secured bank lenders to increase the share capital through conversion of debt equal to EUR 5.17 million (the "Receivable"). The conversion of the Receivable is carried out as part of the Restructuring involving a share capital increase of approximately € 2.4 million in a private placement towards the main shareholder Tjelta Eiendom AS. The main shareholder has also agreed to guarantee the full subscription of an approximately € 2.4 million subsequent repair offering.

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.

## Financial risk

### Working capital, liquidity reserves and cash:

Generally, there is a risk that the Company has been, or will be in the future, unable to predict its working capital needs and/or forecast its liquidity reserves and cash and

project cash flows or estimate the level of liquid assets required for the Group's operations in line with actual figures. This may for example be due to the Group's business strategy being based on adjusting the operational cost level to the prevailing activity level. This means that the working capital requirement may increase when the activity level increases, either from growth or re-start after paused activity. These changes could also lead to possible capital expenditure in new equipment and technology. Further, the Group may have to commence its activities and deliver its services prior to invoicing.

#### **Foreign currency exchange risk:**

Because a significant part of the Group's business is conducted in currencies other than its functional reporting currency, EUR, and the Group has a large part of its revenues and costs in NOK and USD, the Group will be exposed to volatility associated with foreign currency exchange rates. The Group does not use financial instruments to hedge its exposure to foreign exchange rate risks, and there is no guarantee that the Group's financial results will not be adversely affected by currency exchange rate fluctuations or that any efforts by the Group to engage in currency hedging activities will be effective.

#### **Risks relating to volatile, negative or uncertain economic or political conditions, including reduced EU/EEA and/or national governments' budgets:**

Global macroeconomic conditions affect the Group's customers' businesses, which may have a consequential effect on their spending and demand for the Group's products and/or services. Economic volatility and uncertainty are particularly challenging because many of the projects the Group undertakes for customers require major investment by them, which customers are less willing to make in uncertain economic conditions.

#### **Liability insurance**

The Group has directors and officer's liability insurance with a NOK 50 million total coverage, and it covers legal costs, emergency costs and multiple other types of contingency costs.

#### **Safety and compliance**

Our management system is an integrated system that combines quality, safety, environmental and occupational health management.

The operational focus is always on safety and compliance, where safety standards are based on compliance with the regulations and the internal Safety Management System principles. As a LUC holder, Nordic Unmanned is audited on an annual basis by the Civil Aviation Authority of Norway. Nordic Unmanned is certified by DNV-GL for all operation, maintenance and sales of unmanned systems and sensor technology.

In May 2023, Nordic Unmanned received the ISO 14001 certification for its environmental management systems. The production at AirRobot is one of the very few aviation-standard drone design and production facilities in Europe that is certified in accordance with EN 9100.

#### **Employees**

The number of employees in Nordic Unmanned group decreased from 161 at the end of 2022 to 124 at the end of 2023. Since the third quarter of 2022, there has been an ongoing rightsizing of the organization, to leverage synergies between acquired companies and adjust to market conditions.

Employees on paid leave due to sickness or parental leave are given full salary compensation during their leave. Absence due to illness was 2.96% in 2023, compared with 4.74% in 2022. No major injuries have been reported that have caused absence from work.

The Group has a pension scheme for all employees, following local legislation for each company.

The Board considers the working environment in the Group satisfactory. The Work Committee (AMU) is functioning well, and the occupational health service is a member of the committee. The first union agreement for a drone company was put in place in 2022. Management collaborates closely with the union on an ongoing basis.

## Diversity and inclusion

Management has continued to focus on diversity and inclusion and recognizes that a diverse workforce brings an essential contribution to the Group's success and its ability to be innovative. Drawing on the various experiences and perspectives of our employees adds great value. This is formalized in an Equality, diversity and inclusion policy. Nordic Unmanned employs more than 15 nationalities and all age groups are represented in the organization.

During the last year, the percentage of female employees decreased from 23% to 21%. Unfortunately, there are few female pilots and technicians available within the industry. In administrative roles there are 28% are women. In the senior management team, 1 out of 8 are female (12,5%), and on the Board, there are 2 female members out of a total of 5 members (40%).

As of the date of this Annual Report, the requirements for gender balance of the Board have not been met. The Board is actively working to address this issue. Failure to meet these requirements can result in significant consequences, such as potential fines, refusal of registration for new board members, and, in extreme cases, the forced dissolution of the company.

Analysis is made on a regular basis to ensure no gender gap in pay occurs. No deviation in pay based on gender has been identified. Compensation for pilots and technicians follows the Union agreement, and for other personnel, compensation is determined based on responsibility, qualifications and seniority. Diversity and inclusion are part of the AMU agenda. Through our JUST culture there is a low threshold to report concerns and incidents. No reports have been made regarding breaches of the Equality, diversity and inclusion policy. Based on the work environment in Nordic Unmanned, no elevated risk in this area has been identified.

All employees are employed in full-time positions unless they have requested part-time positions based on their own requests.

## Research and development (R&D)

There are R&D operations in the subsidiaries AirRobot and DroneMatrix related to the product lines, including further development of drone systems, payloads and sensors.

## ESG

Our core business idea revolves around providing highly effective solutions that are not only cost-efficient but also contribute positively to the wellbeing of people and the environment.

ESG is embedded across our systems and functions to ensure that the way we work is in line with stakeholders' expectations, our values, business objectives and sustainability requirements. Nordic Unmanned supports the United Nations 17 Sustainable Development Goals (SDGs) and are highly motivated to contribute.

We have identified four SDGs where we believe our business is particularly well-placed for contributing towards a positive impact:



### SDG 3: Ensure healthy lives and promote well-being for all at all ages.

Subgoal 3.9 – “By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.”



### SDG 9: Industry, Innovation, and Infrastructure

A well-functioning infrastructure is the foundation for a modern and interconnected society. To develop a resilient and sustainable system for the future, upgrading industry and infrastructure through innovation is a key contribution. Entrepreneurial is one of our



core values at Nordic Unmanned, as we always strive to be solution-oriented and do not fear being first movers and innovative. Nordic Unmanned is committed to contributing to sustainable innovative solutions, more effective, less risk, and embracing the opportunity to rethink and modernize infrastructure. Specifically, Nordic Unmanned contributes to subgoal 9.4, by developing environmentally sound technologies and processes.



### **SDG 13: Take urgent action to combat climate change and its impacts.**

Climate change is humanity's greatest challenge and represents a threat to our entire civilization. We are deeply committed to contributing to SDG 13 by reducing greenhouse gases. As drones have a significantly lower carbon footprint compared to manned alternatives, we contribute positively across our business areas - maritime, security, logistics, and infrastructure. Drone solutions can play an even bigger role as the transition to net-zero accelerates further across all sectors.

In 2023, Nordic Unmanned flown for 4000 hours, replacing higher-emission alternatives such as manned helicopters and airplanes.



### **SDG 14 - Life Below Water**

The protection of oceans, waters, and marine resources is essential to a sustainable planet, habitable for humankind. Nordic Unmanned contributes directly toward this goal together with our customers in the context of operations aimed at eliminating overfishing by utilizing drones for surveillance of illegal fishing as well as in the context of monitoring oil spills.

### **Scope 1, 2 and 3 carbon emissions**

Nordic Unmanned have identified scope 1, 2 and 3 carbon emissions. We actively use our management system to reduce and follow up carbon emissions.



#### **Scope 1**

Direct Emissions - Sources that are owned or controlled by Nordic Unmanned.

Our flight operations are being followed up and monitored as part of our KPIs and environmental aspects, to keep our emissions as low as possible.

#### **Scope 2**

Emissions that Nordic Unmanned causes indirectly and come from where the energy it purchases and uses is produced.

We constantly look for new ways to minimize energy usage in our facilities, even though this is challenging to measure due to sharing our building with other companies.

#### **Scope 3**

The consequence of the activities of the company but occur from sources not owned or controlled by Nordic Unmanned.

Carbon dioxide (CO<sub>2</sub>) emissions from staff travel to operational sites are one of our significant environmental aspects. To address this, we have in 2023 looked at new initiatives such as.:

1. **Reducing On-Site Crew:** We actively explore strategies to minimize crew presence on-site. This involves cross-training crew members and optimizing rotation schedules to curtail travel.
2. **Remote Operations Evaluation:** We assess the feasibility of remote operations to further reduce the need for field personnel at the site.

### **Local community contribution**

Nordic Unmanned has played a pivotal role in establishing drone education at Sola high school started in 2023 and have entered a collaboration with the local vocational school, Fagskolen, to help them establish their drone studies. In cooperation with Avinor, Norway's public airport operator, Nordic Unmanned hosted the Drone Safety Summit as part of Solakonferansen in 2023, after inaugurating the event in 2022.

### **Transparency Act**

Nordic Unmanned has fulfilled mandatory elements required by the transparency act, such as reporting on the supply chain due diligence efforts, reporting on efforts to address conflict minerals, and updating anti-corruption policies and procedures.

### **ESG Policy**

Nordic Unmanned ESG policies are available online at Nordic Unmanned's website. These documents describe the approach to a sustainable business and outline how Nordic Unmanned manages sustainability topics. It must be seen in conjunction with other governing documents and policies, available at the online sustainability library. The CEO, together with the executive team, is the owner of and responsible for the overarching ESG management.

These documents, including the report according to the transparency act, are available at;

<https://nordicunmanned.com/investor-relations/esg-in-nordic-unmanned/>

### **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 Juni 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.

## Outlook

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

The key drivers for the anticipated growth are a growing focus on defense and security, an increasingly favorable 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.



**Sandnes, 19 June 2024**  
The Board of Nordic Unmanned ASA

DocuSigned by:  
*Viggo Tjelta*  
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**Viggo Tjelta**  
Chairman of the Board

DocuSigned by:  
*Snorre Haukali*  
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**Snorre Haukali**  
Member of the Board

DocuSigned by:  
*Erik Ålgård*  
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**Erik Ålgård**  
Member of the Board

DocuSigned by:  
*Stig Harry Christiansen*  
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**Stig Christiansen**  
CEO





# Business segments

## 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.



### Figures in EUR '000

	YTD 2023	YTD 2022
<b>Operating revenue</b>	<b>13,431</b>	<b>15,098</b>
Cost of goods sold	1,030	1,865
Personnel expenses and other operating expenses	11,231	13,932
Allocated Group Cost	3,225	4,136
<b>Adjusted EBITDA</b>	<b>-2,055</b>	<b>-4,836</b>
Adjusted EBITDA %	-15%	-32%
Non-recurring items	1,555	-
<b>EBITDA</b>	<b>-3,609</b>	<b>-4,832</b>
EBITDA %	-27%	-32%

### Financial

Flight Services had revenues of EUR 13.4 million in 2023, compared to EUR 15.1 million in 2022. The decrease of EUR 5.2 million from 2022, when adjusted for the EUR 3.6 million insurance settlement, is attributable to lower revenue per flight hour due to a lower cost platform, less resale of Indago systems and a non-recurring EUR 1.0 million project in Norway for Equinor in 2022.

Adjusted 2023 EBITDA of negative EUR 2.0 million less effects of insurance and Camcopter settlements of respectively EUR

3.6 million and negative EUR 0.7 million, was similar compared with 2022.

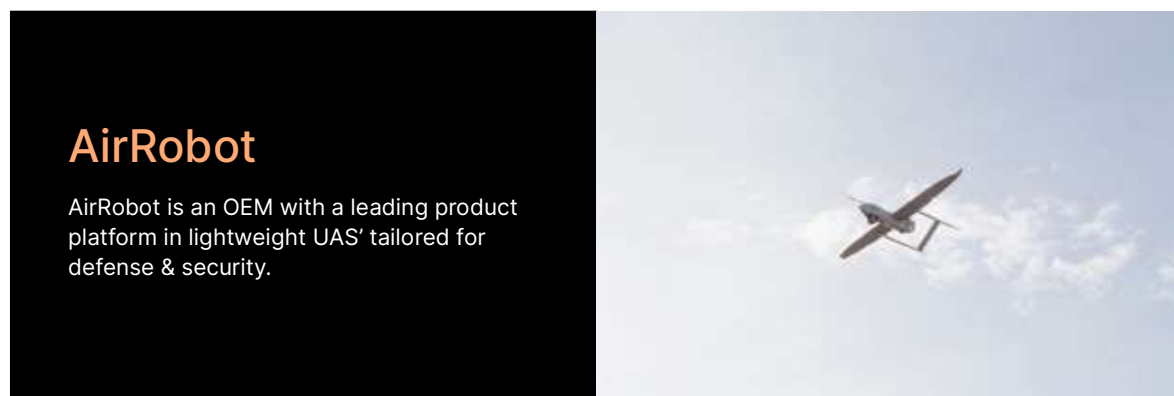
### Operations

Flight Services delivered 4097 flight hours in 2023, compared to 2937 flight hours in 2022, a YoY improvement of 39.5%. The flight hours delivered in 2023 were related to maritime surveillance work under the EMSA OP1, OP5 and OP46 contracts.

Flight Services had two concurrent deployments for the EMSA OP 46 contract with the Textron Aerosonde UAS system. Flight Services was highly active under the

EMSA OP 1 contract (lightweight capability), with two European Fishery Control Agency vessel deployments, two oil pollution response exercises, and one vessel installation of oil pollution emergency response drones.

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



Figures in EUR '000	YTD 2023	YTD 2022
<b>Operating revenue</b>	<b>5,181</b>	<b>2,210</b>
Cost of goods sold	994	949
Personnel expenses and other operating expenses	2,716	2,018
Allocated Group Cost	1,320	642
<b>Adjusted EBITDA</b>	<b>150</b>	<b>-1,399</b>
Adjusted EBITDA %	3%	-63%
Non-recurring items	-	-
<b>EBITDA</b>	<b>150</b>	<b>-1,399</b>
EBITDA %	3%	-63%

## Financial

AirRobot had revenues of EUR 5.2 million in 2023, compared to EUR 2.2 million in 2022. The increase is attributable to deliveries under the Tiquila contract for Lockheed Martin and the Mikado 2 contract for Bundeswehr.

2023 EBITDA totalled positive EUR 0.2 million, compared to negative EUR 1.4 million in 2022. The improvement is explained by higher revenues and stronger gross margins from the Tiquila and Mikado 2 contracts.

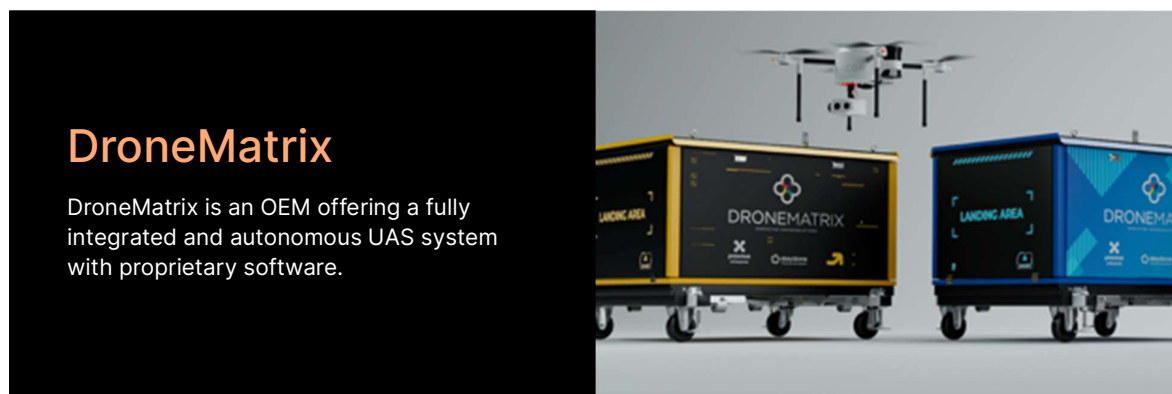
## Operations

Delivery of the first batch of Heimdal sensors for the Tiquila contract was completed in Q4 2023. AirRobot will have continuous delivery of most of the remaining batches in the first half of 2024.

Production of the Mikado 2 systems is well underway, with receipt of certification and first delivery of systems scheduled for Q2 2024.

Recurring revenue from MRO (Maintenance, Repair and Overhaul) and development

activity for Bundeswehr (Mikado I) is also contributing to the growth in activity.



Figures in EUR '000	YTD 2023	YTD 2022
<b>Operating revenue</b>	<b>1,159</b>	<b>397</b>
Cost of goods sold	234	135
Personnel expenses and other operating expenses	1,007	367
Allocated Group Cost	184	65
<b>Adjusted EBITDA</b>	<b>-266</b>	<b>-170</b>
Adjusted EBITDA %	-23%	-43%
Non-recurring items	-	-
<b>EBITDA</b>	<b>-266</b>	<b>-170</b>
EBITDA %	-23%	-43%

## Financial

DroneMatrix had revenues of EUR 1.2 million in 2023, compared to EUR 0.4 million in 2022. DroneMatrix was consolidated into the Group in Q3 2022.

2023 EBITDA totalled negative EUR 0.3 million, compared to negative EUR 0.2 million in 2022. At the end of 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 2023 was the ongoing drone surveillance operations for Port of Antwerp. Activities in the port were increased responding to customer challenges related to drug crime at container terminals.

During 2023 DroneMatrix was also awarded a large-scale counter UAS (C-UAS) project for a major financial institution in Belgium, delivered the first Yacob drone system to Infrabel (national railway operator) and set up a pilot project in the Netherlands in collaboration with IoT company DeltaloT for Boskalis.

## Ownership

Nordic Unmanned currently owns 55 percent of DroneMatrix and has an obligation to acquire the remaining 45 percent by the end of 2Q 2024



# Financial statement of Group including notes



## Consolidated statement of comprehensive income

Amounts in EUR	Notes	2023	2022
Revenues	2.1,2.2	15 456 780	16 097 447
Other operating income	2.1,2.2	4 021 293	888 768
<b>Total operating income</b>		<b>19 478 073</b>	<b>16 986 215</b>
Cost of goods sold	2.1	2 257 932	2 942 532
Personell expenses	2.1,2.3	11 648 657	12 795 030
Depreciation and amortisation expenses	3.1,3.2,3.3	5 570 378	5 519 030
Impairments	3.2	3 906 355	2 417 950
Other operating expenses	2.1,2.4	11 428 309	10 229 747
<b>Total operating expenses</b>		<b>34 811 630</b>	<b>33 904 289</b>
<b>Operating profit (loss)</b>		<b>-15 333 557</b>	<b>-16 918 074</b>
Interest income	4.6	2 609	13 823
Other financial income	4.6	1 999 119	763 854
Interest expenses	3.3,4.2,4.6	-1 526 764	-880 154
Other financial expenses	4.6	-2 225 834	-968 260
<b>Net financial income and expenses</b>		<b>-1 750 870</b>	<b>-1 070 738</b>
<b>Income (loss) before tax</b>		<b>-17 084 427</b>	<b>-17 988 812</b>
Income tax expense (income)	5.1	21 522	1 913 589
<b>Net income (loss)</b>		<b>-17 105 949</b>	<b>-19 902 401</b>
<b>Allocation of profit or loss:</b>			
Profit/loss attributable to non-controlling interests		-786 295	-325 210
Profit/loss attributable majority interest		-16 319 654	-19 577 191
<b>Other comprehensive income:</b>			
<i>Items that subsequently may be reclassified to profit or loss:</i>			
Currency translation differences		219 555	56 913
<b>Total other comprehensive income for the period</b>		<b>219 555</b>	<b>56 913</b>
<b>Total comprehensive income for the period</b>		<b>-16 886 394</b>	<b>-19 845 488</b>
<b>Allocation of total comprehensive income</b>			
Total comprehensive income attributable to non-controlling interests		-786 295	-325 210
Total comprehensive income attributable to owners of the parent	4.7	-16 100 099	-19 520 278
<b>Earnings per share ("EPS"):</b>			
Basic EPS - profit or loss attributable to equity holders of the parent	4.7	-0,25	-0,67
Diluted EPS - profit or loss attributable to equity holders of the parent	4.7	-0,25	-0,67

## Consolidated statement of financial position

	Notes	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	3.2	2 986 135	3 307 553
Other intangible assets	3.2	8 029 484	12 507 085
<b>Total intangible assets</b>		<b>11 015 619</b>	<b>15 814 638</b>
Aircraft and spareparts	3.1	17 805 463	19 115 274
Assets under construction	3.1	60 655	452 902
Fixtures and fittings	3.1	1 018 034	1 730 228
Right-of-use assets		616 247	985 414
<b>Total tangible assets</b>		<b>19 500 400</b>	<b>22 283 818</b>
Investment in associated companies	6.1	-	-
<b>Total financial non-current assets</b>		<b>-</b>	<b>-</b>
Other non-current assets		234 325	168 718
<b>Total non-current assets</b>		<b>30 750 344</b>	<b>38 267 174</b>
<b>Current assets</b>			
Inventory	2.5	4 158 096	1 818 525
Trade receivables	2.6,7.2	448 279	908 787
Other short-term receivables	2.6,7.2	3 935 027	4 131 412
<b>Total receivables</b>		<b>4 383 306</b>	<b>5 040 199</b>
Cash and cash equivalents	4.5	1 227 285	811 852
<b>Total current assets</b>		<b>9 768 687</b>	<b>7 670 576</b>
<b>TOTAL ASSETS</b>		<b>40 519 031</b>	<b>45 937 750</b>

	Notes	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4.4	6 506 231	4 192 395
Treasury stock	4.4	-737 395	-737 395
Share premium	4.4	51 562 022	46 867 796
Retained earnings		-43 252 551	-27 399 374
<b>Equity attributable to equity holders of the parent</b>		<b>14 078 306</b>	<b>22 923 422</b>
Non-controlling interests	6.1	-157 946	632 080
<b>Total equity</b>		<b>13 920 360</b>	<b>23 555 501</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	4.2	14 634 142	10 334 323
Non-current lease liabilities	3.3	542 804	715 229
Other non-current liabilities		2 112 065	2 079 864
Deferred tax liabilities	5.1	21 522	-
<b>Total non-current liabilities</b>		<b>17 310 534</b>	<b>13 129 416</b>
<b>Current liabilities</b>			
Trade payables	2.8,7.2	2 848 974	2 384 500
Interest bearing loans and borrowings	4.2	3 513 418	2 673 760
Current lease liabilities	3.3	171 930	369 242
Public duties payable		708 229	1 015 045
Other current liabilities	2.8,4.2,7.2	2 045 585	2 810 286
<b>Total current liabilities</b>		<b>9 288 137</b>	<b>9 252 832</b>
<b>Total liabilities</b>		<b>26 598 671</b>	<b>22 382 248</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>40 519 031</b>	<b>45 937 750</b>

## Consolidated statement of cash flows

For the years ended 31 December

<b>Cash flows from operating activities (EUR)</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Profit or loss before tax</b>		<b>-17 084 427</b>	<b>-17 988 812</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Net financial income/expense	4.6	1 750 870	892 381
Depreciation and impairment	3.1,3.2	9 476 732	7 842 517
Share-based payment expense	4.7	173 287	309 190
<i>Working capital adjustments:</i>			
Changes in trade receivables	2.6	656 893	-581 474
Changes in trade payables	2.8	464 474	994 250
Change in inventories	2.5	-2 339 571	987 387
Changes in provisions and other liabilities	2.7	-1 104 922	-1 466 330
<b>Net cash flows from operating activities</b>		<b>-8 006 663</b>	<b>-9 010 891</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.1	-5 081 969	-8 155 007
Purchase of capitalized other intangible assets	3.2	-713 575	-3 290 400
Consideration from divestment of Ecoxy (net of cash acquired)		943 920	-
Consideration paid in AirRobot, Ecoxy and NUAer transactions (net of cash acquired)	6.2	-	-1 563 315
Consideration from other transactions (Insurance claims)		3 639 961	-
<b>Net cash flow from investing activities</b>		<b>-1 211 663</b>	<b>-13 008 723</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of equity	4.4	7 365 932	16 260 597
Transaction costs on issue of shares	4.4	-357 874	-899 949
Net disbursements overdraft facility		51 896	-
Proceeds from new debt (short/long term)		5 116 877	6 191 191
Repayment of debt (short/long term)		-29 295	-3 274 171
Payments of lease liability		-369 737	-326 466
Interest	4.8	-2 144 206	-703 185
<b>Net cash flows from financing activities</b>		<b>9 633 593</b>	<b>17 248 018</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>415 267</b>	<b>-4 771 596</b>
Cash and cash equivalents at beginning of the year/period	4.5	811 852	5 594 033
Net foreign exchange difference		165	-10 585
<b>Cash and cash equivalents, end of year</b>		<b>1 227 285</b>	<b>811 852</b>



## Consolidated statement of changes in equity

Amounts in EUR	Share capital	Share premium	Treasury shares	Retained earnings	Shareholders Equity	Non-Controlling Interests	Total Equity
<b>Balance at 1 January 2022</b>	<b>2 631 846</b>	<b>33 067 697</b>	<b>-213</b>	<b>-9 060 040</b>	<b>26 639 291</b>	<b>957 576</b>	<b>27 596 867</b>
Profit (loss) for the year				-19 577 191	-19 577 191	-325 221	-19 902 412
Issue of share capital (Note 4.5)	1 560 550	13 800 099			15 360 648		15 360 648
Share-based payments				443 486	443 486		443 486
Purchase of own shares			-737 182	737 182	-		-
Currency translation effects (OCI)				57 189	57 189	-275	56 914
<b>Balance at 31 December 2022</b>	<b>4 192 395</b>	<b>46 867 796</b>	<b>-737 395</b>	<b>-27 399 374</b>	<b>22 923 422</b>	<b>632 080</b>	<b>23 555 501</b>
Profit (loss) for the year				-16 319 654	-16 319 654	-786 295	-17 105 949
Issue of share capital (Note 4.5)	2 313 835	4 694 223			7 008 058		7 008 058
Share-based payments				173 287	173 287		173 287
Other		3		73 636	73 640	-3 731	69 909
Currency translation effects (OCI)				219 555	219 555		219 555
<b>Balance at 31 December 2023</b>	<b>6 506 231</b>	<b>51 562 022</b>	<b>-737 395</b>	<b>-43 252 551</b>	<b>14 078 306</b>	<b>-157 946</b>	<b>13 920 360</b>

## 1.1 General information

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### Corporate information

The consolidated financial statements of Nordic Unmanned ASA and its subsidiaries (collectively, "the Group" or "Nordic Unmanned") for the year ended 31 December 2023 were authorised for issue in accordance with a Board resolution on 19 June 2024. Nordic Unmanned ASA is a public limited liability company incorporated and domiciled in Norway and the whose shares are publicly traded. The Group's head office is located at Rådhusgata 3, 4306 Sandnes, Norway.

Nordic Unmanned is a global leader of high-end products and services related to drones and data capture. Through world-wide operational experience and industry leading expertise, Nordic Unmanned supports large governmental and industrial clients in the adaptation of unmanned systems and services.

## 1.2 Basis of preparation

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The 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 adopted by The European Union ("EU").

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments measured at fair value. Further, 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, Consolidated statement of financial position and Consolidated statement of cash flows.

### *Presentation currency and functional currency*

The consolidated financial statements are presented in Euros (EUR), which is also the functional currency of the parent company. The Group has elected to present its financial statements in EUR, primarily as this is the common currency in the industry and the market that the Group operates within.

For entities in the group which have a functional currency different from the EUR, 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.

## 1.3 Significant accounting policies

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Nordic Unmanned ASA has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgemental considerations are disclosed in the notes to which the policies relate. Other accounting policies are presented below:

### *Current versus non-current classification*

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 1.4 Significant accounting judgements, estimates and assumptions

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The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are summarised below:

### *Estimates and assumptions:*

- Recognition and measurement of deferred tax assets (note 5.1)
- Impairment testing of significant non-financial assets, including goodwill, other intangible assets and property, plant and equipment (note 3.1)
- Provision for bad debt (note 2.5)
- Obsolescence of inventory (note 2.6)
- Investments (parent note 6.1)

The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

A detailed description of the significant estimates and assumptions are included in the individual note where applicable.

### *Accounting judgements:*

- Determining whether contracts with customers should be recognised over-time or point-in-time (note 2.1)
- Determining to what extent deferred tax assets should be recognised (note 5.1)
- Determining whether investees are controlled or jointly controlled (note 6.1).

A detailed description of the significant accounting judgements are included in the individual note where applicable.

## 1.5 Fair value measurement

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### **ACCOUNTING POLICIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### **Fair value disclosures**

Management has assessed that the fair values of cash and short-term deposits, other receivables, trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates. The fair value of borrowings is also considered to approximate carrying values as the interest rates are floating.

## 2.1 Segment

### Segments

The Group's operating segments are components of the business for which discrete financial information is reviewed regularly by the Chief Operating Decision Maker (or CODM) to assess performance and make decisions regarding resource allocation. The Group has assessed the CODM to be its Chief Officers team. During the year, as part of the strategic update, the CODM have reassessed the Group's operating segments, and as at 31 December 2023, the Group's operating segments are Flight Services, AirRobot, DroneMatrix and Group. Historical numbers have been allocated to the new operating segments.

### 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.

### AirRobot:

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

### DroneMatrix:

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

The following tables include the results for the Groups's reportable segments for the periods presented in these consolidated financial statements:

Year Ended 31 December 2023	Flight Services	AirRobot	DroneMatrix	Group	Eliminations	Total
Revenues*	13 430 984	5 180 736	1 158 962		-292 609	<b>19 478 073</b>
Cost of goods sold	1 029 508	994 403	234 021			<b>2 257 932</b>
Personell expenses & other operating expenses	12 785 479	2 715 767	1 006 992	7 187 909	-619 181	<b>23 076 966</b>
Allocated Group Cost	3 225 194	1 320 098	183 910	-4 729 202		<b>0</b>
<b>EBITDA</b>	<b>-3 609 197</b>	<b>150 469</b>	<b>-265 961</b>	<b>-2 458 707</b>	<b>326 572</b>	<b>-5 856 825</b>
Depreciation, amortization and impairment	7 455 398	1 333 777	687 558			<b>9 476 732</b>
Net financial income and expenses	-1 427 976	-167 940	-20 826		-134 128	<b>-1 750 870</b>
Segment assets**	36 602 967	8 749 052	101 814		-4 934 802	<b>40 519 031</b>
Segment liabilities**	22 482 883	9 032 191	1 161 349		-6 077 752	<b>26 598 671</b>

\*Out of a total revenue of EUR 19 478 079 is EUR 4 021 293 Other operating income where EUR 3 557 694 are related to insurance settlement.

\*\*Segment assets and liabilities include PPA values.

Year Ended 31 December 2022	Flight Services	AirRobot	DroneMatrix	Group	Eliminations	Total
Revenues	15 098 007	2 210 466	396 578		-718 836	<b>16 986 215</b>
Cost of goods sold	1 865 428	948 982	135 457		-7 335	<b>2 942 532</b>
Personell expenses & other operating expenses	13 932 386	2 017 717	366 508	7 068 792	-360 626	<b>23 024 777</b>
Allocated Group Cost	4 135 734	642 482	64 819	-4 843 035		<b>0</b>
<b>EBITDA</b>	<b>-4 835 541</b>	<b>-1 398 716</b>	<b>-170 205</b>	<b>-2 225 757</b>	<b>-350 875</b>	<b>-8 981 094</b>
Depreciation, amortization and impairment	6 455 984	1 138 711	342 285			<b>7 936 980</b>
Net financial income and expenses	-1 021 286	-94 880	45 428			<b>-1 070 738</b>
Segment assets*	47 356 561	3 484 953	559 965		-5 463 730	<b>45 937 750</b>
Segment liabilities*	21 260 722	4 959 097	917 830		-4 755 400	<b>22 382 248</b>

\*Segment assets and liabilities include PPA values.

European Maritime Safety Agency ("EMSA") and Lockheed Martin are the Group's only customers that accounts for more more than 10% of the Group's consolidated revenues in 2023 and 2022.

EMSA accounted for 38% of total consolidated revenue in 2023 (50% in 2022), and is recognized under Fligt Services segment.

Lockheed Martin accounted for 15% of total consolidated revenue in 2023 (no revenue in 2022), and is recognized under AirRobot segment.

## Change in Reportable Segment

For the financial year 2023, the Group have changed the composition of its reportable segments to align with the new strategy which simplifies the business. The new Group strategy and focus involves a clear distinction from both a geographical and business perspective.

The old reportable segments are no longer deemed applicable as the business and strategy have changed.

Re-defining reporting segments is a natural step from the previous reporting segments due to the strategic changes and will make for better decision making and market communication.

The segment information for the year 2022, has been restated to reflect this new segmentation. There are no difference in measurement of the reportable segments before or after the change.

The previous segments for 2022 were as follows:

<b>Year Ended 31 December 2022</b>	<b>Nordun</b>	<b>NUtech</b>	<b>NUmar</b>	<b>NUGlobal</b>	<b>Overhead</b>	<b>Total</b>
Revenues	10 175 642	2 875 797	1 866 865	2 069 723	-1 811	<b>16 986 215</b>
Costs of goods sold	141 833	1 283 052	168 185	1 399 418	-49 956	<b>2 942 532</b>
Personnel Expenses	6 345 837	1 837 404	987 321	1 025 676	2 598 792	<b>12 795 030</b>
Other Operating Expenses	5 249 700	1 024 133	509 302	710 273	2 736 339	<b>10 229 747</b>
<b>EBITDA</b>	<b>-1 561 728</b>	<b>-1 268 792</b>	<b>202 057</b>	<b>-1 065 644</b>	<b>-5 286 987</b>	<b>-8 981 094</b>

## 2.2 Revenue

### ACCOUNTING POLICIES

#### Revenue

Revenue from contracts with customers is recognised when control of the goods or services are 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 recognised 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 or by milestone depending on input method or output method. Other sale of goods are recognised 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. The input method is used for revenue recognition over time and measures performance based on efforts or inputs towards satisfying revenue recognition relative to the total expected inputs. Key inputs are cost of goods sold, engineering cost and production cost related to labor hour expended. The output method for revenue recognition over time and measures performance based on completed milestones. Key inputs are milestones achieved and units delivered. The Group have remaining delivery commitments towards the MIKADO II contract of delivering AR-100 drone systems to Bundeswehr, and commitments towards the TIQUILA contract of delivering Heimdal sensors to Lockheed Martin.

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

The Group's revenue from contracts with customers has been disaggregated and presented in the tables below:

<b>Timing of revenue recognition:</b>	<b>2023</b>	<b>2022</b>
Products and services transferred at point in time	15 017 363	16 260 213
Products and services transferred over time according to input method (MIKDAO II)	1 573 599	726 002
Products and services transferred over time according to output method (TIQUILA)	2 887 111	-
<b>Total</b>	<b>19 478 073</b>	<b>16 986 215</b>

<b>Per area of operation:</b>	<b>2023</b>	<b>2022</b>
Flight Services	13 430 984	15 098 007
AirRobot	5 180 736	2 210 466
DroneMatrix	1 158 962	396 578
Group	-	-
Eliminations	-292 609	-718 836
<b>Total</b>	<b>19 478 073</b>	<b>16 986 215</b>

<b>Per geographic market:</b>	<b>2023</b>	<b>2022</b>
Estonia	4 980 778	1 460 503
Spain	3 750 671	2 332 135
Great Britain	3 064 783	67 075
Germany	2 765 005	3 495 481
Norway	1 220 243	4 618 654
Belgium	1 180 909	391 873
Denmark	1 115 579	475 695
Portugal	667 146	475 695
Finland	359 056	1 009 267
Other	373 903	2 659 837
<b>Total</b>	<b>19 478 073</b>	<b>16 986 215</b>



## 2.3 Employee benefit expenses

### ACCOUNTING POLICIES

Employee benefit expenses comprise all types of remuneration to personnel employed by the Group (ie. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, telephones and remuneration to the Board of Directors.

### Pensions

The Norwegian entities in the Group have defined contribution pension plans for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon"). A total of 124 employees were part of the Group's pension plan at 31.12.23.

Contributions are made to the pension insurance plans and the related expenses are charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, the group has no further pension payment obligations.

<b>Employee benefit expenses</b>	<b>2023</b>	<b>2022</b>
Salaries	9 769 483	10 810 595
Social security costs	1 459 401	2 079 284
Share-based payments	176 411	443 069
Social security costs Share-based payments	24 874	-170 200
Pension costs	249 088	499 281
Capitalized assets and work in progress	-968 277	-1 678 123
Hired Personnel*	1 281 618	977 742
Other employee expenses	-343 942	-166 618
<b>Total employee benefit expenses</b>	<b>11 648 657</b>	<b>12 795 030</b>
Average number of full time employees (FTEs)*	124	161

\*Personnel Expense include short term hired crew personnel. These are not included in the number of FTE's.

At the end of the reporting period, members of the Board and management held shares and share options in Nordic Unmanned ASA. For information on remuneration to Management and the Board of Directors, including also disclosures on shares and share held, see note 7.1.

### Employee share program

The company has a share purchase program for all employees, including senior executives. No new awards were granted in 2023 or 2022. The shares in the 2020 and 2021 programs were offered at a 30 percent discount and are subject to a three-year lock-up during which employees are not allowed to sell the shares.

Management has been awarded shares and stock options in 2023.

## 2.4 Operating expenses

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### ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Group in its day-t activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation.

<b>Other operating expenses</b>	<b>2023</b>	<b>2022</b>
Audit and accounting fees	813 072	770 085
HR consulting fees	-	39 346
Insurance expenses	1 190 966	964 149
Lease expenses (see note 3.3)	755 628	928 270
Legal expenses	1 577 342	817 913
Other consulting fees	1 656 649	2 023 648
Other operating expenses	2 829 372	952 736
Training expenses	1 215 940	1 983 464
Travel expenses	1 389 340	1 750 137
<b>Total other operating expenses</b>	<b>11 428 309</b>	<b>10 229 747</b>

<b>Auditor fees</b>	<b>2023</b>	<b>2022</b>
Audit fee	402 736	158 556
Other services	96 737	56 979
<b>Total remuneration to the auditor</b>	<b>499 473</b>	<b>215 535</b>

### Audit fee:

The amounts above are excluding VAT.

## 2.5 Inventory

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### ACCOUNTING POLICIES

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

	2023	2022
Work in progress and materials	4 091 496	1 382 693
Finished goods	917 138	1 026 369
Provision of obsolescence	-850 537	-590 537
<b>Total</b>	<b>4 158 096</b>	<b>1 818 525</b>

Work in progress and finished goods includes consumable spare partes, 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.

During the year, the Group recognized inventory write-downs amounting to EUR 260 000 ( EUR 590 000) to adjust inventories to their net realizable value. These write-downs are included in cost of sales in the statement of comprehensive income. The write-downs during the year were primarily due to inventory items in AirRobot that are no longer useable in production and are demed out-of-date by technology or function, leading to a reduction in their net realizable value.

## 2.6 Receivables

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### ACCOUNTING POLICIES

#### Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional.

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

	2023	2022
Trade receivables from third-party customers	448 279	908 787
VAT receivable	90 876	135 781
Contract asset	128 225	727 003
Pre-paid suppliers	734 457	1 369 850
Other receivable*	2 981 469	1 898 777
<b>Total current receivables</b>	<b>4 383 306</b>	<b>5 040 199</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. For terms and conditions relating to related party receivables, refer to Note 7.2.

\* Other receivable contains rewarded insurance claims for total loss of assets. Awaiting payments of 1.1 MEUR in 2024 (1.5 MEUR in 2023).

#### Guarantees

The Group has contractual guarantees totalling EUR 199 118 expiring in 2024. Guarantees totalling EUR 24 025 expired in 2023.

#### Expected credit loss

The Group does not expect credit loss of current outstanding receivables.

#### Provision for bad debt

The Group have not recognised bad debt on current outstanding receivables. The Groups main costumers are government institutions based on contracts. There are non ongoing disputes.

## 2.7 Provisions

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### **ACCOUNTING POLICIES**

Provisions are liabilities with uncertain timing or amount and are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party. Social security provisions related to the share based payments are made based on the social security contributions expected to be paid on exercise of the share options when the options are fully vested.

A provision is made and calculated based on management's assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of each reporting period.

### **Other commitments and contingencies**

Contingent liabilities are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is considered probable. The Group has no contingent assets or liabilities that meet the criteria for disclosure.

### **Other commitments**

The Group did not provide guarantees to or on behalf of third parties or related parties. The Group has no other significant commitments to disclose.

## 2.8 Payables

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### ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the Group has received the significant risks and rewards of ownership as of 31.12.2023

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortised cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

	<b>2023</b>	<b>2022</b>
Trade payables	2 848 974	2 384 500
<b>Total trade payables</b>	<b>2 848 974</b>	<b>2 384 500</b>
Accrued salaries	1 237 412	1 519 256
Short term PPA consideration	-	-209 304
Other accrued expenses	808 173	1 500 333
<b>Other current liabilities</b>	<b>2 045 585</b>	<b>2 810 286</b>



### 3.1 Property, plant and equipment

#### ACCOUNTING POLICIES

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, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's 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.

Assets under construction include assets that have not yet been fully delivered and accepted by the Group at the reporting date. The construction and delivery time of these systems are normally in the range of 6-12 months and will be transferred to Aircrafts and spareparts upon delivery and final acceptance test. No depreciation charge are recognized towards assets under construction.

#### Impairment

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 per year end. 2023 reflects impairment of EUR 1.5 million related to operational assets, and EUR 1.3 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 CGU has been re-defined in 2023 along with new segments and are not comparable with assumptions made in previous period.

The key assumptions used in the estimation of the recoverable amount are set out below. 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 40% and pre-tax market interest of 7,5%.

Forecasted revenue and budgeted EBITDA was estimated considering experience and future considerations. Projected period is 9 years before reaching steady state.

The terminal value does not include growth.

Assumptions for projected revenue is reliant on the Group's strategy and being awarded new contracts to already existing contracts (or similar) in the coming years.

The EBITDA margin used in the analysis takes into consideration the reduction in personnel and other operating costs implemented in Flight Services and Group in Q1 2024.

Following to impairment loss recognised in Flight Services, the recoverable amount was higher than the carrying amount.

An EBITDA margin reduced by 5% will not result in an impairment change (ceteris paribus).

	Fixtures, fittings and tools	Aircraft and spareparts	Assets under construction	Total
<b>Cost as at 31 December 2022</b>	<b>3 054 199</b>	<b>22 367 033</b>	<b>452 903</b>	<b>25 874 135</b>
Additions	67 572	2 459 192	2 555 205	5 081 969
Transfers	-	2 947 452	-2 947 452	-
Disposals*	-	-3 610 797	-	-3 610 797
Divestment	-541 652	-	-	-541 652
<b>Cost as at 31 December 2023</b>	<b>2 580 119</b>	<b>24 162 880</b>	<b>60 656</b>	<b>26 803 655</b>

<b>Depreciation and impairment as at 31 December 2022</b>	<b>1 323 971</b>	<b>3 251 759</b>	<b>-</b>	<b>4 575 730</b>
Depreciation	504 468	2 357 833	-	2 862 301
Disposals*	-	-2 044 006	-	-2 044 006
Impairment	-	2 791 832	-	2 791 832
Divestment	-266 354	-	-	-266 354
<b>Depreciation and impairment as at 31 December 2023</b>	<b>1 562 085</b>	<b>6 357 418</b>	<b>-</b>	<b>7 919 503</b>

#### Net book value:

<b>At 31 December 2022</b>	<b>1 730 228</b>	<b>19 115 275</b>	<b>452 903</b>	<b>21 298 405</b>
<b>At 31 December 2023</b>	<b>1 018 034</b>	<b>17 805 462</b>	<b>60 656</b>	<b>18 884 152</b>

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

\*Disposals is related to total loss of assets (drones and payloads) in are all insurance claims. Awaiting payments from insurance claims at 31.12.23 are 1.1 MEUR.

## 3.2 Intangible assets

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### ACCOUNTING POLICIES

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 the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### Patents and licences

The Group has, directly as well as through acquisitions of other entities, acquired patents and licences and allocated value to these in the balance sheet. The patents have generally been granted for an original period of 10 years by the relevant government agency. The licences are assessed to have economic lives from five to ten years from origination.

### Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

### Impairment and key assumptions

Impairment triggers have been identified relate 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 per year end. The Group recognized impairment in related to underlying investments in NU Aer and fair value in Ecoxy (later fully divested in 2023).

The recoverable amount of CGU was based on fair value estimated using discounted cash flows.

The CGU has been re-defined in 2023 along with new segments and are not comparable with assumptions made in previous period.

The key assumptions used in the estimation of the recoverable amount are set out below. 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 40% and pre-tax market interest of 7,5%.

Forecasted revenue and budgeted EBITDA was estimated considering experience and future considerations. Projected period is 9 years before reaching steady state.

The terminal value does not include growth.

Assumptions for projected revenue is reliant on the Group's strategy and being awarded new contracts to already existing contracts (or similar) in the coming years.

The EBITDA margin used in the analysis takes into consideration the reduction in personnel and other operating costs implemented in Flight Services and Group in Q1 2024.

Following to impairment loss recognised in Flight Services, the recoverable amount was higher than the carrying amount.

An EBITDA margin reduced by 5% will not result in an impairment change (ceteris paribus).

	Development	Concessions, patents and licenses	Goodwill	Total
<b>Cost as at 31 December 2022</b>	<b>12 274 796</b>	<b>6 105 194</b>	<b>3 368 032</b>	<b>21 748 022</b>
Additions	695 916	17 659	-	713 575
Reversal of impairment	-159 911	-	-	-159 911
Adjustment PPA	-	-131 579	65 789	-65 789
Disposals	-815 864	-219 298	-387 207	-1 422 370
<b>Cost as at 31 December 2023</b>	<b>11 994 937</b>	<b>5 771 976</b>	<b>3 046 614</b>	<b>20 813 527</b>

<b>Amortization and impairment as at 31 December 2022</b>	<b>4 600 191</b>	<b>1 272 713</b>	<b>60 478</b>	<b>5 933 383</b>
Amortization	2 089 057	983 717	-	3 072 774
Disposals	-770 080	-140 351	-	-910 431
Reversal of impairment	-159 911	-	-	-159 911
Impairment	299 531	1 562 562	-	1 862 093
<b>Amortization and impairment as at 31 December 2023</b>	<b>6 058 788</b>	<b>3 678 641</b>	<b>60 478</b>	<b>9 797 907</b>

**Net book value:**

<b>At 31 December 2022</b>	<b>7 674 605</b>	<b>4 832 480</b>	<b>3 307 553</b>	<b>15 814 638</b>
<b>At 31 December 2023</b>	<b>5 936 149</b>	<b>2 093 335</b>	<b>2 986 135</b>	<b>11 015 619</b>

Economic life (years)	5-10	5-10
Depreciation plan	Straight-line method	Straight-line method

As of 31 December 2022, 0.6 MEUR have been reclassified from Concessions, patents and licenses to Development.

### 3.3 Right-of-use assets and lease liabilities

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#### ACCOUNTING POLICIES

At inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

#### Group as a lessee

At the commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than 5 thousand EUR)

For these leases, the Group recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

#### *Measuring the lease liability*

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group presents its lease liabilities as separate line items in the consolidated statement of financial position.

#### *Measuring the right-of-use asset*

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 3.1). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Group presents its right-of-use assets as separate line items in the consolidated statement of financial position.

#### **The Group's leased assets**

The Group has lease agreements for office buildings, located in Sandnes and Fornebu in Norway, one officebuilding in Birmingham in England and one in Germany. The Group are also leasing cars.

The Group's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

## Right-of-use assets

	Vehicles	Office Buildings	Total
<b>Acquisition cost at 31 December 2022</b>	<b>81 238</b>	<b>1 534 565</b>	<b>1 615 803</b>
Additions of right-of-use assets	36 223	-	36 223
Currency translation effects	-	-	-
<b>Acquisition cost at 31 December 2023</b>	<b>117 461</b>	<b>1 534 565</b>	<b>1 652 026</b>
<b>Depreciation and impairment at 31 December 2022</b>	<b>60 576</b>	<b>569 813</b>	<b>630 389</b>
Depreciation of right-of-use assets	39 596	214 538	254 134
Currency translation effects		151 255	151 255
<b>Depreciation and impairment at 31 December 2023</b>	<b>100 172</b>	<b>935 606</b>	<b>1 035 778</b>
<b>Carrying amount at 31 December 2022</b>	<b>20 662</b>	<b>964 751</b>	<b>985 414</b>
<b>Carrying amount at 31 December 2023</b>	<b>17 289</b>	<b>598 958</b>	<b>616 248</b>
Remaining lease term or remaining useful life	2-5	2-8	
Depreciation plan		Straight-line method	

## The Group's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	2023	2022
Less than one year	240 581	285 703
One to two years	182 216	244 483
Two to three years	182 216	194 810
Three to four years	182 216	389 620
More than four years	37 227	169 673
<b>Total undiscounted lease liabilities</b>	<b>824 455</b>	<b>1 284 290</b>

## Changes in the lease liabilities - 2022

	Total
<b>At 1 January 2022</b>	<b>1 292 908</b>
New leases recognised during the period	-
Cash payments for the principal portion of the lease liability	-280 218
Interest expense on lease liabilities	53 377
Currency translation effects	18 404
<b>Total lease liabilities at 31 December 2022</b>	<b>1 084 471</b>
Current lease liabilities in the statement of financial position	369 242
Non-current lease liabilities in the statement of financial position	715 229

## Changes in the lease liabilities - 2023

	Total
<b>At 1 January 2023</b>	<b>1 084 471</b>
New leases recognised during the period	36 223
Cash payments for the principal portion of the lease liability	-188 929
Interest expense on lease liabilities	37 139
Currency translation effects	-254 169
<b>Total lease liabilities at 31 December 2023</b>	<b>714 734</b>
Current lease liabilities in the statement of financial position	171 930
Non-current lease liabilities in the statement of financial position	542 804

**Lease commitments not included in the lease liabilities***Inflation adjustments*

In addition to the lease liabilities presented above, the Group is committed to pay variable lease payments for its office buildings, mainly related to future inflation adjustments which is not included in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted to reflect the inflation adjustment when the uncertainty related to the adjustment has been resolved, however, these adjustments are expected to be immaterial.

*Extension and termination options*

The Group has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the Group's business needs. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group did not include the renewal period for leases as part of the lease term because management were not reasonably certain to exercise the option to renew the leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

*Other matters*

The Group's leases does not contain provisions or restrictions that impacts that Group's dividend policies or financing possibilities. Further, the Group does not have significant residual value guarantees related to its leases.



## 4.1 Financial instruments

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### ACCOUNTING POLICIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Classification of financial instruments

The Group's financial instruments are grouped in the following categories:

##### Financial Assets

- Financial assets measured subsequently at amortised cost: Includes mainly trade receivables, other receivables and cash equivalents

The Group's financial assets are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost.

##### Financial Liabilities

- Financial liabilities measured subsequently at amortised cost: Represent the Group's non-interest bearing liabilities such as trade payables, and borrowings, see note 4.2.
- Other liabilities measured at fair value: these are primarily contingent considerations in earn-out arrangements entered into as part of business combinations, see note 6.2.

The Group does not have derivative financial instruments measured at fair value. All financial assets and liabilities, except for the earn-out arrangements are measured subsequently at amortised cost.

#### Initial recognition and subsequent measurement

##### *Financial assets and liabilities at amortised cost*

The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the consolidated statement of comprehensive income.

##### *Impairment of financial assets*

Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The Group applies a simplified approach (as applicable for trade receivables) in calculating ECLs, where the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. See note 4.3 for further information related to management of credit risk.

##### *Derecognition of financial instruments*

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or the Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

##### *Expected credit loss (ECL)*

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

<b>2023</b>	<b>Notes</b>	<b>Financial instruments at amortised cost</b>	<b>Financial instruments at fair value through profit or loss</b>	<b>Total</b>
<b>Assets</b>				
Trade and other receivables	2.6	4 383 306	-	4 383 306
Cash and cash equivalents	4.5	1 227 285	-	1 227 285
<b>Total financial assets</b>		<b>5 610 591</b>	<b>-</b>	<b>5 610 591</b>
<b>Liabilities</b>				
Trade payables	2.8	2 848 974	-	2 848 974
Accruals	2.8	2 045 585	-	2 045 585
Contingent consideration - non-current		-	2 025 000	2 025 000
Interest bearing loans and borrowings non-current		14 634 142	-	14 634 142
<b>Total financial liabilities</b>		<b>19 528 702</b>	<b>2 025 000</b>	<b>21 553 702</b>
<b>2022</b>				
	<b>Notes</b>	<b>Financial instruments at amortised cost</b>	<b>Financial instruments at fair value through profit or loss</b>	<b>Total</b>
<b>Assets</b>				
Trade and other receivables	2.6	5 040 199	-	5 040 199
Cash and cash equivalents	4.5	811 852	-	811 852
<b>Total financial assets</b>		<b>5 852 051</b>	<b>-</b>	<b>5 852 051</b>
<b>Liabilities</b>				
Trade payables	2.8	2 384 500	-	2 384 500
Accruals	2.8	3 019 589	-	3 019 589
PPA consideration - current			-209 304	-209 304
PPA consideration - non-current		-	2 025 000	2 025 000
Loan from related parties		54 864	-	54 864
Interest bearing loans and borrowings current		2 673 760	-	2 673 760
Interest bearing loans and borrowings non-current		10 334 323	-	10 334 323
<b>Total financial liabilities</b>		<b>18 467 036</b>	<b>1 815 696</b>	<b>20 282 733</b>

There are no changes in classification and measurement for the Group's financial assets and liabilities.

Finance income and finance costs arising from the Group's financial instruments are disclosed separately in note 4.6.

All financial instruments measured at amortised cost are assumed to have a fair value not significantly different from the carrying amount as they are either short term or have a short term interest rate fixing period.

## 4.2 Maturity of financial liabilities

Contractual undiscounted cash flows from financial liabilities is presented below:

31.12.2023	Remaining contractual maturity						Total
	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Financial liabilities</b>							
Interest bearing loans and borrowings*	4 207 951	1 923 979	2 675 300	4 236 457	8 348 809	73 373	21 465 869
<b>Total financial liabilities</b>	<b>4 207 951</b>	<b>1 923 979</b>	<b>2 675 300</b>	<b>4 236 457</b>	<b>8 348 809</b>	<b>73 373</b>	<b>21 465 869</b>

31.12.2022	Remaining contractual maturity						Total
	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Financial liabilities</b>							
Interest bearing loans and borrowings	3 180 161	4 084 104	2 933 553	2 328 864	2 021 747	-	14 548 429
<b>Total financial liabilities</b>	<b>3 180 161</b>	<b>4 084 104</b>	<b>2 933 553</b>	<b>2 328 864</b>	<b>2 021 747</b>	<b>-</b>	<b>14 548 429</b>

Reconciliation of changes in liabilities incurred as a result of financing activities:

2023 Interest bearing loans and borrowings	01.01.2023	Cash flow effect	Non-cash changes		31.12.2023
			Foreign exchange movement	Other changes	
SR-bank	9 677 000	2 748 794	-	-	12 425 794
Innovasjon Norge	2 341 920	-286 499	152 927	-	2 208 349
Other	989 155	2 524 263	-	-	3 513 418
<b>Total liabilities from financing</b>	<b>13 008 075</b>	<b>4 986 558</b>	<b>152 927</b>	<b>-</b>	<b>18 147 561</b>

2022 Interest bearing loans and borrowings	01.01.2022	Cash flow effect	Non-cash changes		31.12.2022
			Foreign exchange movement	Other changes	
SR-bank	8 885 728	791 272	-	-	9 677 000
Innovasjon Norge	550 617	1 623 450	167 854	-	2 341 920
Other	543 844	445 311	-	-	989 155
<b>Total liabilities from financing</b>	<b>9 980 189</b>	<b>2 860 032</b>	<b>167 854</b>	<b>-</b>	<b>13 008 075</b>

Credit facilities - utilised and unused amount	2023	2022
Drawn amount credit facility	3 513 418	-
Undrawn amount credit facilities	3 542 722	5 105 971

Booked value of assets pledged as collateral for liabilities to financial institutions	2023	2022
Fixed assets	19 500 400	21 776 209
Inventory	3 948 252	1 766 603
Account receivable	39 218	319 201
Investments	9 922 037	2 145 220

\* The Group restructured long-term debt for a 5-year term, which included an amortization holiday to September 2025, interest accumulation until June 2024 and a margin reduction from 5% to 3.5%. The Group has in May 2024 entered into a term sheet with its secured bank lenders to increase the share capital through conversion of debt equal to EUR 5.17 million.

Financial covenants under the new loan agreement 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.

On 16 February 2024, Nordic Unmanned ASA secured additional short-term liquidity of EUR 2 million, in the form of a loan agreement with existing lenders to be repaid in August 2024.

The weighted average effective interest rate on interest-bearing liabilities was 7,1%.

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" is presented including expected interest based of latest know applicable interest rate.

## 4.3 Financial risk management

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### **Overview**

The Group's principal financial liabilities, comprise liabilities to financial institutions and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimise potential adverse effects of such risks through sound business practise, risk management and hedging.

Risk management is based on the principle that risk evaluation is an integral part of all business activities. The Group has established policies and procedures to manage risk and to face risks and uncertainties in a global marketplace.

### **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include liabilities to financial institutions, accounts receivable and other current receivables, cash and cash equivalents, lease liabilities and trade and other payables.

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group is exposed to the risk of changes in market interest rates as it has interest bearing debt. The Group does not currently hedge interest rate risk exposure with the use of financial instruments, but may enter into contracts to offset some of the risk depending on the future expected interest rates.

#### *Interest rate sensitivity*

The sensitivity to a possible change in interest rates, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

<b>Interest rate sensitivity</b>	<b>Increase / decrease in basis points</b>	<b>Effect on profit before tax</b>	<b>Effect on OCI</b>
31 December 2023	+/- 100	220 835	-
31 December 2022	+/- 100	88 882	-

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's reported result and net assets denominated in foreign currencies are influenced by fluctuations in currency exchange rates and in particular the NOK as some of the interest bearing loans and significant expenditures are in NOK.

Some of the Group's revenues and expenses are denominated in foreign currencies, where revenues are exposed to changes in foreign currencies against the EUR. Interest-bearing debt facilities are denominated in NOK and EUR. The main strategy for mitigating risk related to volatility in cash flows is to maintain an operational hedge in the composition of the debt.

Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

#### *Foreign currency sensitivity*

The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates in the period, holding all other variables constant:

<b>Foreign currency sensitivity</b>	<b>Date</b>	<b>Change in FX rate</b>	<b>Effect on profit before tax</b>	<b>Effect on OCI</b>
Increase / decrease in NOK/EUR	31.12.2023	+/- 10%	220 835	-
Increase / decrease in EUR/NOK	31.12.2022	+/- 10%	234 193	-

#### **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contract, leading to a financial loss.

The Group is exposed to credit risk arising from cash and cash equivalents, deposits with banks as well as credit exposure to commercial customers. The risk arising from receivables are monitored closely.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. The Group monitors rolling forecasts of the liquidity reserves and cash and project cash flows in major currencies and estimating the level of liquid assets required.

A set of financial covenants are established with its lenders under the loan agreement linked to equity ratio and working capital. The company was in compliance with all covenants as per year end.

## 4.4 Equity and shareholders

### ACCOUNTING POLICIES

#### Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

#### Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

#### Distribution to shareholders

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The annual financial statement can be obtained from the Group's head office, Rådhusgata 3, 4306 Sandnes Norway, or through the company's website: <https://nordicunmanned.com/>

No distributions were made to shareholders in the current or prior period.

#### Capital management

For the purpose of the Group's capital management, capital includes issued ordinary share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value. The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 20% and 40%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

#### Issued capital and reserves:

	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (EUR)
<b>Share capital in Nordic Unmanned ASA</b>			
<b>At 31 December 2022</b>	<b>42 463 845</b>	<b>1,000</b>	<b>4 192 395</b>
Issue of shares	1 614 238	6,000	147 541
Issue of shares	140 000 000	1,000	1 720 038
Issue of shares	14 968 705	0,500	446 257
<b>At 31 December 2023</b>	<b>199 046 788</b>	<b>0,500</b>	<b>6 506 231</b>

All shares are ordinary and have the same voting rights and rights to dividends.

Reconciliation of the Group's equity is presented in the statement of changes in equity.



## The Group's shareholders:

Shareholders in Nordic Unmanned ASA at 31.12.2023	Total shares	Ownership/ Voting rights
TJELTA EIENDOM AS	100 000 000	50 %
HERSETH AS	8 188 066	4 %
JELSA INVESTERING AS	7 273 356	4 %
HELGØ INVESTERING AS	7 273 356	4 %
INTERVEST AS	4 808 867	2 %
SPORTSMAGASINET AS	4 210 240	2 %
SANDSOLO HOLDING AS	4 196 590	2 %
CLEARSTREAM BANKING S.A.	2 691 238	1 %
ÅLGÅRD HOLDING AS	2 573 827	1 %
NORDNET LIVSFORSIKRING AS	2 302 830	1 %
WALLCROSS AS	2 281 221	1 %
TORE STRAND	1 604 305	1 %
KARLUF HAGEN	1 512 877	1 %
ØIVIND ØIESTAD	1 508 131	1 %
EAAH INVEST AS	1 313 502	1 %
FINN ØRJAN RISMYHR SÆLE	1 204 044	1 %
BNP PARIBAS	1 127 246	1 %
SKAULEN AS	1 073 024	1 %
GH HOLDING AS	1 049 668	1 %
JAN HENRIK JELSA	1 005 280	1 %
OTHER	41 849 120	21 %
<b>Total</b>	<b>199 046 788</b>	<b>100 %</b>

\*Skaulen AS is controlled by former CEO Knut Roar Wiig.

The Group holds 1 082 treasury shares at a total book value of EUR 3 847.

Shares held by management or the Board at the end of the reporting periods are summarised in note 7.1.

## 4.5 Cash and cash equivalents

### ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

Cash and cash equivalents	2023	2022
Bank deposits, unrestricted	959 550	396 474
Bank deposits, restricted	267 735	415 378
<b>Total cash and cash equivalents</b>	<b>1 227 285</b>	<b>811 852</b>

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

## 4.6 Financial income and expenses

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### ACCOUNTING POLICIES

Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within finance income or finance costs, except for currency translation effects from investments in foreign subsidiaries which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Interest costs on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognised in the statement of financial position, for further disclosures see note 3.3.

<b>Finance income</b>	<b>2023</b>	<b>2022</b>
Interest income	2 609	13 821
Other finance income	29 099	77 741
Gain on foreign exchange	1 970 020	686 115
<b>Total finance income</b>	<b>2 001 728</b>	<b>777 677</b>

<b>Finance costs</b>	<b>2023</b>	<b>2022</b>
Interest expenses	1 489 626	839 040
Interest expense on lease liabilities	37 139	41 252
Other finance costs	916 689	108 239
Loss on foreign exchange	1 309 145	859 466
<b>Total finance costs</b>	<b>3 752 598</b>	<b>1 847 997</b>

Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on financial liabilities, measured and classified at amortised cost in the statement of financial position.

## 4.7 Earnings per share

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### ACCOUNTING POLICIES

Basic earnings per share (EPS) is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the EPS calculations:

	<b>2023</b>	<b>2022</b>
Profit or loss attributable to ordinary equity holders - for basic EPS	-16 319 654	-19 577 191
Profit or loss attributable to ordinary equity holders adjusted for the effect of dilution	-16 319 654	-19 577 191
Weighted average number of ordinary shares - for basic EPS	66 111 051	29 040 420
Weighted average number of ordinary shares adjusted for the effect of dilution	N/A (*)	N/A (*)
<b>Basic EPS - profit or loss attributable to equity holders of the parent</b>	<b>-0,25</b>	<b>-0,67</b>
<b>Diluted EPS - profit or loss attributable to equity holders of the parent</b>	<b>-0,25</b>	<b>-0,67</b>

(\*) Dilutive effect on number of shares not calculated because it would have antidilutive effect

## 5.1 Taxes

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### ACCOUNTING POLICIES

#### *Current income tax*

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

#### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has EUR 55 million as at 31.12.2023 (EUR 31 million as at 31.12.2022) of tax losses carried forward. The tax losses carried forward may be offset against future taxable income and will not expire. Due to significant uncertainty as to when the related deferred tax assets may be recovered, no deferred tax assets have been recognised as at year end 2023.

<b>Current income tax expense:</b>	<b>2023</b>	<b>2022</b>
Tax payable	-	-
Change deferred tax/deferred tax assets (ex. OCI effects)	21 522	1 913 589
<b>Total income tax expense</b>	<b>21 522</b>	<b>1 913 589</b>

<b>Deferred tax assets:</b>	<b>2023</b>	<b>2022</b>
Development Concessions, patents, licenses	443 411	-
Trade receivables	13 555	-
Other short-term receivables	-	-
Inventory	590 564	570 859
Lease liabilities	714 734	1 084 470
Public duties payable	-	-
Other current liabilities	-	-
Losses carried forward	55 209 107	30 841 810
<b>Basis for deferred tax assets:</b>	<b>56 527 960</b>	<b>32 497 139</b>

<b>Deferred tax liabilities</b>	<b>2023</b>	<b>2022</b>
Development Concessions, patents, licenses	4 080 778	6 309 374
Property, plant and equipment	4 999 672	5 006 573
Right-of-use assets	616 247	985 414
<b>Basis for deferred tax liabilities</b>	<b>9 696 698</b>	<b>12 301 362</b>

<b>Net basis for deferred tax liabilities/(-assets)</b>	<b>-46 831 262</b>	<b>-20 195 777</b>
<b>Net basis for deferred tax liabilities/(-assets) at 22% tax rate</b>	<b>-47 049 753</b>	<b>-21 207 907</b>
<b>Net basis for deferred tax liabilities/(-assets) at foreign tax rates</b>	218 491	1 012 130
Calculated net deferred tax assets	-10 472 624	-4 666 530
- Deferred tax assets not recognised	10 472 624	4 666 530

**Net deferred tax assets recognised** - -

**Calculated deferred tax liabilities** - -

**Deferred tax liabilities recognised in the statement of financial position** - -

**Deferred tax assets recognised in the statement of financial position** - -

The Group's operations are subject to income tax in various foreign jurisdictions. The statutory income tax rates vary from 16% to 22%, which results in a difference between the statutory income tax rate in Norway and the average tax rate applicable to the Group.

A reconciliation of the differences between the theoretical tax expense under the rate applicable in Norway and the actual tax expense is as follows:

<b>Reconciliation of income tax expense</b>	<b>2023</b>	<b>2022</b>
<b>Profit or loss before tax</b>	<b>-17 409 142</b>	<b>-17 988 811</b>
Tax expense 22% (Norwegian tax rate)	-3 830 011	-3 957 538
Change to prior period tax expense	-	-
Permanent differences*	2 580 358	30 708
Effects of foreign tax rates	-49 554	98 745
Effects of changes in tax rate	-	-
Currency effects	-	1 033 749
Effect of not recognising deferred tax assets	1 320 729	4 707 925
<b>Recognised income tax expense</b>	<b>21 522</b>	<b>1 913 589</b>

\* The permanent differences are primarily impairment of investments. There are also transaction costs related to share issues which have been recognised against share premium.

## 6.1 Interests in other entities

### ACCOUNTING POLICIES

#### Basis of consolidation

The consolidated financial statements comprise the financial statements of Nordic Unmanned ASA and its subsidiaries as at 31 December 2023. The subsidiaries are consolidated when control is achieved as defined by IFRS 10. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. However, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to non-controlling interests. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group does not have ownership in joint arrangements, associates, or unconsolidated structured entities or interests in unconsolidated subsidiaries. NUAer AS has certain characteristics and similarities with a joint arrangement, but has been determined to be controlled by the Group and consequently, fully consolidated, with a 40% non-controlling interest.

#### The consolidated entities

The subsidiaries of Nordic Unmanned ASA are presented below:

<b>Consolidated entities 31 December 2023</b>	<b>Office</b>	<b>CUR</b>	<b>Shareholding and the Group's voting ownership share</b>	<b>Date of consolidation</b>
AirRobot® GmbH & Co. KG	Arnsberg, Germany	EUR	100 %	01.10.2021
AirRobot Beteiligungs GmbH	Arnsberg, Germany	EUR	100 %	01.10.2021
DroneMatrix NV	Hasselt, Belgium	EUR	55%*	16.06.2022
Nordic Unmanned Flight Services AS	Sandnes, Norway	NOK	100 %	10.10.2023
Nordic Unmanned North America Group LLC	Baltimore, USA	USD	100 %	01.10.2022
Nordic Unmanned North America LLC	Baltimore, USA	USD	92 %	01.10.2022
Nordic Unmanned UK Ltd.	Birmingham, UK	GBP	100 %	01.10.2021
Nordic Unmanned DK ApS	Odense, Denmark	DKK	100 %	07.12.2021
NUAer AS	Sandnes, Norway	NOK	60 %	01.10.2021
Nutech Holding AS	Sandnes, Norway	NOK	10 %	01.01.2023

\* Nordic Unmanned ASA has an agreement to buy the remaining 45% of the non-controlling shareholder position within 3 years of acquisition date. Nordic Unmanned will after this hold 100% of DroneMatrix NV shares. It has been assumed that Nordic Unmanned has present access to the returns of these shares and that there are no non-controlling interests related to this subsidiary.

All subsidiaries are included in the consolidated financial statements.

On 13th September 2023, Nordic Unmanned ASA divested all shares in Ecoxy AS.

## 6.2 Business combinations and acquisition of non-controlling interests

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### ACCOUNTING POLICIES

#### Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

#### Acquisitions in 2023

There have been no acquisitions in 2023.

#### Loss of control in 2023

##### *Ecoxy*

On 13 September 2023, Nordic Unmanned entered into a Sales and Purchase Agreement with Intervest AS for the sale of 100% of the shares in Ecoxy AS for EUR 945 000 in net cash consideration. Established in 2002, Ecoxy AS is an independent and accredited competence house based in Molde, Norway. The company's core business is to undertake verification of emissions to air such as NOx, HC, CO, CO<sub>2</sub>, NH<sub>3</sub>, O<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O according to EU regulations. The company's purpose is to help clients identify their environmental footprint and thus provide insight to contribute to more sustainable and environmentally friendly operations.

Nordic Unmanned ASA is undergoing a strategic review, and sale of non-strategic assets is one of many elements under consideration. While Ecoxy is a well-established company with a strong competence base and vital accreditations, The Group's analysis is that The Group have not been able to capitalize sufficiently on the perceived synergies between Ecoxy AS and Nordic Unmanned ASA. As a consequence, Ecoxy AS has been divested, while at the same time allowing Nordic Unmanned ASA to further focus its strategy and receive well-needed liquidity.

## Acquisitions in 2022

### DroneMatrix

On 16 June 2022, Nordic Unmanned acquired 55 percent of the shares in DroneMatrix. DroneMatrix is a leading hi-tech company building and implementing the next generation of aerial robotic technology. These automated intelligent drone solutions are safe, reliable and flexible to implement in any kind of industrial environment. Central in the offering is a highly reliable 'drone-in-a-box' technology (YACOB), characterized by high quality and highly reliable data connectivity and controlled based on a flawless and comprehensive Command & Control UOM platform, the Aerial Robotic Worksystem (AR-WS). DroneMatrix is the founding father of the unmanned drone technology in Belgium and responsible for the development of the commercial air layer operated by aerial robotics (6th NetWork). DroneMatrix is committed to making its mark in a growing global unmanned market through important references and solid partnerships. Founded in 2015 by the family Vanwelkenhuyzen and located in Hasselt, Belgium. The total consideration paid was EUR 2.5 million whereof 1.5 million were an equity issue in the company and EUR 1 million was share purchase.

### Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of DroneMatrix as at the date of acquisition were:

	Acquired assets and liabilities assumed	Fair value adjustments	Fair value recognised on acquisition
<b>Non-current assets</b>			
Goodwill	-	1 507 952	1 507 952
Other intangible assets	630 142	1 775 165	2 405 307
<b>Total intangible assets</b>	<b>630 142</b>	<b>3 283 117</b>	<b>3 913 259</b>
Fixtures and fittings	43 338	-	43 338
<b>Total tangible assets</b>	<b>43 338</b>	<b>-</b>	<b>43 338</b>
<b>Total non-current assets</b>	<b>673 480</b>	<b>3 283 117</b>	<b>3 956 597</b>
<b>Current assets</b>			
Inventory	125 612	-	125 612
Trade receivables	228 480	-	228 480
Intercompany	1 125 000	-	1 125 000
Other short-term receivables	154 516	-	154 516
Cash and cash equivalents	216 685	-	216 685
<b>Total current assets</b>	<b>1 850 293</b>	<b>-</b>	<b>1 850 293</b>
<b>TOTAL ASSETS</b>	<b>2 523 773</b>	<b>3 283 117</b>	<b>5 806 890</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	-	443 791	443 791
<b>Total non-current liabilities</b>	<b>-</b>	<b>443 791</b>	<b>443 791</b>
Trade payables	195 917	-	195 917
Interest bearing loans and borrowings	200 000	-	200 000
Public duties payable	34 850	-	34 850
Other current liabilities	432 332	-	432 332
<b>Total current liabilities</b>	<b>863 099</b>	<b>-</b>	<b>863 099</b>
<b>Total liabilities</b>	<b>863 099</b>	<b>443 791</b>	<b>1 306 890</b>
Net assets and liabilities			4 500 000
<b>Fair value of consideration of the acquisition</b>			<b>4 500 000</b>
<i>Purchase consideration</i>			
Cash			1 350 000
Deferred payment			1 125 000
Contingent consideration liability			2 025 000
<b>Total consideration</b>			<b>4 500 000</b>



*Analysis of cash flows on acquisition*

Transaction costs of the acquisition (included in cash flows from operating activities)	-	249 483
Cash consideration (net of cash acquired with the subsidiary) - included in cash flows from investing activities	-	1 133 315
<b>Net cash flow on acquisition</b>	-	<b>1 382 798</b>

*Contingent consideration*

Within the next three years, Nordic Unmanned will acquire the remaining shares based on a pre-agreed performance-based valuation matrix, with a minimum valuation of EUR 3 million and a maximum valuation of EUR 8 million on an enterprise value basis. Until then, the outstanding 45 per cent of the shares remain with the founders of DroneMatrix, the Vanwelkenhuyzen family.

*Contribution to the 2022 financial statements and pro forma information*

The activities of DroneMatrix contributed to the consolidated statement of comprehensive income for 2022 with a total operating income of EUR 397 thousand and a net loss of EUR 358 thousand. Had the company been acquired with the control transfer date 1 January 2022, the total operating income contribution would have been EUR 484 thousand, and the net loss contribution would have been EUR 740 thousand. Maximum valuation of EUR 8 million on an enterprise value basis.

## 7.1 Remuneration to Management and the Board

### Remuneration to the Board of Directors

Remuneration for the members of the Board is determined by the Annual General Meeting (AGM). The remuneration is not linked to the Group's performance but reflects the Board's responsibilities, expertise, time and commitment.

### Remuneration to the management team

The Board of Nordic Unmanned ASA determines the principles applicable to the Group's policy for compensation to the management team. The Board is directly responsible for determining the CEO's salary and other benefits. The Group's management team includes the Chief Executive Officer, Chief Operations Officer, Chief Finance Officer and Chief Legal Officer.

#### Principles for determining salary

The main principle for determining salary for each executive management member has been a fixed annual salary, bonus, Stock Options, Employee Share Subscription program and with the addition of benefits in kind such as telephone and insurance. The fixed salary has been determined based on the following factors: competitive salary level, scope of work and responsibilities. Bonus is determined 50% based on business results and 50% based on individual goal achievement and performance.

#### Pension

The executive management members are part of the defined contribution pension scheme. In addition, the executive management members are part of a pension savings agreement with 6% defined contribution.

#### Other benefits

Members of the management team have been granted share options under the Group's share option plan, described in note 4.8. The share options held by the management team is summarised further below. Members of the management team have been awarded the possibility to purchase stocks with 30% discount through the Employee Share Subscription Program made available to all employees as part of the private placement on September 29th, 2021. The members of the management team are part of a collective annuity agreement.

#### Severance Arrangements

If the CEO is terminated by the Board, he is entitled to severance pay of 12 months in addition to the ordinary notice period of 3 months. The severance pay shall be calculated based on the monthly pay the CEO receives at the time the termination is notified in writing and the monthly average bonus payment last 12 months.

#### Loans and guarantees

No loans or guarantees have been granted to any member of the management or the Board of Directors.

### Remuneration to the management team for the year ended 31 December 2023\*:

EUR	Position	Salary	Bonus	Pension	compensation	remuneration	(number)	options (number)
	Stig Harry Christiansen	136 620	-	2 732	-	139 352	200 000	600 000
	Lars A. Landsnes	165 003	37 034	3 300	5 519	210 857	468 963	440 000
	Thomas Alexander Ladsten	138 790	42 686	2 776	5 519	189 772	365 915	275 000
	Arne Roland (Interim CEO)	123 035	-	-	-	123 035	-	200 000
	Knut Roar Wiig (1)	184 956	-	3 699	1 039	189 694	1 089 273	310 000
	Trond Østerhus	60 302	-	1 206	844	62 353	130 815	50 000
	Cecilie Drange	76 174	-	1 523	859	78 557	137 621	50 000
	Steffan Lindsø	61 729	-	1 235	817	63 781	9 027	-
	Katrine Elin Meldahl	66 295	-	1 326	853	68 474	66 328	-
<b>Total</b>		<b>1 012 905</b>	<b>79 720</b>	<b>17 797</b>	<b>15 453</b>	<b>1 125 875</b>	<b>2 467 942</b>	<b>1 925 000</b>

\*All remuneration to management is paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 11.42

\*\* Former CEO

\*\*\* Former CFO

\*\*\*\* Ended their position in Q2 2023

(1) Severance payments to former CEO amounts to EUR 246 590 and will be paid out through March 23 - June 24.

### Remuneration to the management team for the year ended 31 December 2022\*:

EUR	Position	Salary	Bonus	Pension	Other compensation	Total remuneration	Outstanding shares (number)	Outstanding share options (number)
	Knut Roar Wiig <sup>(1)</sup>	191 124	19 794	3 822	25 548	240 288	1 922 536	310 000
	Trond Østerhus	136 323	11 691	2 726	10 165	160 905	46 565	100 000
	Lars A. Landsnes	154 873	27 836	3 097	25 096	210 902	223 755	240 000
	Cecilie Drange	137 168	22 964	2 743	9 500	172 376	137 621	100 000
	Steffan Lindsø	116 007	5 799	2 320	9 357	133 484	9 027	50 000
	Thomas Alexander Ladsten	138 775	31 702	2 775	11 488	184 740	60 915	75 000
	Katrine Elin Meldahl <sup>(2)</sup>	118 267	3 629	2 365	8 669	132 931	66 328	-
	Arne Roland (Interim CEO, 2023)	-	-	-	-	-	1 535	-
<b>Total</b>		<b>992 538</b>	<b>123 415</b>	<b>19 851</b>	<b>99 822</b>	<b>1 235 626</b>	<b>2 468 282</b>	<b>875 000</b>

\*All remuneration to management is paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 10.104

\*\* Former CEO

\*\*\* Former CFO

(1) Severance payments to former CEO amounts to EUR 246 590 and will be paid out through March 23 - June 24.

(2) Employment from 1 January .

**Fees in 2023\***

<b>Name</b>	<b>Comments</b>	<b>(EUR)</b>	<b>shares</b>
Astrid Skarheim Onsum	Chairperson of the Board from May 2023 to April 2024	79 024	33 333
Viggo Tjelta	Board member from November 2023 and Chairperson from April 2024	2 481	100 000 000
Snorre Haukali	Board member from November 2023	2 481	-
Siw Ødegaard	Board member and Chair of the Audit Committee from January 2023 to April 2024	14 885	200 000
Eirik Algård	Board member and member of the Audit Committee and Chair of the M&A Committee	26 341	2 573 827
Nils Johan Holte	Chairman of the Board from 2018 untill May 2023	32 398	5 280
Jan Henrik Jelsa	Board member untill October 2023	21 088	8 278 636
Andreas Christoffer Pay	Board member untill October 2023	38 600	7 568
Natasha Friis Saxberg	Board member untill May 2023	13 134	-
Roald Helgø	Deputy board member until May 2023	6 129	7 275 936
Karen Ohm Heskja	Chairperson of the Nomination Committee	6 129	-
<b>Total</b>		<b>242 690</b>	<b>118 374 580</b>

\* Fee to board members are paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 11.42

**Fees in 2022\***

<b>Name</b>	<b>Comments</b>	<b>Fee (EUR)</b>	<b>Total number of shares</b>
Nils Johan Holte	Chairman of the Board from 2018. Chair of the Remuneration Committee	21 774	105 282
Eirik Algård	Vice Chair from May 2021 until May 2022. Member of the Audit and Chair of the M&A Committee	18 804	887 329
Roald Helgø	Board member from 2019. Deputy board member from May 2021	4 949	2 278 636
Jan Henrik Jelsa	Board member from 2019. Member of the M&A Committee	11 877	2 278 636
Liv Annike Kverneland	Board member from September 2020 and Chair of the Audit Committee until October 2022	11 877	24 176
Andreas Christoffer Pay	Board member from May 2021. Member of the Audit Committee	11 877	2 281 221
Natasha Friis Saxberg	Board member from August 2021.	7 423	-
Karen Elisabeth Ohm Heskja	Chairperson of the Nomination Committee from February 2021	19 064	-
Kristin Sundsbø Alne	Deputy board member from September 2020 until August 2020.	13 690	-
Astrid Skarheim Onsum	Vice Chair from May 2022	-	33 333
<b>Total</b>		<b>121 336</b>	<b>7 888 613</b>

\* Fee to board members are paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 10.104

## 7.2 Related party transactions

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Related parties are major shareholders, members of the Board and management in the parent company and the group subsidiaries. Note 6.1 and 4.5 provides information about the Group structure, including details of the subsidiaries and shareholders. Significant agreements and remuneration paid to management and the Board for the current and prior period is presented in note 7.1. Shares, share options held by management and the Board are also summarised in note 7.1.

All transactions within the Group or with other related parties are made based on the principle of arm's length terms.

The following table provides the total amount of transactions that have been entered into with related parties (outside the Group) for the relevant financial period:

### Related party transactions in 2023 and balances at 31 December 2023

	<b>EUR</b>
Current trade and other payables to related parties	30 867
Purchases from related parties*	458 516

\* Nordic Unmanned have bought services from Board Member Eirik Ålgårds private company, Ålgård Handel & Industri AS, in a agreement to provide the group with necessary historical revenue to bid for the OP46 contract with EMSA. A letter of intent were signed. Purchased services in 2023 were 0.2 MEUR.

### Related party transactions in 2022 and balances at 31 December 2022

	<b>EUR</b>
Current trade and other payables to related parties	66 943
Purchases from related parties*	333 673

\* Nordic Unmanned have bought services from Board Member Eirik Ålgårds private company, Ålgård Handel & Industri AS, in a agreement to provide the group with necessary historical revenue to bid for the OP46 contract with EMSA. A letter of intent were signed. Purchased services in 2022 were 0.07 MEUR.

## 7.3 Events after the reporting period

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### ACCOUNTING POLICIES

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the Group will assess if the information affects the amounts that it recognises in the Group's consolidated financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

The Group agreed in February 2024 a short-term loan from the lenders with support from the main shareholder. This provides additional liquidity of up to EUR 2.0 million from March through summer 2024. This loan will be repaid in August 2024. The Group initiated in February 2024 a further cost reduction plan which will have an effect from Q2 2024.

The Group has in May 2024 entered into a term sheet with its secured bank lenders to increase the share capital through conversion of debt equal to EUR 5.17 million (the "Receivable"). The conversion of the Receivable is carried out as part of the Restructuring involving a share capital increase of approximately € 2.4 million in a private placement towards the main shareholder Tjelta Eiendom AS. The main shareholder has also agreed to guarantee the full subscription of an approximately € 2.4 million subsequent repair offering.

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.

There have been no significant non-adjusting events subsequent to the reporting date.

## 7.4 Going Concern

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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 Juni 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.

## 8.1 Changes in IFRS and new standards

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### **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are not expected to have a significant impact on the financial statements of the Group.



# Financial statement of Parent including notes



## Statement of comprehensive income

Amounts in EUR	Notes	2023	2022
Revenues	2.1	8 384 987	12 413 814
Other operating income	2.1	3 927 694	771 147
<b>Total operating income</b>		<b>12 312 681</b>	<b>13 184 961</b>
Cost of goods sold		815 463	1 723 537
Personell expenses		8 583 820	10 491 883
Depreciation and amortisation expenses	3.1,3.2,3.3	3 383 796	3 091 224
Impairments		3 691 358	3 457 578
Other operating expenses	2.3	10 173 417	8 991 635
<b>Total operating expenses</b>		<b>26 647 853</b>	<b>27 755 856</b>
<b>Operating profit (loss)</b>		<b>-14 335 172</b>	<b>-14 570 895</b>
Interest income	4.6	136 480	12 045
Other financial income	4.6	1 974 221	1 214 702
Interest expenses	3.3,4.2,4.6	-1 331 032	-780 228
Other financial expenses	4.6	-2 162 906	-956 318
<b>Net financial income and expenses</b>		<b>-1 383 238</b>	<b>-509 800</b>
<b>Income (loss) before tax</b>		<b>-15 718 410</b>	<b>-15 080 695</b>
Income tax expense (income)	5.1	-	3 499 706
<b>Net income (loss)</b>		<b>-15 718 410</b>	<b>-18 580 401</b>
<b>Allocation of profit or loss:</b>			
Profit/loss attributable to non-controlling interests		-	-
Profit/loss attributable to the parent		-15 718 410	-18 580 401
<b>Other comprehensive income:</b>			
<i>Items that subsequently may be reclassified to profit or loss:</i>			
Currency translation differences		-	-91 543
<b>Total other comprehensive income for the period</b>		<b>-</b>	<b>-91 543</b>
<b>Total comprehensive income for the period</b>		<b>-15 718 410</b>	<b>-18 671 944</b>
<b>Allocation of total comprehensive income</b>			
Total comprehensive income attributable to non-controlling interests		-	-
Total comprehensive income attributable to owners of the parent		-15 718 410	-18 671 944

## Statement of financial position

	Notes	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Other intangible assets	3.2	1 518 286	2 058 090
Deferred tax assets	5.1	-	-
<b>Total intangible assets</b>		<b>1 518 286</b>	<b>2 058 090</b>
Aircraft and spareparts	3.1	17 499 131	18 887 557
Assets under construction	3.1	60 655	452 902
Fixtures and fittings	3.1	612 263	952 494
Right-of-use assets	3.3	616 247	857 628
<b>Total tangible assets</b>		<b>18 788 298</b>	<b>21 150 582</b>
Investment in subsidiaries	6.1	9 887 037	12 217 220
Investment in associated companies	6.1	35 000	-
Prepayments and financial receivables		-	-
<b>Total financial non-current assets</b>		<b>9 922 037</b>	<b>12 217 220</b>
Other non-current assets		<b>234 325</b>	<b>169 359</b>
<b>Total non-current assets</b>		<b>30 462 946</b>	<b>35 595 250</b>
<b>Current assets</b>			
Inventory	2.4	1 315 665	1 327 168
Trade receivables	2.5,7.2	108 578	319 201
Short term receivables from group companies	7.2	3 266 034	3 253 503
Other short-term receivables	2.5,7.2	2 125 285	3 124 292
Cash and cash equivalents	4.5	651 243	415 176
<b>Total current assets</b>		<b>7 466 805</b>	<b>8 439 340</b>
<b>TOTAL ASSETS</b>		<b>37 929 751</b>	<b>44 034 591</b>

	Notes	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	4.4	6 506 231	4 192 396
Treasury stock	4.4	-737 395	-737 395
Share premium	4.4	51 562 022	46 867 796
Other equity			-
Retained earnings	4.7	-42 222 971	-26 652 950
<b>Equity attributable to equity holders of the parent</b>		<b>15 107 886</b>	<b>23 669 846</b>
<b>Total equity</b>		<b>15 107 886</b>	<b>23 669 846</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	4.2	14 634 142	9 345 168
Non-current lease liabilities	3.3	542 804	647 710
Other non-current liabilities		2 025 000	2 025 000
Deferred tax liabilities	5.1	-	-
<b>Total non-current liabilities</b>		<b>17 201 946</b>	<b>12 017 878</b>
<b>Current liabilities</b>			
Trade payables	2.7,7.2	1 945 854	1 917 465
Interest bearing loans and borrowings	4.2	-	2 673 760
Current lease liabilities	3.3	171 930	306 839
Current liabilities to group companies		1 401 834	1 021 065
Public duties payable		532 704	700 100
Other current liabilities	2.7,4.2,7.2	1 567 595	1 727 638
<b>Total current liabilities</b>		<b>5 619 918</b>	<b>8 346 867</b>
<b>Total liabilities</b>		<b>22 821 865</b>	<b>20 364 745</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37 929 751</b>	<b>44 034 591</b>

## Statement of cash flows

For the years ended 31 December

<b>Cash flows from operating activities (EUR)</b>	<b>Notes</b>	<b>2023</b>	<b>2022</b>
<b>Profit or loss before tax</b>		<b>-15 718 410</b>	<b>-18 580 401</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>			
Net financial income/expense	4.6	1 383 238	509 800
Depreciation and impairment	3.1,3.2	7 075 154	6 288 135
Share-based payment expense	4.7	173 287	272 869
<i>Working capital adjustments:</i>			
Changes in trade receivables	2.5	198 092	-158 818
Changes in trade payables	2.7	409 158	940 246
Change in inventories	2.4	11 503	1 095 426
Changes in provisions and other liabilities		-536 715	-
<b>Net cash flows from operating activities</b>		<b>-7 004 693</b>	<b>-9 632 743</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3.1	-4 875 732	-8 012 488
Sale of property, plant and equipment	3.1	3 557 694	1 352 454
Purchase of capitalized other intangible assets	3.2	-33 727	-1 998 916
Sale of interests in associated companies		-	3 003
Investments in subsidiaries		943 920	-4 014 227
<b>Net cash flow from investing activities</b>		<b>-407 845</b>	<b>-12 670 174</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of equity	4.4	7 365 932	16 260 597
Transaction costs on issue of shares	4.4	-357 874	-899 949
Net disbursements overdraft facility		51 896	-
Proceeds from new debt (short/long term)	4.2	2 592 613	4 630 162
Repayment of debt (short/long term)	4.2	-29 295	-2 001 343
Payments for the principal portion of the lease liability	3.3	-188 929	-197 159
Payments for the interest portion of the lease liability	3.3	-37 139	-46 255
Interest		-1 947 065	-193 465
<b>Net cash flows from financing activities</b>		<b>7 450 139</b>	<b>17 552 588</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>37 602</b>	<b>-4 750 329</b>
Cash and cash equivalents at beginning of the year/period	4.5	415 176	5 009 335
Net foreign exchange difference		198 465	156 170
<b>Cash and cash equivalents, end of year</b>		<b>651 243</b>	<b>415 176</b>

## Statement of changes in equity

Amounts in EUR	Share capital	Share premium	Treasury shares	Retained earnings	Shareholders Equity	Total Equity
<b>Balance at 1 January 2022</b>	<b>2 631 846</b>	<b>33 067 697</b>	<b>-213</b>	<b>-9 161 257</b>	<b>26 538 073</b>	<b>26 538 073</b>
Profit (loss) for the year				-18 580 401	-18 580 401	-18 580 401
Issue of share capital (Note 4.5)	1 560 550	13 800 099			15 360 648	15 360 648
Share-based payments (Note 4.7)				443 069	443 069	443 069
Purchase of own shares (Note 4.1)			-737 182	737 182	-	-
Currency translation effects (OCI)				-91 543	-91 543	-91 543
<b>Balance at 31 December 2022</b>	<b>4 192 396</b>	<b>46 867 796</b>	<b>-737 395</b>	<b>-26 652 950</b>	<b>23 669 846</b>	<b>23 669 846</b>
Profit (loss) for the year				-15 718 410	-15 718 410	-15 718 410
Issue of share capital (Note 4.5)	2 313 835	4 694 223			7 008 058	7 008 058
Share-based payments (Note 4.7)				173 287	173 287	173 287
Other		3		-24 899	-24 896	-24 896
<b>Balance at 31 December 2023</b>	<b>6 506 231</b>	<b>51 562 022</b>	<b>-737 395</b>	<b>-42 222 971</b>	<b>15 107 886</b>	<b>15 107 886</b>

## 1.1 General information

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### Corporate information

The financial statements of Nordic Unmanned ASA ("the Company" or "Nordic Unmanned") for the year ended 31 December 2023 were authorised for issue in accordance with a Board resolution on 19 June 2024. Nordic Unmanned ASA is a public limited liability company incorporated and domiciled in Norway and the whose shares are publicly traded. The company's head office is located at Rådhusgata 3, 4306 Sandnes, Norway.

Nordic Unmanned is global leader of high-end products and services related to drones and data capture. Through world-wide operational experience and industry leading expertise, Nordic Unmanned supports large governmental and industrial clients in the adaption of unmanned systems and services.

## 1.2 Basis of preparation

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The financial statements of Nordic Unmanned ASA comprise statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and related notes. The financial statements have been prepared in accordance with "IFRS-light" as regulated by the Norwegian Accounting Act.

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

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

### *Presentation currency and functional currency*

The financial statements are presented in Euros (EUR), which is also the functional currency of the company. The company has decided to present its financial statements in EUR, primarily as this is the common currency amongst the industry and market that the company operates within.

## 1.3 Significant accounting policies

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Nordic Unmanned ASA has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgemental considerations are disclosed in the notes to which the policies relate. Other accounting policies are presented below:

### *Current versus non-current classification*

The company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 1.4 Significant accounting judgements, estimates and assumptions

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The preparation of the financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The accounting policies applied by management which includes a significant degree of estimates and assumptions or judgements that may have the most significant effect on the amounts recognised in the financial statements, are the same as for the Group .

Refer to note 1.4 in the Group consolidated financial statements for a summary of estimates and assumptions or judgements applied.

## 1.5 Fair value measurement

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### **ACCOUNTING POLICIES**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### **Fair value disclosures**

Management has assessed that the fair values of cash and short-term deposits, other receivables, trade and other payables approximate to their carrying amounts largely due to the short-term maturities of these instruments and the current risk free interest rates. The fair value of borrowings is also considered to approximate carrying values as the interest rates are floating.

## 2.1 Revenue

### ACCOUNTING POLICIES

#### Revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company 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 recognised over-time to the extent the Company's performance does not create an asset with an alternative use to the Company and the Company 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 are recognised 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 recognised over-time as the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs.

The Company's revenue from contracts with customers has been disaggregated and presented in the tables below:

<b>Per area of operation:</b>	<b>2023</b>	<b>2022</b>
Flight Services*	12 312 681	13 184 961
<b>Total</b>	<b>12 312 681</b>	<b>13 184 961</b>

\*Out of a total revenue of EUR 12 312 681 is EUR 3 927 694 Other operating income where EUR 3 557 694 are related to insurance settlement.

Segment Overhead have not contributed to revenue in 2023 or 2022.

<b>Per geographic market:</b>	<b>2023</b>	<b>2022</b>
Norway	338 253	2 853 553
France	23 688	2 084 655
Spain	3 750 671	2 162 079
Germany	522 516	1 527 106
Estonia	4 980 778	1 460 503
Finland	359 056	839 211
Portugal	667 146	475 695
Romania	13 098	57 519
Lithuania	-	-25 000
Other	1 657 476	1 749 641
<b>Total</b>	<b>12 312 681</b>	<b>13 184 961</b>

### Change in Reportable Segment

For the financial year 2023, the Company have changed the composition of its reportable segments to align with the new strategy which simplifies the business. The new Group strategy and focus involves a clear distinction from both a geographical and business perspective.

The old reportable segments are no longer deemed applicable as the business and strategy have changed.

Re-defining reporting segments is a natural step from the previous reporting segments due to the strategic changes and will make for better decision making and market communication.

The segment information for the year 2022, has been restated to reflect this new segmentation. There are no difference in measurement of the reportable segments before or after the change.

<b>Per area of operation:</b>	<b>2022</b>
Nordun	10 677 980
NUTech	723 326
Numar	212 745
NUGlobal	1 569 331
Overhead	1 579
<b>Total</b>	<b>13 184 961</b>



## 2.2 Employee benefit expenses

### ACCOUNTING POLICIES

Employee benefit expenses comprise all types of remuneration to personnel employed by the Company (ie. not contracted manpower) and are expensed when earned. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis. Other employee expenses consist of other benefits such as insurance, telephones and remuneration to the Board of Directors.

### Pensions

Nordic Unmanned ASA has defined contribution pension plans for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenstepensjon").

A total of 72 employees were part of the Company's pension plan at 31.12.23.

Contributions are made to the pension insurance plans and the related expenses are charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, the company has no further pension payment obligations.

<b>Employee benefit expenses</b>	<b>2023</b>	<b>2022</b>
Salaries	5 741 337	8 678 686
Social security costs	1 116 679	1 318 131
Share-based payments	-	443 069
Social security costs Share-based payments	176 411	-170 200
Pension costs	178 750	184 238
Capitalized assets and work in progress	-	-1 279 882
Hired Personnel*	1 281 618	977 742
Other employee expenses	89 025	340 098
<b>Total employee benefit expenses</b>	<b>8 583 820</b>	<b>10 491 883</b>
Average number of full time employees (FTEs)*	72	108

\*Personnel Expense include short term hired crew personnel. These are not included in the number of FTE's.

At the end of the reporting period, members of the Board and management held shares and share options in Nordic Unmanned ASA. For information on remuneration to Management and the Board of Directors, including also disclosures on shares and share held, see note 7.1.

### Employee share program

The company has a share purchase program for all employees, including senior executives. No new awards were granted in 2023 or 2022. The shares in the 2020 and 2021 programs were offered at a 30 percent discount and are subject to a three-year lock-up during which employees are not allowed to sell the shares.

Management has been awarded shares and stock options in 2023.

## 2.3 Operating expenses

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### ACCOUNTING POLICIES

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Company in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of materials, employee benefit expenses, depreciation and amortisation.

<b>Other operating expenses</b>	<b>2023</b>	<b>2022</b>
Audit and accounting fees	707 542	687 541
Insurance expenses	1 168 956	934 800
Lease expenses	503 178	673 154
Legal expenses	1 543 787	716 967
Other consulting fees	1 388 762	2 068 162
Other operating expenses	2 366 767	334 096
Training expenses	1 203 217	1 966 400
Travel expenses	1 291 208	1 610 515
<b>Total other operating expenses</b>	<b>10 173 417</b>	<b>8 991 635</b>

<b>Auditor fees</b>	<b>2023</b>	<b>2022</b>
Audit fee	392 736	145 174
Other services	96 737	50 157
<b>Total remuneration to the auditor</b>	<b>489 473</b>	<b>195 331</b>

### Audit fee:

The amounts above are excluding VAT.

## 2.4 Inventory

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### ACCOUNTING POLICIES

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

	<b>2023</b>	<b>2022</b>
Work in progress and materials	1 239 064	943 259
Finished goods	667 138	974 447
Provision for obsolescence	-590 537	-590 537
<b>Total</b>	<b>1 315 665</b>	<b>1 327 168</b>

During 2023, the company have not recognised any expenses for inventories carried at net realisable value (2022: EUR 1 million recognised as cost of sales).

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

## 2.5 Receivables

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### ACCOUNTING POLICIES

#### Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional.

#### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

	<b>2023</b>	<b>2022</b>
Trade receivables from third-party customers	108 578	319 201
VAT receivable	90 876	134 919
Contract asset	128 225	674 332
Pre-paid suppliers	758 409	809 856
Other receivable*	1 147 775	1 505 185
<b>Total current receivables</b>	<b>2 233 864</b>	<b>3 443 493</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.  
For terms and conditions relating to related party receivables, refer to Note 7.2.

\* Other receivable contains rewarded insurance claims for total loss of assets. Awaiting payments of 1,1 MEUR in 2024 (1,5 MEUR in 2023).

#### Expected credit loss

The company does not expect credit loss of current outstanding receivables. The company's main customers are government institutions based on contracts. There are no ongoing disputes.

## 2.6 Provisions

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### **ACCOUNTING POLICIES**

Provisions are liabilities with uncertain timing or amount and are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the balance sheet date, that is, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party. Social security provisions related to the share based payments are made based on the social security contributions expected to be paid on exercise of the share options when the options are fully vested.

A provision is made and calculated based on management's assumptions at the time the provision is made and is updated as and when new information becomes available. All provisions are reviewed at the end of each reporting period.

### **Other commitments and contingencies**

Contingent liabilities are not recognised in the financial statements. Significant contingent liabilities are disclosed, with the exception of contingent liabilities where the possibility of an outflow of economic resources is considered remote.

Contingent assets are not recognised in the financial statements but are disclosed when an inflow of economic benefits is considered probable. The Company has no contingent assets or liabilities that meet the criteria for disclosure.

### **Other commitments**

The Company did not provide guarantees to or on behalf of third parties or related parties. The Company has no other significant commitments to disclose.

## 2.7 Payables

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### ACCOUNTING POLICIES

Trade and other payables are liabilities, i.e. present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment). Trade payables consist of invoices for goods and services where the Company has received the significant risks and rewards of ownership as of 31.12.

Trade and other payables are measured at fair value upon initial recognition and subsequently at amortised cost. Trade and other payables are expected to be settled within the normal operating cycle within twelve months after the reporting period.

	<b>2023</b>	<b>2022</b>
Trade payables	1 945 854	1 917 465
<b>Trade payables</b>	<b>1 945 854</b>	<b>1 917 465</b>
Accrued salaries	1 069 388	1 367 033
Short term contingent consideration acquisition of shares	-	-209 304
Other accrued expenses	498 207	569 909
<b>Other current liabilities</b>	<b>1 567 595</b>	<b>1 727 638</b>

### 3.1 Property, plant and equipment

#### ACCOUNTING POLICIES

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 Company assesses, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's 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.

No indicators for impairment of property, plant and equipment were identified in the current or prior period.

Assets under construction include assets that have not yet been fully delivered and accepted by the Company at the reporting date. The construction and delivery time of these systems are normally in the range of 6-12 months and will be transferred to Aircrafts and spareparts upon delivery and final acceptance test. No depreciation charge are recognized towards assets under construction.

#### Impairment

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 per year end. 2023 reflects impairment of EUR 1.5 million related to operational assets, and EUR 1.3 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 CGU has been re-defined in 2023 along with new segments and are not comparable with assumptions made in previous period.

The key assumptions used in the estimation of the recoverable amount are set out below. 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 40% and pre-tax market interest of 7,5%.

Forecasted revenue and budgeted EBITDA was estimated considering experience and future considerations. Projected period is 9 years before reaching steady state.

The terminal value does not include growth.

Assumptions for projected revenue is reliant on the Group's strategy and being awarded new contracts to already existing contracts (or similar) in the coming years.

The EBITDA margin used in the analysis takes into consideration the reduction in personnel and other operating costs implemented in Flight Services and Group in Q1 2024.

Following to impairment loss recognised in Flight Services, the recoverable amount was higher than the carrying amount.

An EBITDA margin reduced by 5% will not result in an impairment change (ceteris paribus).

	Fixtures, fittings and tools	Aircraft and spareparts	Assets under construction	Total
<b>Cost as at 31 December 2022</b>	<b>1 855 582</b>	<b>22 185 809</b>	<b>452 903</b>	<b>24 494 293</b>
Additions	8 783	2 311 744	2 555 205	4 875 732
Transfer	-	2 947 452	-2 947 452	-
Disposals*	-	-3 610 797	-	-3 610 797
<b>Cost as at 31 December 2023</b>	<b>1 864 365</b>	<b>23 834 208</b>	<b>60 655</b>	<b>25 759 228</b>
<b>Depreciation and impairment as at 31 December 2022</b>	<b>903 088</b>	<b>3 298 252</b>	<b>-</b>	<b>4 201 340</b>
Depreciation for the year	349 013	2 288 999	-	2 638 012
Impairment	-	2 791 832	-	2 791 832
Disposals	-	-2 044 006	-	-2 044 006
<b>Depreciation and impairment as at 31 December 2023</b>	<b>1 252 101</b>	<b>6 335 077</b>	<b>-</b>	<b>7 587 178</b>
<b>Net book value:</b>				
<b>At 31 December 2022</b>	<b>952 494</b>	<b>18 887 557</b>	<b>452 902</b>	<b>20 292 952</b>
<b>At 31 December 2023</b>	<b>612 264</b>	<b>17 499 131</b>	<b>60 655</b>	<b>18 172 050</b>

Economic life (years)

Depreciation plan

3-5

Straight-line method

5-10

Straight-line method

No depreciation

## 3.2 Intangible assets

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### ACCOUNTING POLICIES

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 the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

### Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

### Patents and licences

The company has, directly as well as through acquisitions of other entities, acquired patents and licences and allocated value to these in the balance sheet. The patents have generally been granted for an original period of 10 years by the relevant government agency. The licences are assessed to have economic lives from five to ten years from origination.

### Impairment and key assumptions

Impairment triggers have been identified relate 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 per year end. Based on the impairment tests, impairment has not been recognised in the Development or Concessions, patents and licenses category as at 31 December 2023.

The recoverable amount of CGU was based on fair value estimated using discounted cash flows.

The CGU has been re-defined in 2023 along with new segments and are not comparable with assumptions made in previous period.

The key assumptions used in the estimation of the recoverable amount are set out below. 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 40% and pre-tax market interest of 7,5%.

Forecasted revenue and budgeted EBITDA was estimated considering experience and future considerations. Projected period is 9 years before reaching steady state. The terminal value does not include growth.

Assumptions for projected revenue is reliant on the Group's strategy and being awarded new contracts to already existing contracts (or similar) in the coming years.

The EBITDA margin used in the analysis takes into consideration the reduction in personnel and other operating costs implemented in Flight Services and Group in Q1 2024.

Following to impairment loss recognised in Flight Services, the recoverable amount was higher than the carrying amount. An EBITDA margin reduced by 5% will not result in an impairment change (ceteris paribus).



	Development	Concessions, patents and licenses	Total
<b>Cost as at 31 December 2022</b>	<b>3 548 029</b>	<b>1 548 716</b>	<b>5 096 744</b>
Additions	17 659	16 068	<b>33 727</b>
Reversed impaired cost	-159 911	-	<b>-159 911</b>
Disposals	-	-	-
<b>Cost as at 31 December 2023</b>	<b>3 405 777</b>	<b>1 564 784</b>	<b>4 970 560</b>
<b>Depreciation and impairment as at 31 December 2022</b>	<b>2 812 109</b>	<b>226 545</b>	<b>3 038 654</b>
Depreciation for the year	467 472	106 059	<b>573 531</b>
Reversed impairment cost	-159 911	-	<b>-159 911</b>
Impairment for the year	-	-	-
Disposals	-	-	-
<b>Depreciation and impairment as at 31 December 2023</b>	<b>3 119 670</b>	<b>332 604</b>	<b>3 452 274</b>
<b>Net book value:</b>			
<b>At 31 December 2022</b>	<b>735 920</b>	<b>1 322 170</b>	<b>2 058 090</b>
<b>At 31 December 2023</b>	<b>286 107</b>	<b>1 232 179</b>	<b>1 518 286</b>

Economic life (years)

5-10

5-10

Depreciation plan

Straight-line method

Straight-line method

### 3.3 Right-of-use assets and lease liabilities

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#### ACCOUNTING POLICIES

At inception of a contract, The company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- The supplier does not have a substantive right to substitute the asset throughout the period of use
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the decision-making rights that are most relevant to changing how and for what purpose the asset is used throughout the contract period

#### Nordic Unmanned as a lessee

At the commencement date, the company recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets (with an underlying value of less than 5 thousand EUR)

For these leases, the company recognises the lease payments as operating expenses in the consolidated statement of comprehensive income.

#### *Measuring the lease liability*

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

The lease payments included in the measurement comprise:

- Fixed lease payments, less any lease incentives received
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The company presents its lease liabilities as separate line items in the consolidated statement of financial position.

#### *Measuring the right-of-use asset*

The right-of-use asset is initially measured at cost. The cost of the right-of-use asset includes the corresponding amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date and initial direct costs incurred.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 3.1). The right-of-use asset is depreciated from the commencement date to the earlier of the lease term and the remaining useful life of the right-of-use asset. Depreciation is calculated on a straight-line basis.

The Company presents its right-of-use assets as separate line items in the consolidated statement of financial position.

#### Nordic Unmanned's leased assets

The company has lease agreements for office buildings located in Sandnes, Norway. The Company is also leasing cars.

The Company's right-of-use assets recognised in the consolidated statement of financial position are presented in the table below:

## Right-of-use assets

	Vehicles	Office Buildings	Total
<b>Acquisition cost at 31 December 2022</b>	<b>81 238</b>	<b>1 308 864</b>	<b>1 390 102</b>
Additions of right-of-use assets	36 223	-	36 223
Currency translation effects	-	-	-
<b>Acquisition cost at 31 December 2023</b>	<b>117 462</b>	<b>1 308 864</b>	<b>1 426 325</b>
<b>Depreciation and impairment at 31 December 2022</b>	<b>60 576</b>	<b>471 897</b>	<b>532 473</b>
Depreciation of right-of-use assets	39 596	138 787	178 383
Currency translation effects	-	99 221	-
<b>Depreciation and impairment at 31 December 2023</b>	<b>100 172</b>	<b>709 906</b>	<b>710 857</b>
<b>Carrying amount at 31 December 2022</b>	<b>20 662</b>	<b>836 966</b>	<b>857 628</b>
<b>Carrying amount at 31 December 2023</b>	<b>17 290</b>	<b>598 958</b>	<b>616 247</b>
Remaining lease term or remaining useful life	2-5	2-8	
Depreciation plan		Straight-line method	

## The Company's lease liabilities

Undiscounted lease liabilities and maturity of cash outflows	2023	2022
Less than one year	200 528	203 722
One to two years	182 216	200 343
Two to three years	182 216	194 810
Three to four years	182 216	389 620
More than four years	37 227	169 673
<b>Total undiscounted lease liabilities</b>	<b>784 403</b>	<b>1 158 169</b>

### Changes in the lease liabilities - 2022

	Total
<b>At 1 January 2022</b>	<b>1 087 843</b>
New leases recognised during the period	
Cash payments for the principal portion of the lease liability	-197 159
Interest expense on lease liabilities	46 255
Currency translation effects	17 611
<b>Total lease liabilities at 31 December 2022</b>	<b>954 549</b>
Current lease liabilities in the statement of financial position	306 839
Non-current lease liabilities in the statement of financial position	647 710

### Changes in the lease liabilities - 2023

	Total
<b>At 1 January 2023</b>	<b>954 549</b>
New leases recognised during the period	36 223
Cash payments for the principal portion of the lease liability	-188 929
Interest expense on lease liabilities	37 139
Currency translation effects	-124 247
<b>Total lease liabilities at 31 December 2023</b>	<b>714 734</b>
Current lease liabilities in the statement of financial position	171 930
Non-current lease liabilities in the statement of financial position	542 804

**Lease commitments not included in the lease liabilities***Inflation adjustments*

In addition to the lease liabilities presented above, the Company is committed to pay variable lease payments for its office buildings, mainly related to future inflation adjustments which is not included in the initial calculation of lease liabilities. The lease liability and right-of-use asset will be adjusted to reflect the inflation adjustment when the uncertainty related to the adjustment has been resolved, however, these adjustments are expected to be immaterial.

*Extension and termination options*

The company has some lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the company's business needs. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Company did not include the renewal period for leases as part of the lease term because management were not reasonably certain to exercise the option to renew the leases. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

*Other matters*

The company's leases does not contain provisions or restrictions that impacts that company's dividend policies or financing possibilities. Further, the company does not have significant residual value guarantees related to its leases.

## 4.1 Financial instruments

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### ACCOUNTING POLICIES

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Classification of financial instruments

The Company's financial instruments are grouped in the following categories:

##### Financial Assets

- Financial assets measured subsequently at amortised cost: Includes mainly trade receivables, other receivables and cash equivalents
- Financial assets measured subsequently at fair value through profit or loss: Includes other current financial assets

With the exception of other current financial assets, the Company's financial assets are part of the Company's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortised cost.

##### Financial Liabilities

- Financial liabilities measured subsequently at amortised cost: Represent the Company's non-interest bearing liabilities such as trade payables, and borrowings, see note 4.2.

The Company does not have derivative financial instruments measured at fair value. All financial assets and liabilities are measured subsequently at amortised cost, with the exception of other current financial assets measured at fair value.

#### Initial recognition and subsequent measurement

##### *Financial assets and liabilities at amortised cost*

The Company's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortised cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment, when the instruments are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The amortisation is included as finance costs in the consolidated statement of comprehensive income.

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are recognised at fair value and carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

##### *Impairment of financial assets*

Financial assets measured at amortised cost are considered for impairment by recognising an allowance for expected credit losses (ECLs). The Company applies a simplified approach (as applicable for trade receivables) in calculating ECLs, where the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors and the economic environment. See note 4.3 for further information related to management of credit risk.

##### *Derecognition of financial instruments*

A financial asset is derecognised when the rights to receive cash flows from the asset have expired, the Company has transferred its rights to receive cash flows from the asset or the Company has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of comprehensive income.

#### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

<b>2023</b>	<b>Notes</b>	<b>Financial instruments at amortised cost</b>	<b>Financial instruments at fair value through profit or loss</b>	<b>Total</b>
<b>Assets</b>				
Trade and other receivables	2.5	2 233 864		2 233 864
Cash and cash equivalents	4.5	651 243		651 243
<b>Total financial assets</b>		<b>2 885 107</b>	<b>-</b>	<b>2 885 107</b>
<b>Liabilities</b>				
Trade payables	2.7	1 945 854		<b>1 945 854</b>
Accruals	2.7	1 567 595		<b>1 567 595</b>
Liabilities to related parties	7.2	1 401 834		<b>1 401 834</b>
Contingent consideration - non-current			2 025 000	<b>2 025 000</b>
Interest bearing loans and borrowings non-current	4.2	14 634 142		<b>14 634 142</b>
<b>Total financial liabilities</b>		<b>19 549 426</b>	<b>2 025 000</b>	<b>21 574 426</b>

<b>2022</b>	<b>Notes</b>	<b>Financial instruments at amortised cost</b>	<b>Financial instruments at fair value through profit or loss</b>	<b>Total</b>
<b>Assets</b>				
Trade and other receivables	2.5	319 201		319 201
Cash and cash equivalents	4.5	415 176		415 176
<b>Total financial assets</b>		<b>734 377</b>	<b>-</b>	<b>734 377</b>
<b>Liabilities</b>				
Trade payables	2.7	1 917 465		1 917 465
Accruals	2.7	1 936 942		1 936 942
Liabilities to related parties	7.2	1 021 065		1 021 065
Contingent consideration - current	2.7		-209 304	-209 304
Contingent consideration - non-current			2 025 000	2 025 000
Interest bearing loans and borrowings current		2 673 760		2 673 760
Interest bearing loans and borrowings non-current		9 345 168		9 345 168
<b>Total financial liabilities</b>		<b>16 894 401</b>	<b>1 815 696</b>	<b>18 710 097</b>

There are no changes in classification and measurement for the company's financial assets and liabilities.

Finance income and finance costs arising from the company's financial instruments are disclosed separately in note 4.6.

All financial instruments measured at amortised cost are assumed to have a fair value not significantly different from the carrying amount as they are either short term or have a short term interest rate fixing period.

## 4.2 Maturity of financial liabilities

Contractual undiscounted cash flows from financial liabilities is presented below:

31.12.2023	Remaining contractual maturity						Total
	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Financial liabilities</b>							
Interest bearing loans and borrowings*	694 533	1 923 979	2 675 300	4 236 457	8 348 809	73 373	17 952 451
<b>Total financial liabilities</b>	<b>694 533</b>	<b>1 923 979</b>	<b>2 675 300</b>	<b>4 236 457</b>	<b>8 348 809</b>	<b>73 373</b>	<b>17 952 451</b>

31.12.2022	Remaining contractual maturity						Total
	1-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
<b>Financial liabilities</b>							
Interest bearing loans and borrowings	3 150 487	3 065 274	2 933 553	2 328 864	2 021 747	-	13 499 924
<b>Total financial liabilities</b>	<b>3 150 487</b>	<b>3 065 274</b>	<b>2 933 553</b>	<b>2 328 864</b>	<b>2 021 747</b>	<b>-</b>	<b>13 499 924</b>

Reconciliation of changes in liabilities incurred as a result of financing activities:

2023 Interest bearing loans and borrowings	01.01.2023	Cash flow effect	Non-cash changes			31.12.2023
			Foreign exchange movement	Other changes		
SR-bank	9 677 007	2 748 787				12 425 794
Innovasjon Norge	2 341 921	-286 499	152 926			2 208 349
<b>Total liabilities from financing</b>	<b>12 018 928</b>	<b>2 462 288</b>	<b>152 926</b>	<b>-</b>	<b>-</b>	<b>14 634 143</b>

2022 Interest bearing loans and borrowings	01.01.2022	Cash flow effect	Non-cash changes			31.12.2022
			Foreign exchange movement	Other changes		
SR-bank	8 885 735	791 272				9 677 007
Innovasjon Norge	550 617	1 623 450	167 855			2 341 921
<b>Total liabilities from financing</b>	<b>9 436 352</b>	<b>2 414 721</b>	<b>167 855</b>	<b>-</b>	<b>-</b>	<b>12 018 928</b>

Credit facilities - utilised and unused amount	2023	2022
Drawn amount credit facility	-	-
Undrawn amount credit facilities	3 542 722	4 975 971

Booked value of assets pledged as collateral for liabilities to financial institutions	2023	2022
Fixed assets	18 788 298	21 150 582
Inventory	1 315 665	785 058
Account receivable	108 578	319 201
Investments	9 887 037	2 145 220

\* The Company restructured long-term debt for a 5-year term, which included an amortization holiday to September 2025, interest accumulation until June 2024 and a margin reduction from 5% to 3.5%. The Group has in May 2024 entered into a term sheet with its secured bank lenders to increase the share capital through conversion of debt equal to EUR 5.17 million.

Financial covenants under the new loan agreement 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.

On 16 February 2024, Nordic Unmanned ASA secured additional short-term liquidity of EUR 2 million, in the form of a loan agreement with existing lenders to be repaid in August 2024.

The weighted average effective interest rate on interest-bearing liabilities was 7,7%.

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" is presented including expected interest based of latest know applicable interest rate.

## 4.3 Financial risk management

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### **Overview**

The Company's principal financial liabilities, comprise liabilities to financial institutions and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Company seeks to minimise potential adverse effects of such risks through sound business practise, risk management and hedging.

Risk management is based on the principle that risk evaluation is an integral part of all business activities. The Company has established policies and procedures to manage risk and to face risks and uncertainties in a global marketplace.

For an overview and description of the financial risk management, see note 4.3 in the Consolidated financial statements for the Group.



## 4.4 Equity and shareholders

### ACCOUNTING POLICIES

#### Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share premium.

#### Costs related to equity transactions

Transaction costs are deducted from equity, net of associated income tax.

#### Distribution to shareholders

The Company recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the company. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

The annual financial statement can be obtained from the Group's head office, Rådhusgata 3, 4306 Sandnes Norway, or through the company's website: <https://nordicunmanned.com/>

No distributions were made to shareholders in the current or prior period.

#### Capital management

For the purpose of the Company's capital management, capital includes issued ordinary share capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 20% and 40%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits.

#### Issued capital and reserves:

	Number of shares authorised and fully paid	Par value per share (NOK)	Financial Position (EUR)
<b>Share capital in Nordic Unmanned ASA</b>			
<b>At 31 December 2022</b>	<b>42 463 845</b>	<b>1,000</b>	<b>4 192 396</b>
Issue of shares	1 614 238	1,000	147 541
Issue of shares	154 968 705	0,500	2 166 294
<b>At 31 December 2023</b>	<b>199 046 788</b>	<b>0,500</b>	<b>6 506 231</b>

All shares are ordinary and have the same voting rights and rights to dividends.

Reconciliation of the Company's equity is presented in the statement of changes in equity.

## 4.5 Cash and cash equivalents

### ACCOUNTING POLICIES

Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits. Restricted bank deposits comprise of cash for withholding taxes which may not be used for other purposes.

<b>Cash and cash equivalents</b>	<b>2023</b>	<b>2022</b>
Bank deposits, unrestricted	383 508	36 148
Bank deposits, restricted	267 735	379 028
<b>Total cash and cash equivalents</b>	<b>651 243</b>	<b>415 176</b>

Bank deposits earns a low interest at floating rates based on the bank deposit rates.

## 4.6 Financial income and expenses

### ACCOUNTING POLICIES

Interest income and interest expenses are calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance costs, except for currency translation effects from investments in foreign subsidiaries which are presented within OCI. For other accounting policies related to the underlying financial instruments, reference is made to note 4.1.

Interest costs on lease liabilities represents the interest rate implicit in the lease, or the incremental borrowing rate used to measure the lease liabilities recognised in the statement of financial position, for further disclosures see note 3.2.

<b>Finance income</b>	<b>2023</b>	<b>2022</b>
Interest income	136 480	12 045
Other finance income	4 201	528 577
Gain on foreign exchange	1 970 020	686 125
<b>Total finance income</b>	<b>2 110 701</b>	<b>1 226 747</b>

<b>Finance costs</b>	<b>2023</b>	<b>2022</b>
Interest expenses	1 331 032	733 974
Interest expense on lease liabilities	37 139	46 255
Other finance costs	816 623	96 434
Loss on foreign exchange	1 309 145	859 884
<b>Total finance costs</b>	<b>3 493 939</b>	<b>1 736 547</b>

Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on overdue payables, measured and classified at amortised cost in the statement of financial position.

Other finance income is related to income from other current financial assets.

## 4.7 Share based payments

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### **Share option plan - Description**

Under the Share Option Plan (SOP), share options of the parent are granted to management and key employees.

The exercise price of the share options is generally set equal to the market price of the underlying shares on the date of grant, but from time to time awards are made with an exercise price significantly lower than the share price. The share options were granted on the 1 December 2019, 15 December 2020 and 19 November 2021 and are split into tranches that generally vest over two or three years.

The share options can be exercised up to five years after the grant date and expire approximately four years from the balance sheet date 31 December 2021. The Group settles the share options by delivery of shares. Share options held by management at the end of the reporting period are summarised in note 7.1.

The fair value of the options were determined at the grant dates and expensed over the vesting period. EUR 173 thousand have been expensed as employee benefit expenses and EUR 2 thousand of social security charges have been expensed in the period (employee expenses of EUR 443 thousand and social security charges of EUR 170 thousand were expensed in 2022).

## 5.1 Taxes

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### ACCOUNTING POLICIES

#### *Current income tax*

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in equity (OCI) and not in the statement of profit or loss.

#### *Deferred tax*

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Company has EUR 46 million as at 31.12.2023 (EUR 28 million as at 31.12.2022) of tax losses carried forward. The tax losses carried forward may be offset against future taxable income and will not expire. Due to significant uncertainty as to when the related deferred tax assets may be recovered, no deferred tax assets have been recognised as at year end 2023.

<b>Current income tax expense:</b>	<b>2023</b>	<b>2022</b>
Tax payable	-	-
Change deferred tax/deferred tax assets (ex. OCI effects)	-	3 499 706
<b>Total income tax expense</b>	<b>-</b>	<b>3 499 706</b>

<b>Deferred tax assets:</b>	<b>2023</b>	<b>2022</b>
Trade receivables	13 555	-
Other short-term receivables	-	-
Inventory	590 564	570 859
Lease liabilities	714 734	954 549
Public duties payable	-	-
Other current liabilities	-	-
Losses carried forward	45 734 059	28 272 671
<b>Basis for deferred tax assets:</b>	<b>47 052 911</b>	<b>29 798 079</b>

<b>Deferred tax liabilities</b>	<b>2023</b>	<b>2022</b>
Development Concessions, patents, licenses	-	-
Property, plant and equipment	4 837 353	4 562 536
Right-of-use assets	616 247	857 628
<b>Basis for deferred tax liabilities</b>	<b>5 453 601</b>	<b>5 420 164</b>

<b>Net basis for deferred tax liabilities/(-assets)</b>	<b>-41 599 311</b>	<b>-24 377 915</b>
<b>Net basis for deferred tax liabilities/(-assets) at 22% tax rate</b>	<b>-41 599 311</b>	<b>-24 377 915</b>
Calculated net deferred tax assets	-9 151 848	-5 363 141
- Deferred tax assets not recognised	9 151 848	5 363 141
<b>Net deferred tax assets recognised</b>	<b>-</b>	<b>-</b>

**Calculated deferred tax liabilities**

<b>Deferred tax liabilities recognised in the statement of financial position</b>	<b>-</b>	<b>-</b>
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<b>Deferred tax assets recognised in the statement of financial position</b>	<b>-</b>	<b>-</b>
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A reconciliation of the differences between the theoretical tax expense under the applicable rate and the actual tax expense is as follows:

<b>Reconciliation of income tax expense</b>	<b>2023</b>	<b>2022</b>
<b>Profit or loss before tax</b>	<b>-15 718 410</b>	<b>-15 080 695</b>
Tax expense 22%	-3 458 050	-3 317 753
Change to prior period tax expense	-	-
Permanent differences*	1 250 736	-148 693
Currency effects	-	983 000
Effect of not recognising deferred tax assets	2 207 314	5 983 152
<b>Recognised income tax expense</b>	<b>0</b>	<b>3 499 706</b>

\* The permanent differences are primarily transaction costs related to share issues which have been recognised against share premium.

## 6.1 Subsidiaries and associated companies

### ACCOUNTING POLICIES

#### Shares in subsidiaries

Shares in subsidiaries are accounted for using the cost method in accordance with IAS 27 *Separate Financial Statements*. Dividends from subsidiaries are recognised when the right to receive the dividend is established. The dividend is recognised in profit or loss.

#### The subsidiaries:

On 13th September 2023, Nordic Unmanned ASA divested all shares in Ecoxy AS.

On the 16th of June 2022, Nordic Unmanned acquired 55% percentage of the shares in DroneMatrix NV, a leading drone technology company in Belgium, and with the right and obligation to acquire the remaining 45% within 3 years after the date of the transaction. The total consideration paid was EUR 2.5 million whereof 1.5 million were an equity issue in the company and EUR 1 million was share purchase.

On 14 October 2021, Nordic Unmanned acquired 100 percent of the shares in AirRobot GmbH, a leading German drone developer and manufacturer. The total consideration paid was EUR 5 358 157 and consisted of EUR 3 989 595, shares issued at fair value of EUR 747 805 and a contingent consideration of EUR 620 758.

The subsidiaries of Nordic Unmanned ASA are presented below:

Subsidiaries 31 December 2023	Office	CUR	Shareholding and voting ownership share	Book value	Equity (100%)	Profit/loss
AirRobot® GmbH & Co. KG	Arnsberg, Germany	EUR	100 %	5 325 490	972 744	896 805
AirRobot Beteiligungs GmbH	Arnsberg, Germany	EUR	100 %	49 057	1	-
DroneMatrix NV*	Hasselt, Belgium	EUR	55%*	4 500 000	1 000 544	-435 403
Nordic Unmanned DK ApS	Odense, Denmark	DKK	100 %	5 366	5 366	-
Nordic Unmanned Flight Services AS	Sandnes, Norway	NOK	100 %	2 536	2 536	-
Nordic Unmanned North America Group LLC	Baltimore, USA	USD	100 %	1	1	-
Nordic Unmanned North America LLC	Baltimore, USA	USD	92 %	1	-405 500	-394 787
Nordic Unmanned UK Ltd.	Birmingham, UK	GBP	100 %	1	-45 039	-106 374
NUAer AS	Sandnes, Norway	NOK	60 %	0	-394 865	-1 965 737
Nutech Holding AS	Sandnes, Norway	NOK	100 %	4 584	4 584	-
Omni Unmanned JV	Esch-sur-Alzette, Luxemburg	EUR	30 %	35 000	100 000	-67 812
<b>Total investment in subsidiaries</b>				<b>9 922 037</b>	<b>1 240 372</b>	<b>-2 073 308</b>

\* Nordic Unmanned ASA has an agreement to buy the remaining 45% of the non-controlling shareholder position within 3. Nordic Unmanned will after this hold 100% of DroneMatrix NV shares.

## 7.1 Remuneration to Management and the Board

### Remuneration to the Board of Directors

Remuneration for the members of the Board is determined by the Annual General Meeting (AGM). The remuneration is not linked to the company's performance but reflects the Board's responsibilities, expertise, time and commitment.

### Remuneration to the management team

The Board of Nordic Unmanned ASA determines the principles applicable to the company's policy for compensation to the management team. The Board is directly responsible for determining the CEO's salary and other benefits. The management team includes the Chief Executive Officer, Chief Operations Officer, Chief Finance Officer and, Chief Legal Officer.

#### Principles for determining salary

The main principle for determining salary for each executive management member has been a fixed annual salary, bonus, Stock Options, Employee Share Subscription program and with the addition of benefits in kind such as telephone and insurance. The fixed salary has been determined based on the following factors: competitive salary level, scope of work and responsibilities. Bonus is determined 50% based on business results and 50% based on individual goal achievement and performance.

#### Pension

The executive management members are part of the defined contribution pension scheme. In addition, the executive management members are part of a pension savings agreement with 6% defined contribution.

#### Other benefits

Members of the management team have been granted share options under the company's share option plan, described in note 4.8. The share options held by the management team is summarised further below. Members of the management team have been awarded the possibility to purchase stocks with 30% discount through the Employee Share Subscription Program made available to all employees as part of the private placement on September 29th, 2021. The members of the management team are part of a collective annuity agreement.

#### Severance Arrangements

If the CEO is terminated by the Board, he is entitled to severance pay of 12 months in addition to the ordinary notice period of 3 months. The severance pay shall be calculated based on the monthly pay the CEO receives at the time the termination is notified in writing and the monthly average bonus payment last 12 months.

#### Loans and guarantees

No loans or guarantees have been granted to any member of the management or the Board of Directors.

### Remuneration to the management team for the year ended 31 December 2023\*:

EUR	Position	Salary	Bonus	Pension	Other compensation	Total remuneration	Outstanding shares (number)	Outstanding share options (number)
	Stig Harry Christiansen	136 620	-	2 732	-	139 352	200 000	600 000
	Lars A. Landsnes	165 003	37 034	3 300	5 519	210 857	468 963	440 000
	Thomas Alexander Ladsten	138 790	42 686	2 776	5 519	189 772	365 915	275 000
	Arne Roland (Interim CEO)	123 035	-	-	-	123 035	-	200 000
	Knut Roar Wiig <sup>(1)</sup>	184 956	-	3 699	1 039	189 694	1 089 273	310 000
	Trond Østerhus	60 302	-	1 206	844	62 353	130 815	50 000
	Cecilie Drange	76 174	-	1 523	859	78 557	137 621	50 000
	Steffan Lindsø	61 729	-	1 235	817	63 781	9 027	-
	Katrine Elin Meldahl	66 295	-	1 326	853	68 474	66 328	-
<b>Total</b>		<b>1 012 905</b>	<b>79 720</b>	<b>17 797</b>	<b>15 453</b>	<b>1 125 875</b>	<b>2 467 942</b>	<b>1 925 000</b>

\*All remuneration to management is paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 11.42

\*\* Former CEO

\*\*\* Former CFO

\*\*\*\* Ended their position in Q2 2023

(1) Severance payments to former CEO amounts to EUR 246 590 and will be paid out through March 23 - June 24.

### Remuneration to the management team for the year ended 31 December 2022\*:

EUR	Position	Salary	Bonus	Pension	Other compensation	Total remuneration	Outstanding shares (number)	Outstanding share options (number)
	Knut Roar Wiig <sup>(1)</sup>	191 124	19 794	3 822	25 548	240 288	1 922 536	310 000
	Trond Østerhus	136 323	11 691	2 726	10 165	160 905	46 565	100 000
	Lars A. Landsnes	154 873	27 836	3 097	25 096	210 902	223 755	240 000
	Cecilie Drange	137 168	22 964	2 743	9 500	172 376	137 621	100 000
	Steffan Lindsø	116 007	5 799	2 320	9 357	133 484	9 027	50 000
	Thomas Alexander Ladsten	138 775	31 702	2 775	11 488	184 740	60 915	75 000
	Katrine Elin Meldahl	118 267	3 629	2 365	8 669	132 931	66 328	-
	Arne Roland (Interim CEO, 2023)	-	-	-	-	-	1 535	-
<b>Total</b>		<b>992 538</b>	<b>123 415</b>	<b>19 851</b>	<b>99 822</b>	<b>1 235 626</b>	<b>2 468 282</b>	<b>875 000</b>

\*All remuneration to management is paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 10.104

\*\* Former CEO

\*\*\* Former CFO

(1) Severance payments to former CEO amounts to EUR 246 590 and will be paid out through March 23 - June 24.

**Fees in 2023\***

<b>Name</b>	<b>Comments</b>	<b>Fee (EUR)</b>	<b>Total number of shares</b>
Astrid Skarheim Onsum	Chairperson of the Board from May 2023 to April 2024	79 024	33 333
Viggo Tjelta	Board member from November 2023 and Chairperson from April 2024	2 481	100 000 000
Snorre Haukali	Board member from November 2023	2 481	-
Siw Ødegaard	Board member and Chair of the Audit Committee from January 2023 to April 2024	14 885	200 000
Eirik Algård	Board member and member of the Audit Committee and Chair of the M&A Committee	26 341	2 573 827
Nils Johan Holte	Chairman of the Board from 2018 until May 2023	32 398	5 280
Jan Henrik Jelsa	Board member until October 2023	21 088	8 278 636
Andreas Christoffer Pay	Board member until October 2023	38 600	7 568
Natasha Friis Saxberg	Board member until May 2023	13 134	-
Roald Helgø	Deputy board member until May 2023	6 129	7 275 936
Karen Ohm Heskja	Chairperson of the Nomination Committee	6 129	-
<b>Total</b>		<b>242 690</b>	<b>118 374 580</b>

\* Fee to board members are paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 11.42

**Fees in 2022\***

<b>Name</b>	<b>Comments</b>	<b>Fee (EUR)</b>	<b>Total number of shares</b>
Nils Johan Holte	Chairman of the Board from 2018. Chair of the Remuneration Committee	21 774	105 282
Eirik Algård	Vice Chair from May 2021 until May 2022. Member of the Audit and Chair of the M&A Committee	18 804	887 329
Roald Helgø	Board member from 2019. Deputy board member from May 2021	4 949	2 278 636
Jan Henrik Jelsa	Board member from 2019. Member of the M&A Committee	11 877	2 278 636
Liv Annike Kverneland	Board member from September 2020 and Chair of the Audit Committee until October 2022	11 877	24 176
Andreas Christoffer Pay	Board member from May 2021. Member of the Audit Committee	11 877	2 281 221
Natasha Friis Saxberg	Board member from August 2021.	7 423	-
Karen Elisabeth Ohm Heskja	Chairperson of the Nomination Committee from February 2021	19 064	-
Kristin Sundsbø Aine	Deputy board member from September 2020 until August 2020.	13 690	-
Astrid Skarheim Onsum	Vice Chair from May 2022	-	33 333
<b>Total</b>		<b>121 336</b>	<b>7 888 613</b>

\* Fee to board members are paid in NOK and converted to EUR using a yearly average EUR/NOK-rate of 10.104



## 7.2 Related party transactions

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Related parties are major shareholders, members of the Board and management in the company and the subsidiaries. Note 6.1 provides information about the subsidiaries. Significant agreements and remuneration paid to management and the Board for the current and prior period is presented in note 7.1. Shares, share options held by management and the Board are also summarised in note 7.1.

All transactions with related parties are made based on the principle of arm's length terms.

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial period:

<b>Related party transactions in 2023 and balances at 31 December 2023</b>	<b>EUR</b>
Current trade and other receivable on related parties	3 266 034
Current trade and other payables to related parties	1 401 834
Income from related parties	313 055
Purchases from related parties*	503 720

\* Nordic Unmanned have bought services from Board Member Eirik Ålgårds private company, Ålgård Handel & Industri AS, in a agreement to provide the group with necessary historical revenue to bid for the OP46 contract with EMSA. A letter of intent were signed. Purchased services in 2023 were 0.2 MEUR.

<b>Related party transactions in 2022 and balances at 31 December 2022</b>	<b>EUR</b>
Current trade and other payables to related parties	2 797 136
Current trade and other payables to related parties	1 021 065
Income from related parties	136 569
Purchases from related parties*	2 730 580

\* Nordic Unmanned have bought services from Board Member Eirik Ålgårds private company, Ålgård Handel & Industri AS, in a agreement to provide the group with necessary historical revenue to bid for the OP46 contract with EMSA. A letter of intent were signed. Purchased services in 2022 were 0.07 MEUR.

## 7.3 Events after the reporting period

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### ACCOUNTING POLICIES

If the company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, the company will assess if the information affects the amounts that it recognises in the financial statements. The company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in the light of the new information. For non-adjusting events after the reporting period, the company will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

The Company agreed in February 2024 a short-term loan from the lenders with support from the main shareholder. This provides additional liquidity of up to EUR 2.0 million from March through summer 2024. This loan will be repaid in August 2024. The Company initiated in February 2024 a further cost reduction plan which will have an effect from Q2 2024.

The Company has in May 2024 entered into a term sheet with its secured bank lenders to increase the share capital through conversion of debt equal to EUR 5.17 million (the "Receivable"). The conversion of the Receivable is carried out as part of the Restructuring involving a share capital increase of approximately € 2.4 million in a private placement towards the main shareholder Tjelta Eiendom AS. The main shareholder has also agreed to guarantee the full subscription of an approximately € 2.4 million subsequent repair offering.

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.

There have been no significant non-adjusting events subsequent to the reporting date.

## 7.4 Going Concern

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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 Juni 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.

## 8.1 Changes in IFRS and new standards

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### **Standards issued but not yet effective**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are not expected to have a significant impact on the financial statements of the Company.



To the General Meeting of Nordic Unmanned ASA

## Independent Auditor's Report

### Qualified opinion

We have audited the financial statements of Nordic Unmanned ASA, which comprise:

- The financial statements of the parent company Nordic Unmanned ASA (the Company), which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Nordic Unmanned ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements of the parent company comply with applicable statutory requirements,
- the consolidated financial statements, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, comply with applicable statutory requirements,
- the financial statements of the parent company give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- the consolidated financial statements, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

### Basis for Qualified Opinion

The Group's inventory is recognized at 4 158 096 EUR in the statement of financial position. The Group management has not provided sufficient documentation over a part of the Inventory balance, amounting to 2 632 587 EUR. Consequently, we have not been able to obtain sufficient and appropriate audit evidence of the carrying amount of the inventories recognized in the balance sheet

Offices in:



at 2 632 587 EUR. We are unable to determine whether any adjustments to the Inventory balance and the corresponding Cost of goods sold is necessary.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' Code of International Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### Material Uncertainty Related to Going Concern

We draw attention to Note 7.4 in the financial statements, which states that negative results and cash flow are putting pressure on the Group's liquidity situation. Furthermore, it is stated in note 7.4 that the uncertainty related to the alternatives for the use of the drone fleet indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

#### Other Matters

The Company's financial statements have been submitted after the expiry of Euronext Growth Rule Book II deadline for preparation of financial statements.

#### Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report,

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate,



they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Stavanger, 20 June 2024

KPMG AS

Mads Hermansen  
*State Authorised Public Accountant*  
(This document is signed electronically)

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## Hermansen, Mads Aleksander

Partner

På vegne av: KPMG AS

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