

Q3 2024 Presentation

19th November 2024



Above all - we protect values and lives

NU GROUP™

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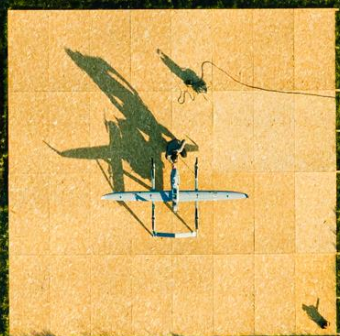
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Agenda

- Highlights
- Business update
- Financials
- Industry context
- Summary



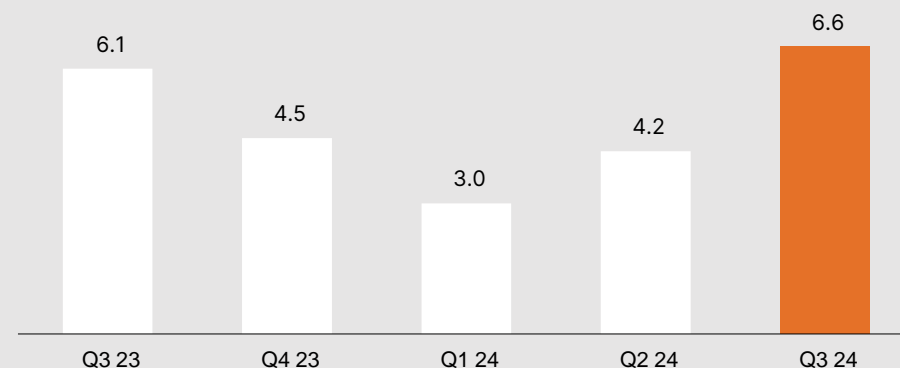
Highlights



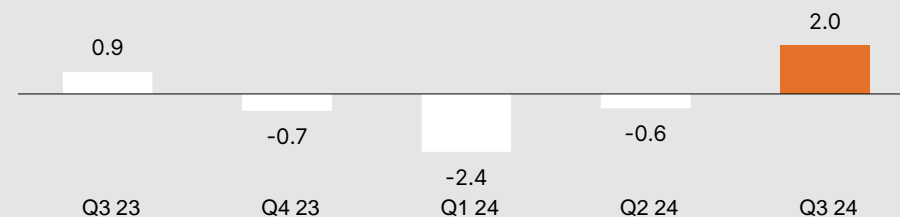
Highlights: Higher activity and strong EBITDA

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

Revenue EUR million



Adjusted EBITDA EUR million



Business update

Transition to a fresh start

Seeking consolidation for Flight Services and scale in Defense & Security

- **2024 is defined as a transition year** for the NU Group focusing on continued growth in the **OEM business (Defense and Security)** while **pursuing structural options for Flight Services**.
- Significant efforts have been made to cut costs, reduce debt, clarify strategy, seek improvements through turnaround activities and capitalize the company.
- Some of these activities continue in order to improve the company and operationalize the strategy, including preparing for a legal restructuring of the group to **ultimately create a holding company structure** with two separate strategic business segments, respectively;
 - A pureplay drone-as-a-service company (Flight Services) and a transitional shift from owning & operating assets to leasing & operating (or just operating) assets, implying an asset-light lower risk business model in the future
 - A pureplay OEM company focused on the Defence and Security sectors (AirRobot, DroneMatrix and NU UK), continuing the journey of technology validation, market acceptance and reach, while preparing for scale production
- It is anticipated that this will **add optionality** and provide a basis for a division of the company if and when that makes sense which **may open for separate consolidation and development opportunities** for the two segments.
- In sum the aim is to ensure strategic optionality **which may offer a more pure-play risk/reward and potentially attract different types of investor interest in the next instance**

NU Group - Two strategic business segments

Flight Services



Technology agnostic Drone-as-a-Service

Flight Services is a tech-agnostic drone-as-a-service operator providing time-critical actionable data to large corporate and governmental customers.

Flight Services is an experienced organisation delivering flight services at a high level and is one of the leading drone-as-a-service operators in the world.

Selected applications



OEM

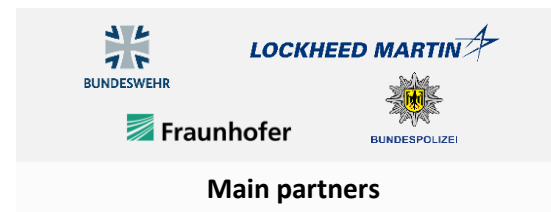
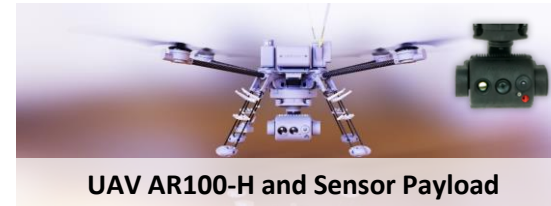


Leading OEMs for defence and surveillance applications

AirRobot is an OEM with a leading product platform in lightweight drones tailored for the "protect the defenders" niche in defense & security.

DroneMatrix is an OEM offering a fully integrated and autonomous drone system with proprietary AI assisted software for surveillance and provision of actionable data for security purposes.

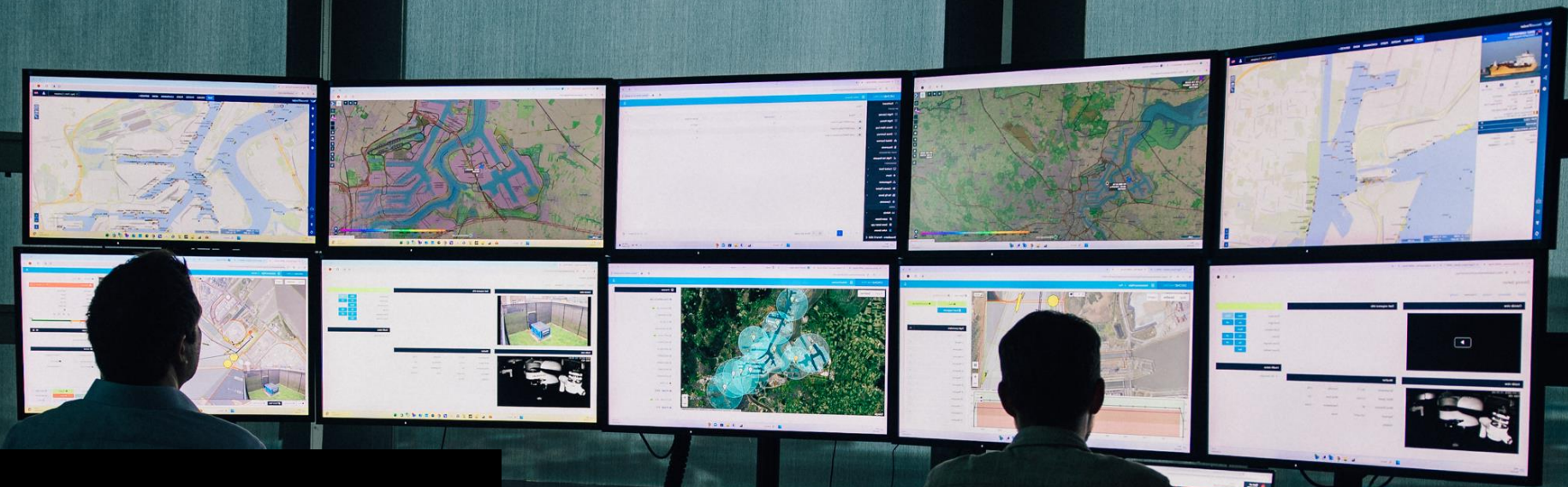
Key offering & partners



Key offering



Financials



Consolidated Income statement: Improved underlying performance

- Q3 2024 revenue and EBITDA positively affected by high activity and improved productivity in Flight Services operations, with the highest recorded flight hours in a single quarter
- Challenging quarter in AirRobot due to project delays and stop work order. Agreement now reached with client, stop work order has been lifted and deliveries expected to resume from Q1 2025
- Continued reduction in Personnel and Other operating expenses
- Q3 2024 Net losses affected by non-cash Impairments

<u>Unaudited figures in EUR '000</u>	<u>Q3 2024</u>	<u>Q3 2023</u>	<u>YTD 2024</u>	<u>YTD 2023</u>
Operating revenue	6 627	6 148	13 865	14 899
Adjusted EBITDA	1 978	930	-1 017	-1 638
EBITDA	1 094	930	-1 901	-4 487
EBIT	-6 600	-605	-13 596	-11 922
<u>Net financial items</u>	<u>-597</u>	<u>-726</u>	<u>-1 834</u>	<u>-1 364</u>
Income (loss) before tax	-7 197	-1 331	-15 430	-13 286
Net income (loss)	-7 212	-1 520	-15 490	-13 273

Consolidated Balance sheet

- Book equity 26%
- Available liquidity:
 - Group cash EUR 0.1 million
 - Undrawn overdraft facilities of EUR 1.3 million
- Impairments of EUR 6.3 million recorded in Q3 2024
- Restructuring steps in Q3 2024
 - Equity offering of NOK 47 million (EUR 4.1 million)
 - Conversion of NOK 60 million interest bearing debt to equity (EUR 5.2 million)
 - Debt write-off of NOK 10 million (EUR 0.9 million)
 - Interest payment postponed to Q2 2025
 - Instalment payments postponed to Q2 2026
 - Pre-agreed sharing of net proceeds in respect of sale of assets
- Capital raise in Q4 2024
 - NOK 45 million from private placement
 - NOK 10 million from repair offering

Unaudited figures in EUR '000	30 Sep 2024	30 Sep 2023	31 Dec 2023
Total fixed assets	21 455	35 707	30 750
Inventory and Receivables	7 735	7 393	8 541
Cash and cash equivalents	120	205	1 227
Total assets	29 310	43 304	40 519
Equity	7 735	11 655	13 920
Liabilities to financial institutions	10 798	2 984	17 311
Short term liabilities to financial institutions	4 312	19 704	3 513
Payables and other short-term liabilities	6 466	8 962	5 775
Total equity and liabilities	29 310	43 304	40 519

Consolidated Cash flow

Operating activities:

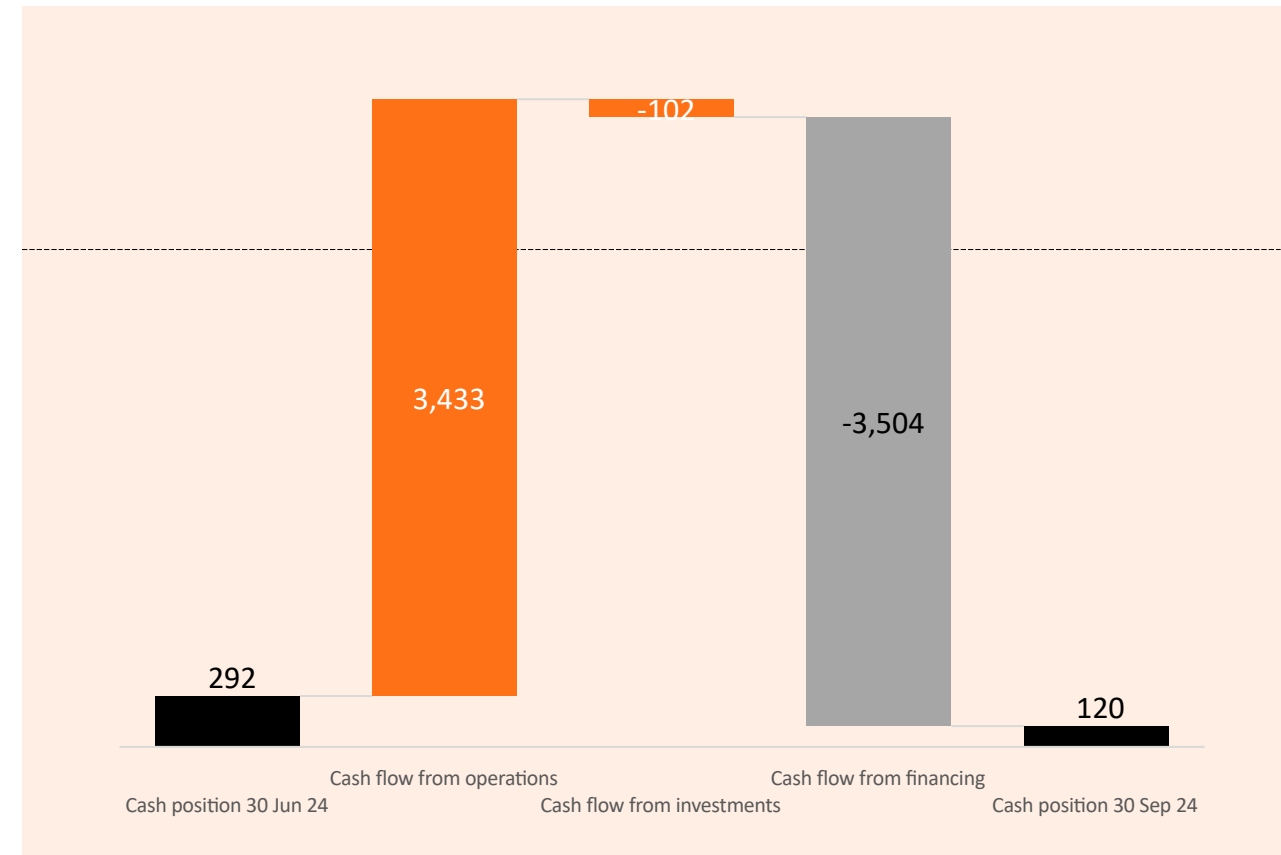
- Q3 2024 net cash flow from operating activities was EUR 3.4 million mainly due to high season for Flight Services.

Investing activities:

- Q3 2024 net cash flow from investing activities was negative EUR 0.1 million, mainly related to purchase of equipment for the ongoing flight season.

Financing activities:

- Net cash changes from financing was negative EUR 3.5 million, mainly related to the financial restructuring, debt conversion and debt forgiveness.



Business Segments



Flight Services



NU FLIGHTSERVICES™
PART OF NU GROUP

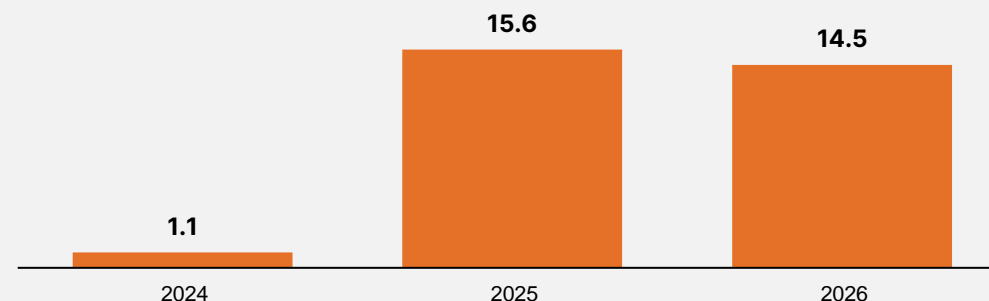
- Q3 2024 revenue of EUR 5.2 million
 - Strong performance and improved productivity on OP46 and OP5
 - Concurrent operations spanning over four deployments
- Q3 2024 adjusted EBITDA EUR 2.5 million
 - Best quarterly result on record
 - High activity combined with effect from efficiency measures
- Operational highlights
 - First single month ever of recording more than 1000 hours flown
 - Improved productivity of more than 10% from our operations compared to same period last year
- Strategy:
 - Pursue an asset light, pureplay service model. Consolidation efforts in progress

Unaudited figures in EUR '000

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

Estimated contract backlog

EUR million





- Q3 2024 revenue of EUR 1.4 million
 - Progressing with production of AR-100H drones under the Mikado 2 contract
 - Sale of additional AR-100H drones to Bundeswehr and German Police

- Q3 2024 adjusted EBITDA negative EUR 0.5 million
 - Stop Work order affecting timing of deliveries from the Tiquila contract. Agreement now reached with client to resume contract deliveries effective from Q1 2025

- Operational highlights
 - Flat development in the quarter, due to supply chain and working capital constraints

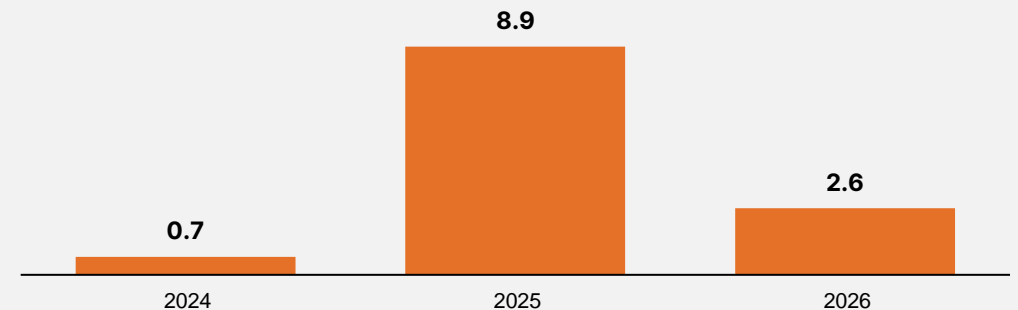
- Strategy:
 - Focus on technology and products for defense, leveraging recent NATO country approval to drive sales outside of Germany, with a particular emphasis on NATO countries. Maintain lean in-house production while pursuing partnerships to scale both go-to-market efforts and manufacturing beyond Germany.

Unaudited figures in EUR '000

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

Estimated contract backlog

EUR million



OEM



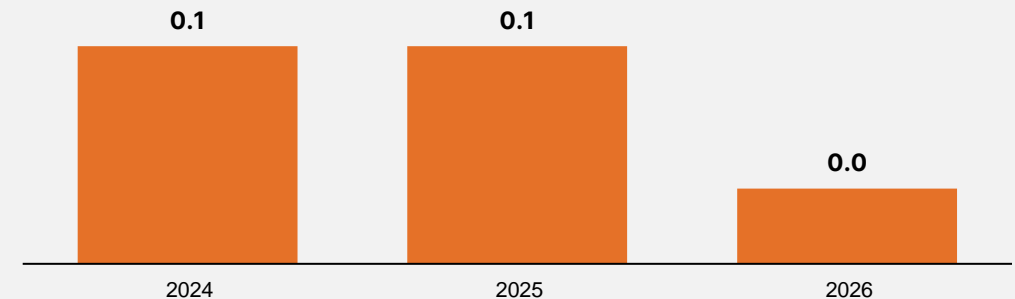
- Q3 2024 revenue of EUR 0.2 million
 - Lower revenue due to lower drone sales to critical infrastructure customer
- Q3 2024 adjusted EBITDA of EUR 0.1 million
 - EBITDA effected by reduction in revenue
- Operational highlights
 - Stable flight operations for Port of Antwerp
 - Conducted focused sales campaigns with well defined product roadmap
 - Received order for sale of Yacob unit to a Belgian railway operator
 - Increased commercial traction with increased pipeline
 - Received EUR 350k letter of award for development funding from DEFRA (Defence-related Research Action)
- Strategy:
 - Build on its AI and software strengths. Address all major European ports and critical infrastructure based on Port of Antwerp business case

Unaudited figures in EUR '000

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

Estimated contract backlog

EUR million



Industry context

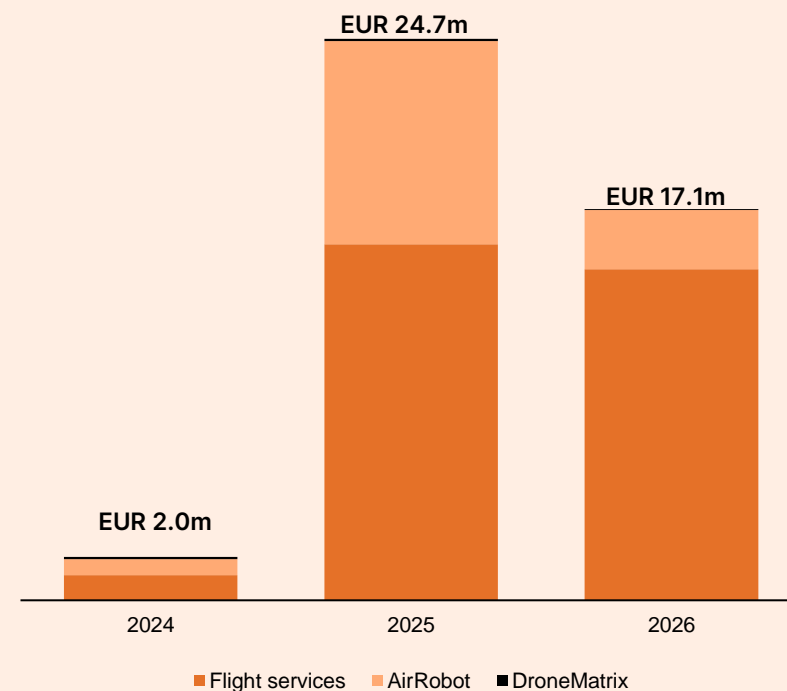


Estimated contract backlog*

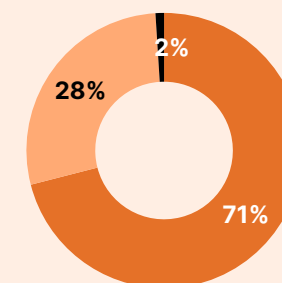
EUR 44 million

- Estimated contract backlog* consists of:
 - EUR 33 million of framework contracts
 - EUR 11 million of purchase orders/contracts

Contract	Partner	Expires	Original contract value EURm
Mikado I	Bundeswehr	Q1 2027	3.0
Mikado II	Bundeswehr	Q2 2026 + MRO	12
Tiquila	Lockheed Martin	Q1 2033	>5
OP/1	EMSA	Q1 2026	7
OP/46	EMSA	Q2 2026	20
OP/5	EMSA	Q2 2027	20.5



(%) of Estimated Backlog



Industry context

Demand drivers

- increasing 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.

The Global Drone Market is projected at US \$54.6B in 2032)

*The military drone market is anticipated to experience substantial growth, **increasing from USD 13.0 billion in 2023 to USD 18.2 billion by 2028, with a Compound Annual Growth Rate (CAGR) of 7.0% during the forecast period***

This growth is attributed to a heightened emphasis on advanced Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) capabilities

Many investments in government spending around the world for drone and component budgets have been announced including the U.S., the U.K., Sweden, and more

Summary



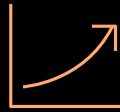
Summary



Significantly improved cost base, reduced debt, higher activity and strong EBITDA



Financial restructuring completed and capitalization ongoing to support strategy and turnaround



Execution of turnaround plan and legal restructuring ongoing to seek optionality for consolidation and scaling



Focused strategy towards defense, security and consolidation based on two strategic business segments



Generally positive long-term outlook



Q&A

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Values and Lives

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