

Q1 - Q3 2020

Nordic Unmanned AS

Income statement

Balance sheet

Cash flow

Notes to the Financial Statement

Org.no.: 999 642 381



Nordic Unmanned AS

Org.nr. 999 642 381

INCOME STATEMENT

	Note	First nine months 2020	FY 2019
Revenue		40 063 999	30 397 429
Other operating income		<u>920 770</u>	<u>960 792</u>
TOTAL OPERATING INCOME		<u>40 984 769</u>	<u>31 358 221</u>
Cost of materials		17 919 288	12 740 879
Personnel expenses	2	15 171 142	16 599 657
Depreciation and amortisation expenses	3	2 262 733	1 535 279
Other operating expenses	2, 9	<u>8 129 711</u>	<u>2 226 904</u>
TOTAL OPERATING EXPENSES		<u>43 482 873</u>	<u>33 102 719</u>
OPERATING LOSS		<u>-2 498 105</u>	<u>-1 744 499</u>
Interest income		0	361
Other financial income		504 653	295 017
Interest expenses		656 259	931 402
Other financial expenses		<u>310 514</u>	<u>426 389</u>
TOTAL FINANCIAL LOSS		<u>-462 119</u>	<u>-1 062 413</u>
PROFIT BEFORE TAX		<u>-2 960 224</u>	<u>-2 806 912</u>
Tax on ordinary result	11	<u>-639 969</u>	<u>-3 782 728</u>
ORDINARY PROFIT		<u>-2 320 255</u>	<u>975 816</u>
PROFIT FOR THE PERIOD	5	<u>-2 320 255</u>	<u>975 816</u>
Dispositions:			
To uncovered loss		<u>2 320 255</u>	<u>-975 816</u>
TOTAL DISPOSITIONS		<u>-2 320 255</u>	<u>975 816</u>



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BALANCE SHEET	Note	30.09.2020	31.12.2019
ASSETS			
Concessions, patents, licences, trademarks, and similar rights	3	8 800 089	6 746 281
Deferred tax assets	11	<u>7 622 697</u>	<u>6 982 728</u>
TOTAL INTANGIBLE ASSETS		<u>16 422 786</u>	<u>13 729 009</u>
Machinery and equipment	3	8 010 645	6 864 751
Operating assets	3	<u>2 474 820</u>	<u>790 858</u>
TOTAL TANGIBLE ASSETS	3, 10	<u>10 485 465</u>	<u>7 655 609</u>
Investments in shares	6	12 481 479	12 481 479
Loan to group companies	8	<u>2 000</u>	<u>0</u>
TOTAL FINANCIAL FIXED ASSETS		<u>12 483 479</u>	<u>12 481 479</u>
TOTAL FIXED ASSETS		<u>39 391 730</u>	<u>33 866 097</u>
Inventories	10	<u>4 066 961</u>	<u>1 499 943</u>
TOTAL INVENTORIES		<u>4 066 961</u>	<u>1 499 943</u>
Accounts receivables	10	17 144 403	1 792 911
Other short-term receivables	8, 13	<u>7 753 068</u>	<u>6 693 660</u>
TOTAL RECEIVABLES	8	<u>24 897 470</u>	<u>8 486 571</u>
Bank deposits	7	<u>952 114</u>	<u>805 331</u>
TOTAL BANK DEPOSITS		<u>952 114</u>	<u>805 331</u>
TOTAL CURRENT ASSETS		<u>29 916 546</u>	<u>10 791 845</u>
TOTAL ASSETS		<u>69 308 276</u>	<u>44 657 942</u>



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BALANCE SHEET	Note	30.09.2020	31.12.2019
EQUITY AND LIABILITIES			
Share capital	4, 5	11 825 126	10 332 941
Treasury stock	4, 5	-2 127	0
Share premium reserve	5	36 462 205	30 493 474
TOTAL PAID-IN EQUITY		<u>48 285 204</u>	<u>40 826 415</u>
Uncovered loss	5	-28 713 476	-26 376 397
TOTAL RETAINED EARNINGS		<u>-28 713 476</u>	<u>-26 376 397</u>
TOTAL EQUITY	5	<u>19 571 728</u>	<u>14 450 019</u>
Liabilities to financial institutions	10	17 592 522	6 895 855
TOTAL LONG TERM LIABILITIES		<u>17 592 522</u>	<u>6 895 855</u>
Liabilities to financial institutions	10	9 522 014	11 835 084
Trade creditors	8	9 985 850	6 828 375
Public duties payable		1 716 189	1 194 059
Other current debt	8	10 919 973	3 454 550
TOTAL SHORT TERM LIABILITIES	8	<u>32 144 026</u>	<u>23 312 068</u>
TOTAL LIABILITIES		<u>49 736 548</u>	<u>30 207 923</u>
TOTAL LIABILITIES AND EQUITY		<u>69 308 276</u>	<u>44 657 942</u>

Sandnes, 26.11.2020
The board of Nordic Unmanned AS

Nils Johan Holte
chairman of the board

Erik Ålgård
member of the board

Eirik Berge
member of the board

Roald Helgø
member of the board

Jan Henrik Jelsa
member of the board

Liv Annike Kverneland
member of the board

Knut Roar Wiig
CEO



Nordic Unmanned AS

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STATEMENT OF CASH FLOWS

CASH FLOW FROM OPERATIONS

First nine
months 2020

Earnings before tax	-2 960 224
Depreciation	2 262 733
Changes in inventory	-2 567 018
Changes in accounts receivables	-5 186 531
Changes in accounts payable	3 146 657
Changes in other accrued income and expenditure	-3 016 890
Net cash from operations	-8 321 273

CASH FLOW FROM INVESTMENTS

Payments from procurement of non-current assets	-4 336 784
Payments from procurement of intangible assets	-2 809 614
Net cash flow from investments	-7 146 398

CASH FLOW FROM FINANCING ACTIVITIES

Net disbursements overdraft facility	-2 313 070
Payments new debt (short/long term)	16 303 708
Disbursements debt (short/long term)	-5 607 042
Payments new equity	7 441 964
Net cash from financing activities	15 825 560

Net cash for the period	357 889
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	57 643
Cash and cash equivalents at the beginning of the period	
	415 533

Cash and cash equivalents at the end of the period	
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Note 1 Accounting principles

The financial statement have been prepared in accordance with the Norwegian Accounting act and generally accepted accounting principles for small enterprises in Norway.

Foreign Currency Translation

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

REVENUES STREAMS

Unmanned Aviation Consultancy

The company is supporting customers and partners with know-how and capacity to build the framework to operate drones through a senior consultancy on an hourly basis. The foundation of the service is based on in-house experience. Revenue is recognised over time as the service are provided.

Delivery of Staaker product portfolio

Proprietary drones and accessories, with third party sensors delivered at a fixed price. These deliveries could include customized modification and reimbursed on an hourly basis and cost plus materials. Revenue and associated costs are recognised over time. Progress is determined based on the cost-to-cost method.

Delivery of re-sale products

The company is a reseller of drones, payloads/sensors and software. The price for these products would be a mark-up on acquisition cost. Revenue is recognized when the goods are delivered and have been accepted by customers at their premises.

Operations

The company supports customers with operations utilizing Staaker and key partner drones. Operation contracts are based on a fixed daily rate for pilots, technicians and equipment. In addition, payment per flight hour covering the variable flight hourly costs. The data processing for operational contracts is based on a fixed or flight hourly price. Revenue and associated costs are recognised over time. Progress is determined based on the cost-to-cost method.

Training and academy

The company offers pilot and maintenance training. Training is priced on a fixed price per course and is often contracted when supplying own or re-seller systems, or they could be a stand-alone and added service to existing customers. This training is often high value type rating certifying course. Revenue is recognised over time as the service are provided.

Maintenance and life cycle support

The company supports customers acquiring Staaker and re-sale products with maintenance and life cycle support. These are performed for scheduled and unscheduled maintenance activities. The prices could be fixed and/or reimbursable fee, where invoicing is based on man-hours and materials used, in addition the company offers long term maintenance through service agreements. Revenue and associated costs are recognised over time. Progress is determined based on the cost-to-cost method.

Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on the net temporary differences between the book value and tax value of assets and liabilities. Deferred tax is calculated at 22 percent of temporary differences and the tax effect of tax losses carried forward. Deferred tax assets are recorded in the balance sheet when it is probable that the tax assets will be utilized.

Property, plant and equipment

Property, plant and equipment is capitalized and depreciated over the estimated useful lifetime. Costs for maintenance are expensed as incurred, whereas costs for improving and

upgrading property, plant and equipment are added to the acquisition cost and depreciated as part of the related asset. Property, plant and equipment are written down to a recoverable amount in the case of fall non-temporary reduction in value which is expected not to be temporary. The recoverable amount is the higher of the net sale value and value in use. Value in use is the present value of future cash flows related to the asset. Write-downs are reversed when the basis for the write-down is no longer present.

Classification and valuation of current assets

Current assets and short-term liabilities include items that fall due for payment within one year of the balance sheet date. Current assets are recognized at acquisition cost.

Shares in subsidiaries

Subsidiaries are recognized using the cost method in the company accounts. The investment is recognized at acquisition cost for the shares. The value of the shares is reviewed yearly in respect of future revenue from the investment.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Inventory

Inventory are recognized at the lower of acquisition cost and net sale value. Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Receivables

Receivables from customers and other receivables are recognized at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Investments related to Research and Development cost

Investments related to Research and Development is performed on the basis of future expected documented profit. All capitalized cost is documented through timesheets or invoices. When the investment is partly funded by 3rd party, the relevant funding will be deducted from the amount capitalized. The investments are reviewed on a yearly basis for future value.

Note 2 Personnel expenses, number of employees, remuneration

Personnel expenses	30.09.2020	2019
Wages and salaries	12 909 154	14 181 473
Payroll tax	1 871 281	2 067 378
Pension costs	28 072	246 160
Other benefits and bonuses	362 636	104 646
Total	15 171 142	16 599 657

The average number of employees in 2020 was 31.

Pension liabilities

The company is liable to maintain an occupational pension scheme under the Mandatory Occupational Pensions Act. The company's pension schemes satisfy the requirements of this Act.

Bonuses

All employees have a bonus agreement that depends on goal achievement according to specific criteria set by the corporate management.

Remuneration to leading personnel	Chief Executive	Board
Salary incl. bonus	700 000	346 000
Pension costs	23 100	0
Other remuneration	459 400	0
Total	1 182 500	346 000

Chief Executive has a consultancy contract with the company in the amount of NOK 455 000 for the period through Skaulen AS. This amount is included in other remuneration.

Auditor

Audit fees for 2020 was NOK 125 000.

Fee to the auditor for other services was NOK 102 000.

Note 3 Fixed assets

	Concessions, patents, licences, and similar right	Plant and machinery	Fixtures and fittings	Total
Purchase cost as of 01.01.2020	7 567 312	10 290 730	1 766 159	19 624 201
+ Additions	2 809 613	2 630 797	2 198 137	7 638 547
- Disposals		492 150		492 150
= Acquisition cost 30.09.2020	10 376 925	12 429 377	3 964 297	26 770 598
Accumulated depreciation / amortisation 30.09.2020	1 576 836	4 418 732	1 489 476	7 485 044
= Book value 30.09.2020	8 800 089	8 010 645	2 474 820	19 285 555
This year's ordinary depreciations / amortization	755 805	992 753	514 175	2 262 733
Economic life	5-10 years	5 years	3-5 years	

Depreciation plan: linear

Incurred and capitalized research and development costs are related to developing the Staaker BG150, BG200, BG200FC and BG300 platform, Staaker Indago charger and development of operational system, processes and approvals.

Note 4 Shareholders

The share capital in Nordic Unmanned AS as of 30.09.2020 consists of:

	Total	Face value	Entered
Ordinary shares	11 825 126	1,00	11 825 126
Total	11 825 126		11 825 126

Ownership structure

The largest shareholders in % per 30.09.2020:

	Ordinary	Owner interest	Share of votes
Skaulen AS	2 398 742	20,3	20,3
Helgø Investering AS	1 561 770	13,2	13,2
Jelsa Investering AS	1 561 770	13,2	13,2
Petroleum Logistics Consulting AS	881 677	7,5	7,5
Orkan Konsult AS	778 473	6,6	6,6
Vaima AS	716 431	6,1	6,1
Camaca AS	656 650	5,6	5,6
Solan Capital AS	656 650	5,6	5,6
Subsea To Air AS	543 773	4,6	4,6
Ålgård Holding AS	424 105	3,6	3,6
Bøckman Consulting AS	250 000	2,1	2,1
Vidden Invest AS	204 826	1,7	1,7
Eaah Invest AS	157 901	1,3	1,3
Christian Rokseth Holding AS	151 515	1,3	1,3
Total >1% ownership share	10 944 283	92,6	92,6
Total other	880 843	7,4	7,4
Total number of shares	11 825 126	100,0	100,0

Shares and options owned by members of the board and the chief executive:

Share holder	Name	Position	Shares	Owners hip
Skaulen AS	Knut Roar Wiig	CEO		20,29%
Jelsa Investering AS	Jan Henrik Jelsa	Board member		13,21%
Helgø Investering AS	Roald Helgø	Board member		13,21%
Ålgård Holding AS	Erik Ålgård	Board member		3,59%
Eaah Invest AS	Erik Ålgård	Board member		1,34%
Ullestad AS	Lars Andreas Landsnes	Leader role		0,84%
Holte Duo AS	Nils Johan Holte	Chairman of the board		0,34%

Subscription rights shares

Employees who were employed before 1st December 2019 have an option agreement for subscription of 10,000 shares with a nominal value of NOK 5 during a 3-year period. The options vest with 20% subscription in October 2020, 30% in January 2021 and 50% in January 2022, potentially total of 230,000 shares.

There is also warrants of NOK 1 per share for those who participated in the share issue in 2020, potentially these warrants totals 1,492,185 shares. These warrant agreements are not expensed in the financial statements in accordance with NRS 8.

Note 5 Equity capital

	Share capital	Share premium	Treasury stock	Other equity capital	Total equity capital
As at 31.12.2019	10 332 941	30 493 474	0	-26 376 397	14 450 019
As at 01.01.2020	10 332 941	30 493 474	0	-26 376 397	14 450 019
Result for the year				-2 320 255	-2 320 255
Share issue	1 492 185	5 968 731	- 2127	-16 825	7 441 964
As at 30.09.2020	11 825 126	36 462 205	-2 127	-28 713 477	19 571 728

The increase in share capital in 2020 is mainly from existing shareholders and employees.

Note 6 Shares in subsidiaries and affiliates

Company	Location	Owner-ship %	Net Loss 31.12. 2019	Equity 31.12. 2019	Book value 30.09. 2020
Marine Unmanned AS	Sandnes	100%	- 29 740	- 261 235	22 501
Offshore Salmon AS	Sandnes	33,33%	- 286 415	- 1 327 000	30 000
The Staaker Company AS	Bærum	100%	- 218 245	9 825 000	12 428 978
Total					12 481 479

Consolidated financial statement have not been made in accordance with the Accounting Act §3-2.

Note 7 Bank deposits

Employees tax deduction, deposited in a separate restricted bank account, are NOK 536 581.

Note 8 Related party transactions and intercompany balances

	2020	2019
Receivables		
Other short-term receivables within the group	27 002	25 002
Total	27 002	25 002
Liabilities		
Other short-term liabilities within the group	31230	0
Total	31230	0

Cost for Nordic Unmanned related to IP owned by the Staaker Company AS was NOK 31 230.

Note 9 Guarantee

The company has a payment guarantee to Havnespeilet AS of NOK 804 540.
The guarantee runs until 31 March 2022.

Note 10 Mortgages

	30.09.2020	31.12.2019
Debt secured by pledges, mortgages		
Long-term debt to credit institutions - less than 5 years	-27 114 535	-18 730 939
Long-term debt to credit institutions - more than 5 years to due date	0	0
Total	-27 114 535	-18 730 939
Book value of pledged assets		
Plant and equipment	10 485 465	7 655 609
Inventories	4 066 961	1 499 943
Customer receivables	17 144 403	1 792 911
Total	31 696 829	10 948 463

Some of the Company's loan agreements (classified as non-current during the year) are subjected to covenant clauses, whereby the Company is required to meet certain key financial ratios. The Company did not fulfil the minimum EBITDA covenant as required in the contract for a loan and overdraft facility of NOK 14.700.000. The lender has waived the minimum EBITDA covenant requirement for a period of 12 months, ending 31 March 2021.

Note 11 Tax

This year's tax expense	2020	2019
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	-639 969	-3 782 728
Tax expense on ordinary profit/loss	-639 969	-3 782 728
Taxable income:		
Ordinary result before tax	-2 960 224	-2 806 912
Permanent differences	51 275	107 997
Changes in temporary differences	0	-1 071 320
Taxable income	-2 908 949	-3 770 234
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	0	0

The tax effect of temporary differences and loss for to be carried forward that is the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	2020	2019	Difference
Tangible assets	765 972	765 972	0
Accounts receivable	-20 000	-20 000	0
Total	745 972	745 972	0
Accumulated loss to be brought forward	-35 394 595	-32 485 646	2 908 949
Basis for deferred tax assets	-34 648 623	-31 739 674	2 908 949
Deferred tax assets (22 %)	-7 622 697	-6 982 728	639 969

The company has recognized deferred tax assets to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on 5-year cashflow projections, which shows a positive cashflow and defends the expectation that the deferred tax assets will be utilized in the foreseeable future.

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Note 12 Prepaid costs

The company has the following prepaid costs.

	2020	2019
Conversion warehouse, expensed over rental period	1 205 041	1 057 787
Costs projects, expensed over the life of the projects	2 163 043	222 435
Prepaid supplier	3 958 200	3 958 200
Total	7 326 284	5 238 422

The prepaid supplier amount includes a settlement agreement in relation to an ongoing contract.

Note 13 Other receivables

Nordic Unmanned AS has sent a complaint to KOFA - the Public Procurement Appeals Board.

Legal costs of NOK 468,173 have been incurred and booked as other current receivables. The company expects that the complaint will be processed during 2020 and that the booked amount will be refunded and assess this payment to be virtually certain.

Note 14 Going concern

The company have been successfully scaling with a significant growth over the last years and is now one of the leading drone system integrators in Europe. The company has year over year increased revenue and profitability. By Q3 2020 the revenue already surpassed the full revenue of 2019. Revenue is estimated to surpass 70 MNOK for the full 2020, compared to 31 MNOK in 2019. The company had 3 months of continuous operating profit prior to 30.09.2020 and is forecasting a profit for the year. The current forecast for 2021 to 2024 is based on a strong backlog of orders and contracts with government agencies and blue chip businesses, in addition to a large pipeline which is growing monthly. The current contract backlog which runs until May 2023 and is close to 300 million NOK. This backlog consists of long term contracts with European Maritime Safety Agency, Bane NOR, Nokia, Norwegian Ministry of Defense, United Kingdoms Ministry of Defense, amongst others.

To fulfill the strong backlog of activity, the company is increasing staff to deliver on the obligations. There are significant qualified resources within manned aviation to fulfill the roles required.

The company is conducting a capital raise in Q4 2020 to secure delivering operations of existing and new contract obligations.

In accordance with the Accounting Act § 3-3a, it is confirmed that the premise of continued operations is present.

Note 15 Subsequent events

The company has merged with Marine Unmanned AS. Registration date for this merger is 19.10.2020.

The holding shares in Offshore Salmon AS are sold after balance sheet date.

The company will merge The Staaker Company AS into Nordic Unmanned AS after the balance sheet date.

Verification

Transaction 09222115557438285298

Document

Nordic Unmanned AS 2020 Q1 - Q3 - FINAL with cashflow

Main document

13 pages

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