

NORDIC UNMANNED

Leader of unmanned systems and services

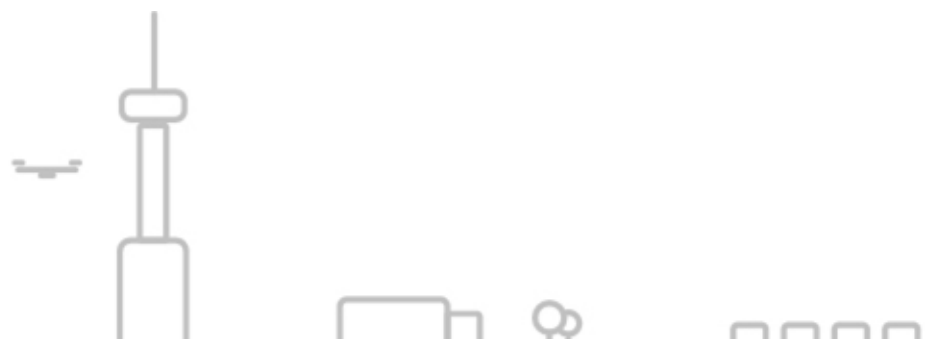
Q1 2021



19.05.2021

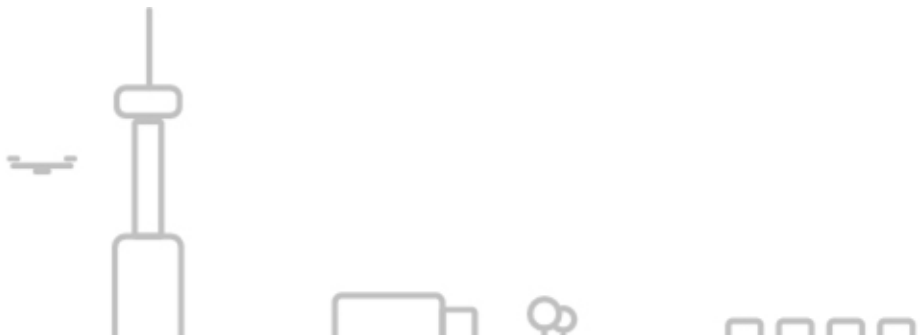
HIGHLIGHTS

- Q1 FINANCIALS
- OPERATIONAL HIGHLIGHTS
- MARKET OUTLOOK
- STRATEGY UPDATE AND OUTLOOK
- APPENDIX



HIGHLIGHTS Q1

- Revenue grew by 73% compared to Q1 2020
- Flight hours increased by 157% compared to Q1 2020
- Total available cash and credit lines of NOK 166 million after private placement of NOK 103 million
- Achieved full operational capability (FOC) on the CAMCOPTER S-100 – paving way for the planned growth
- Received Light Unmanned operator Certificate (LUC) – necessary flight permit received to continue further scaling
- Strategy update process started - targeting 2025 revenue of NOK 4 billion

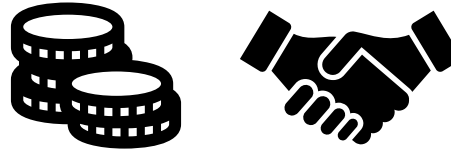


Q1 2021: COMPANY EVENTS





Deployment in Lithuania

This deployment marked the start of the first fully Nordic Unmanned staffed CAMCOPTER S-100 operation, operating the two Nordic Unmanned owned assets on site.



103 million NOK in private placement

Private placement towards new investors and employees, giving Nordic Unmanned the opportunity to move ahead with the plan of value accretive acquisitions and drive market consolidation

LIGHT UAS OPERATOR CERTIFICATE (LUC) (Terms of approval of an LUC holder)		
	State of the operator:	
	NORWAY	
	Issuing competent authority:	
	The Civil Aviation Authority of Norway	
LUC #: 001	Operator name: Nordic Unmanned AS	

Awarded LUC for multiple systems

Received the European Light UAS Operator Certificate (LUC) issued by the Norwegian Civil Aviation Authority as the first European drone operator with a certificate covering multiple systems



Teamed up with Textron Systems

To enter the fixed wing segment of the European drone market



Delivery of first CAMCOPTER S-100 systems and strategic partnership

The system was put operations in February 2021 under our current contract with EMSA. Announced partnership with Schiebel to cooperate on specific short-term opportunities with European governmental agencies and energy companies.



First system integrator sale in Eastern Europe

Marks the first delivery of systems to an Eastern European Governmental user



HIGH REVENUE GROWTH

Revenue grew by 73% compared to Q1 2020 to NOK 16,6 million

First half of 2021 is expected to have a revenue increase of approx. 200%

On track to meet previously communicated 2021 growth rate

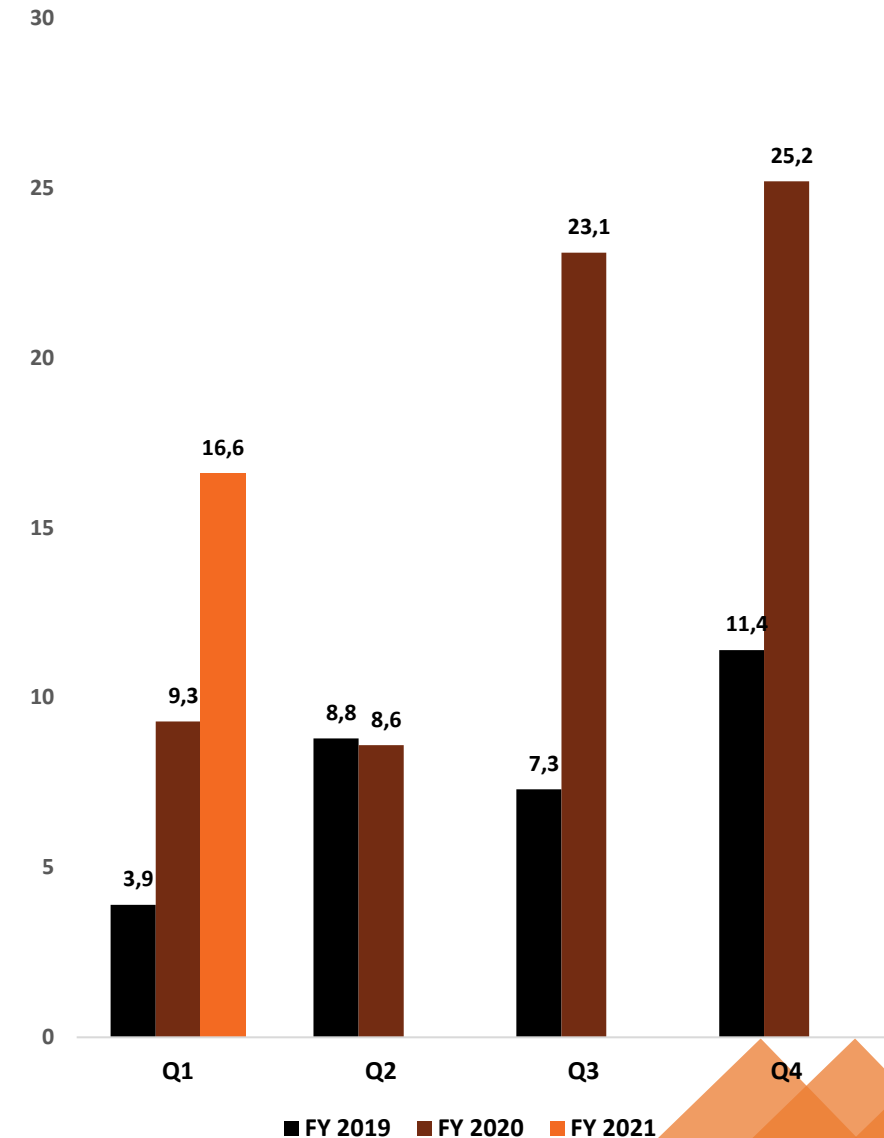
Postponed operations due to implementation of new drone regulation. Permanently overcome when the Light Unmanned Operator Certificate (LUC) process was successfully completed in April

Delay in commercial decisions related to system integration activities in Defense & Security

The total postponed and delayed revenue approx. NOK 11 million is expected to be recovered in Q2 and Q3

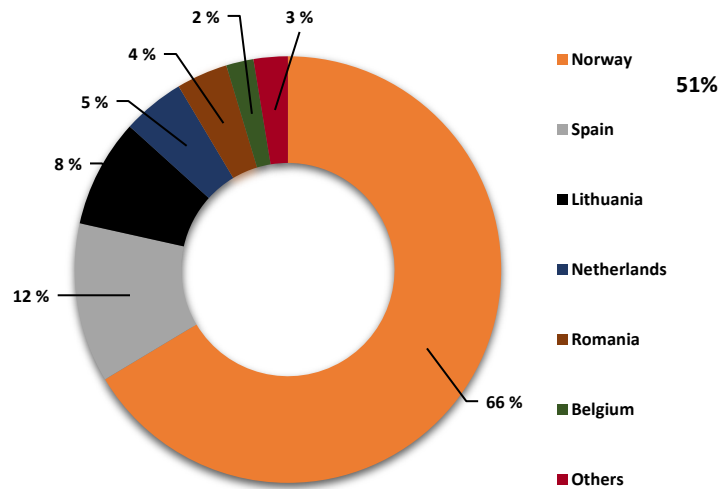
NOK million

Quarterly Revenue 2019 vs 2020 vs 2021

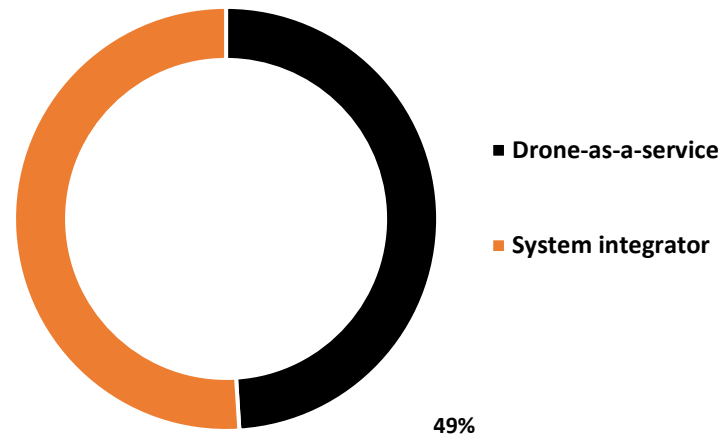


REVENUE BY SEGMENTS

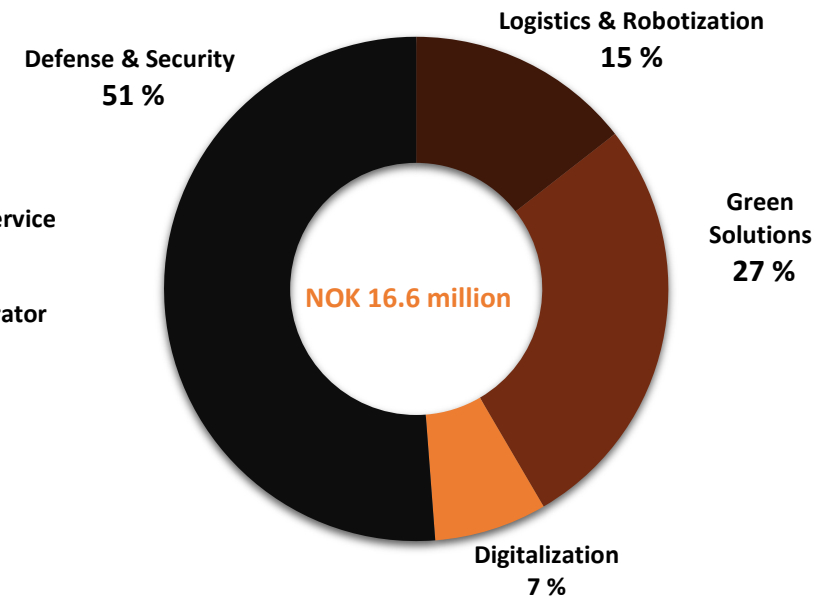
Revenue by country



Revenue by segment Q1 2021



Revenue by business area



EBITDA REFLECTS BUILD UP OF CAPACITY

EBITDA* affected due to postponed and delayed revenue in Q1

Part of the affected EBITDA to be recovered in Q2 and Q3

Recruitment cost of 24 new employees:
15 already onboarded

The recruitment reflects scheduled activity in Q2 and Q3

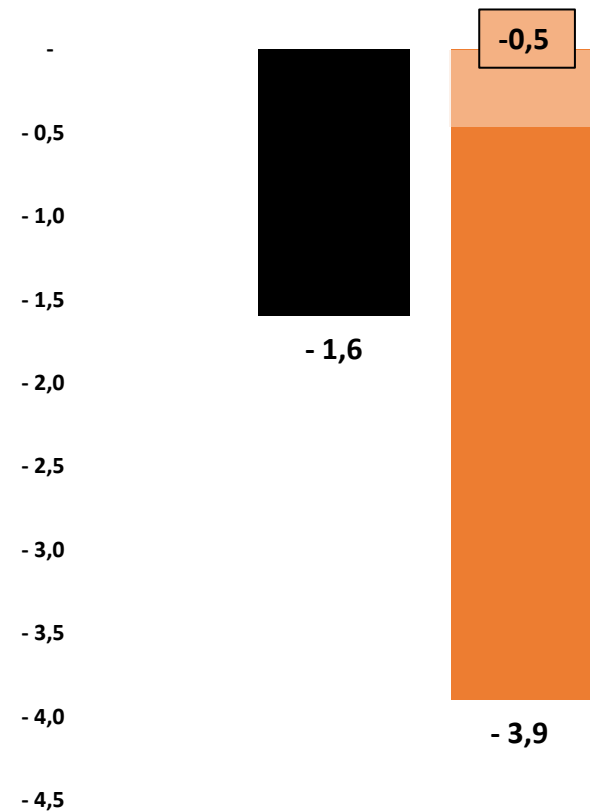
Covid 19 and extraordinary costs of NOK 3,4 million impacting EBITDA in the quarter

- More challenging work environment through the imposed travel restrictions and quarantining
- Around 50% of our employees have been working outside Norway in Q1

Q2 Covid-19 cost is estimated to be NOK 1,5 million

NOK million

Q1 Adjusted EBITDA*

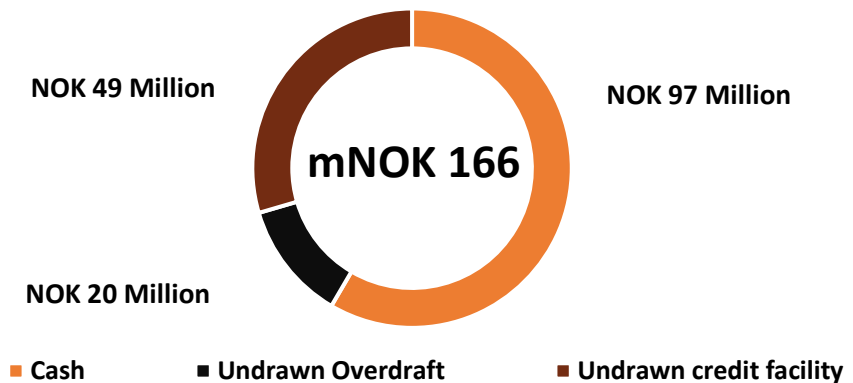


■ Q1 2020 ■ Q1 2021 ■ Q1 2021 adjusted

*EBITDA adjusted for one-off Covid-19 cost of NOK 1,2 million and an extraordinary employee bonus of NOK 2,2 million

FINANCIAL POSITION

- Raised new equity in March with gross proceeds of NOK 103,5 million to be used for value-adding strategic M&A activities
- Second CAMCOPTER® S-100 system to be delivered in May
- Total available cash and credit lines of NOK 166 mill



Increased amount of shareholders

Number of shareholders increased from 1748 to 3315



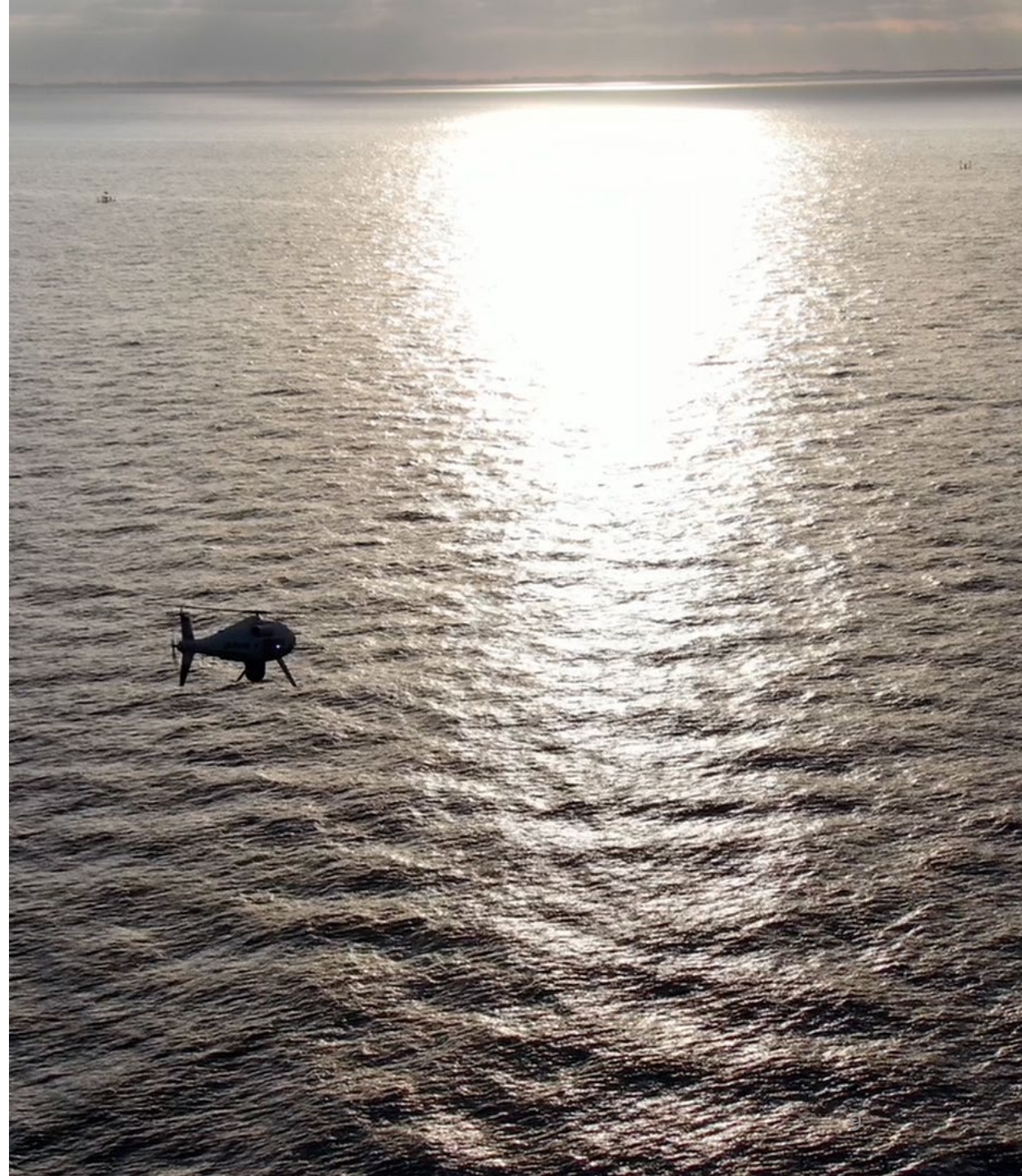
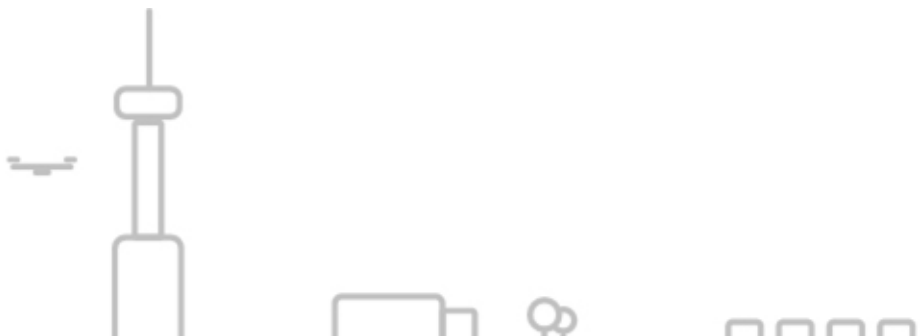
Q1 FINANCIALS

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OPERATIONAL ACTIVITY IN 2021

Granted Light Unmanned Operator Certificate (LUC)

- Under old regulations we had flight permits in 13+ countries
- The new certificate makes us able to fly in all EU countries according to our LUC



CAMCOPTER S-100

Achieved full operational capability (FOC) for the CAMCOPTER S-100

This allows us to get 100% out of our systems

Environmental operations for EMSA in Lithuania and fishery control in Spain and on the Lundy Sentinel

Oil spill exercises and drills in Spain



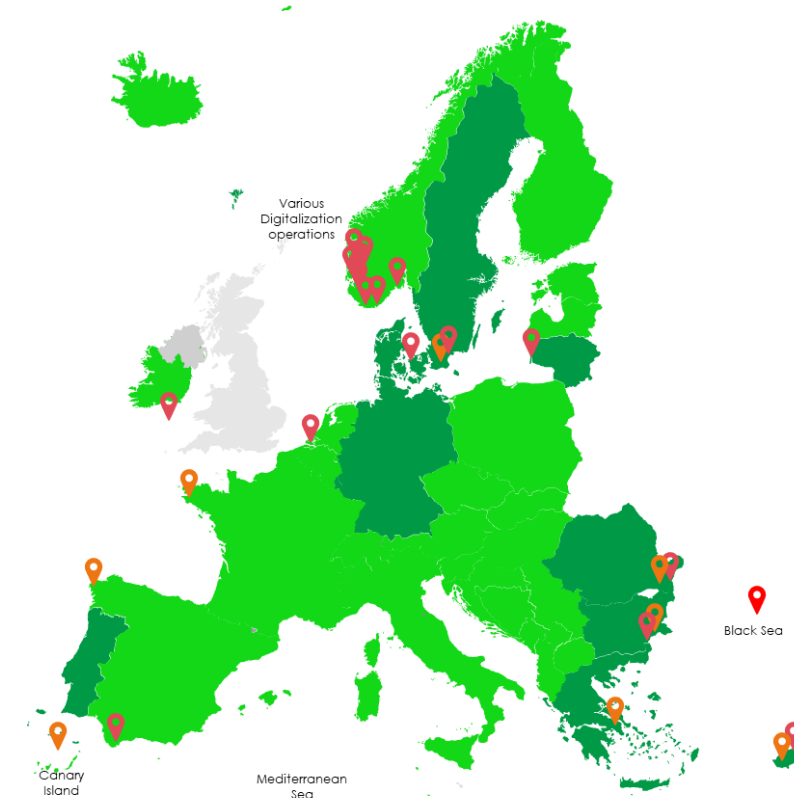
Lockheed Martin Indago

Border control Romania (Romanian Border Police)

Harbor authorities in Port of Antwerp

Fishery control in Spain and on the Lundy Sentinel

Oil spill exercise in Sweden



Norway operations

Various system integration activity

R&D activity

Bridge and telecom inspections

Digital terrain model scanning

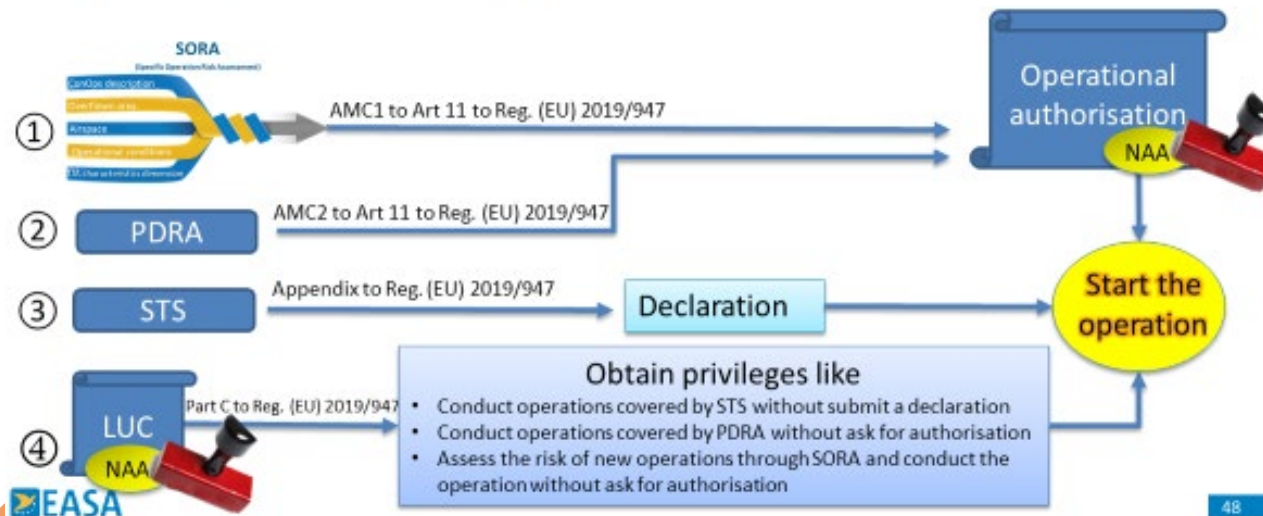
LIGHT UNMANNED OPERATOR CERTIFICATE (LUC)

Privileges

- Our LUC, which is issued by the Norwegian Civil Aviation Authority, is valid in all European Aviation Safety Agency (EASA) member states.
- The LUC is replacing all our existing flight permits during 2021, starting from 1st of January 2021

The 'specific' category - summary

Four possible options for the UAS operator



Example of new permit to operate

NORDIC
UNMANNED

PERMIT TO OPERATE THE INDAGO SYSTEM BVLOS IN **COUNTRY** FOR **CUSTOMER**

Issued: first issued 13.05.2021

Nordic Unmanned, registration number NORsfw7srvm9kcxj-zz3, have the privileges to authorize our own operations within the limitations stated in our N-CAA approved LUC #001 (issued 04.04.21), and following the process as per described in our LUC Manual, chapter 10.3.3 (Operational control system).

Type of UAS model and operation approved:

UAS Model:	Check:	Types of operation:	Limitations:	Check:
Schiebel Camcopter S100		Standard scenarios	According to 2019/947 and 2020/639 EU Regulations	
Lockheed Martin Indago 2 and 3	X	All available PDRA's	According to 2019/947 and 2020/639 EU Regulations	
Intel Falcon 8+		VLOS/BVLOS Emission monitoring with Schiebel Camcopter S100	Highest GRC: 3 Highest ARC: a Highest SAIL: II	
Steaer BG200		VLOS/BVLOS Operations, valid and tests in sparsely populated areas	MTOM 25 kg Below 500 ft Highest GRC: 3 Highest ARC: b Highest SAIL: II	X
DJI Matrice 200-300 series				
All DJI Inspire models				
All DJI Phantom models				
All DJI Mavic models				

Reference documents:

Document name:	Prepared by:	Reviewed by:	Approved by:
CONOPS INDAGO Spain	VP Ops/Gåskjenn & SVP Airworthiness & Certifications/Boucher	QA, Wike	COO, Landsnes
BVLOS	VP Ops/Gåskjenn & SVP Airworthiness & Certifications/Boucher	QA, Wike	COO, Landsnes
SORA Indago BVLOS Spain	VP Ops/Gåskjenn & SVP Airworthiness & Certifications/Boucher	QA, Wike	COO, Landsnes

Resolution:

Nordic Unmanned AS approves the operation based on the information given in the reference documents. In line with the LUC Manual procedure, the ~~ConOps~~ and SORA have been prepared by VP Operations and SVP Airworthiness and Certification, provided to the Quality Manager for quality control and submitted to the COO for approval. This permit is activated when signed by the accountable manager, allowing the operation to start as per described in the reference documents.

Approval signature and date,

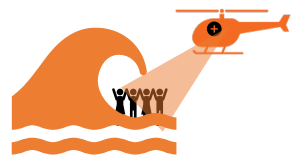
Lars A. Landsnes, **Date**
Accountable Manager

GROWTH IN SEASONALLY SLOW PERIOD



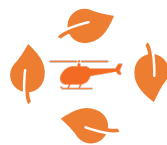
281 flights

An increase of 190 % compared to 91 flights in Q1 2020.



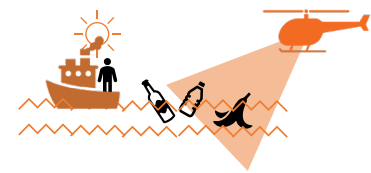
1 SAR exercise

Participated in a search and rescue exercise



24 environmental flights

SOx and NOx emission monitoring



Surveillance of marine litter

Surveillance of maritime littering is added to our maritime monitoring operations. This includes dumping of gasoline/fuel, plastic etc by vessels



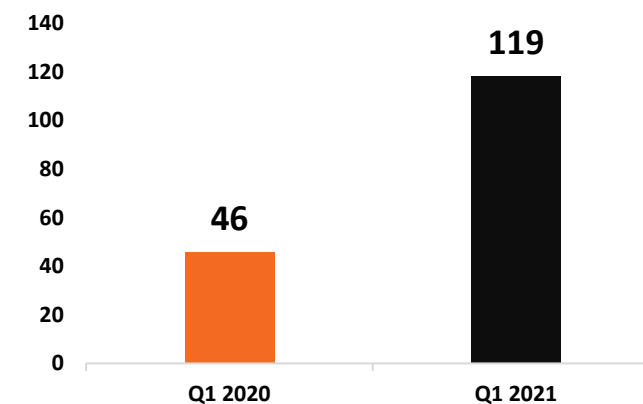
FLIGHT HOURS Q1 2021

Flight hours



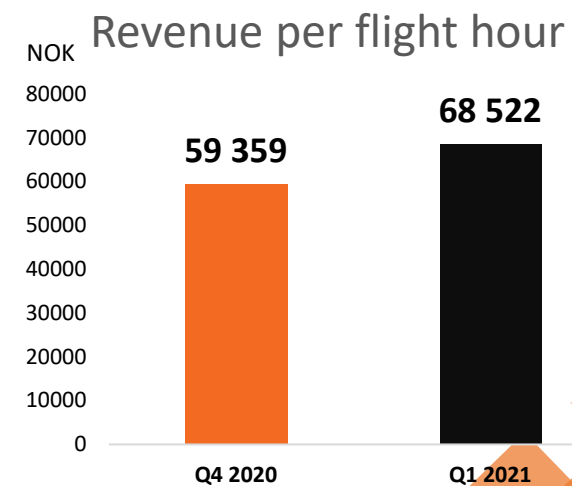
157% increased flight hours from Q1 2020

119 flight hours for the quarter and an increase of 157% from Q1 2020.



NOK 68 522 per flight hour in Q1 2021

NOK 68 522 revenue per flight hour in Q1 2021





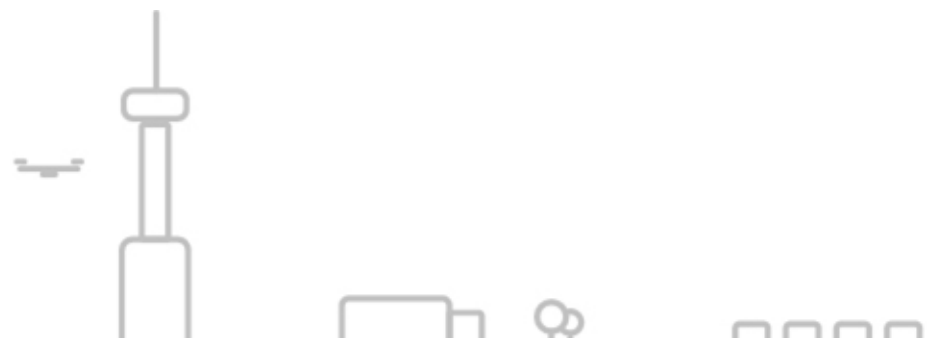
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SOLID BACKLOG WITH KEY CONTRACTS



Total contract backlog



NOK 284 million*

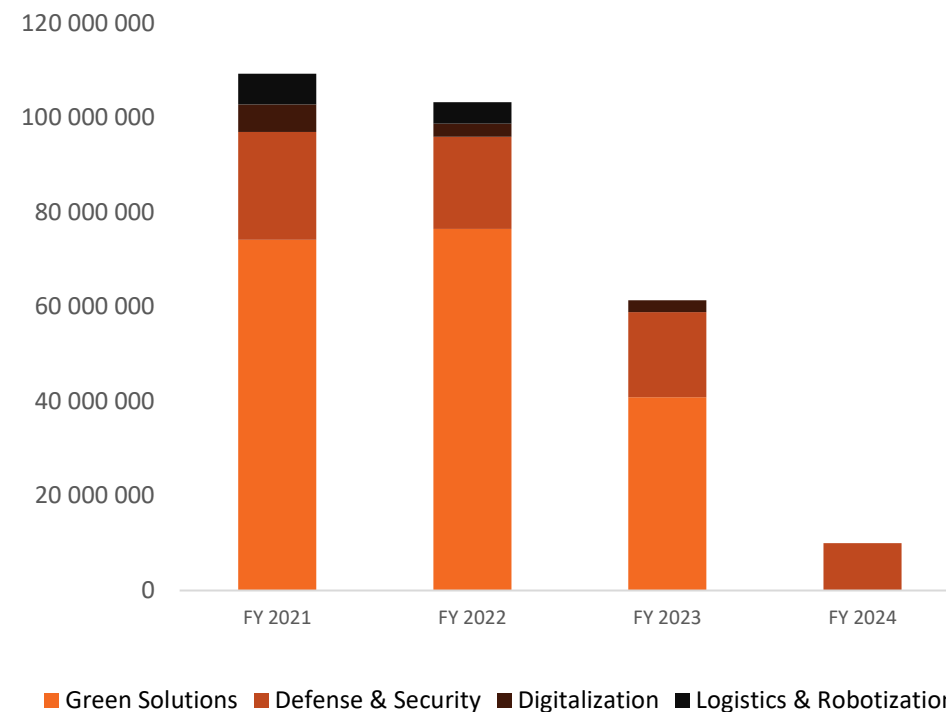
Backlog net use Q1



NOK 12,8 million

*Value change of 18,2 million due to a weaker EUR-NOK currency effects

Contract Backlog



Added new contract backlog

Lockheed Martin Indago system deliveries to customers in Europe



GROWTH OF CRM PIPELINE

- Increase in CRM pipeline of 18% / NOK 1,3 billion
- ITT / RFQ / Offer stage increased by 76%
- CRM pipeline does not include projects with ongoing negotiations or un-announced wins
- Definition of historical win rate has been adjusted to only include number of opportunities exceeding value of NOK 2 million. Actual historical win rate has not changed in Q1

Definitions in sales pipeline

Prospect: Potential leads not formally confirmed

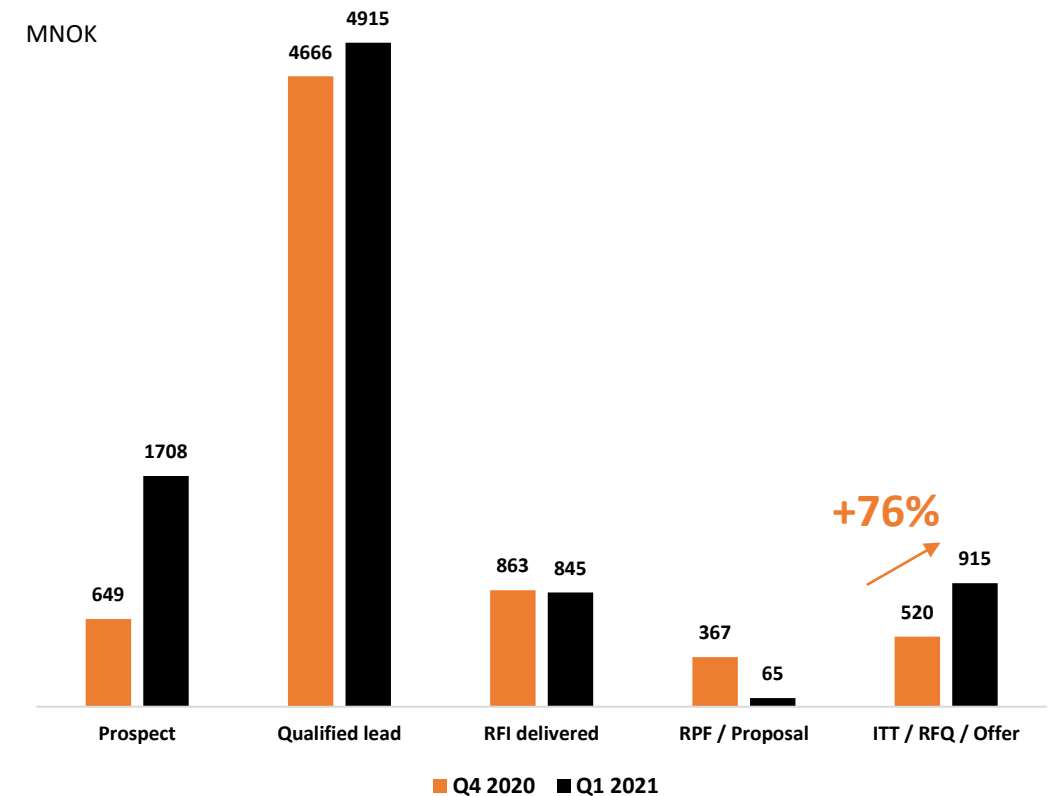
Qualified lead: Lead formally confirmed or received from client

RFI delivered: Response to request for information (RFI)

RFP / Proposal: Ongoing proposal response

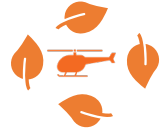
ITT / RFQ / Offer: Tender / Quotation / Offer submitted to client

Identified sales pipeline of NOK 8,4 billion



Historical win rate of 37%

CONTRACTUAL TRIGGERS – Q2 AND Q3 – MORE THAN NOK 500 MILLION



Emission monitoring

Schiebel Aircraft GmbH; VTOL RPAS for general maritime surveillance and emission monitoring with long endurance (CAMCOPTER® S-100)



Offshore energy

Future offshore logistic concept trials



Joint police tender

System integration supply to the Norwegian/Swedish police



OP-27

European Maritime Safety Agency: VTOL RPAS Vessel based operations for maritime surveillance – Lot 2 with partner Schiebel (CAMCOPTER® S-100)



OP-46

European Maritime Safety Agency: General maritime surveillance (Textron Aerosonde fixed-wing)



OP-1

European Maritime Safety Agency: Lightweight RPAS Services Supporting Pollution Response and Multipurpose Maritime Surveillance

INNOVATIONS

Continuous development of our own drones

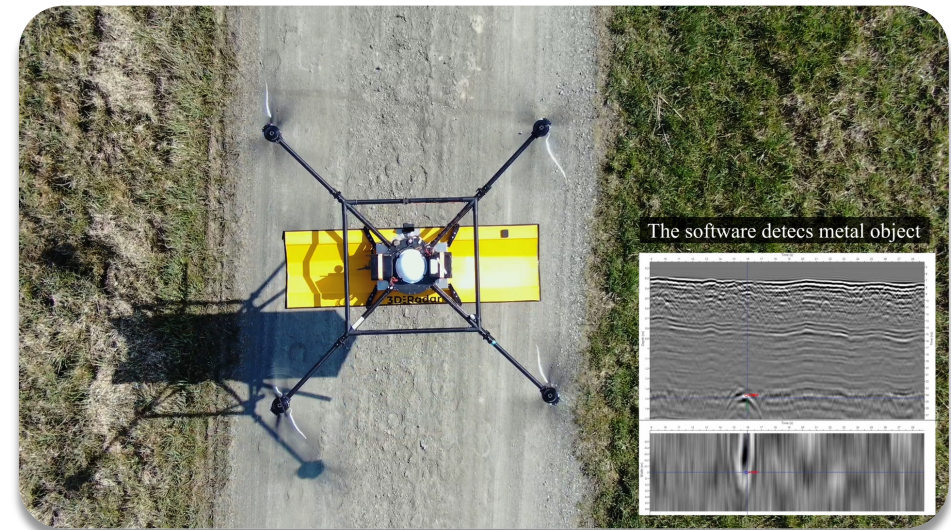
Our R&D department works closely with our clients to develop customized solutions. This quarter, we have been working with both our Staaker BG200 and Staaker BG300.

Innovating solutions for detection of unknown explosive objects (UXO)

This product, launched alongside 3D-Radar, opens entirely new possibilities for subsurface mapping, like humanitarian clearing of landmines and other unknown explosive objects and mapping of large inaccessible areas

Creating 3D models subsurface

This system can create data sets, which can give the client easy and accessible overview of objects beneath the surface, as shown in the image on the right

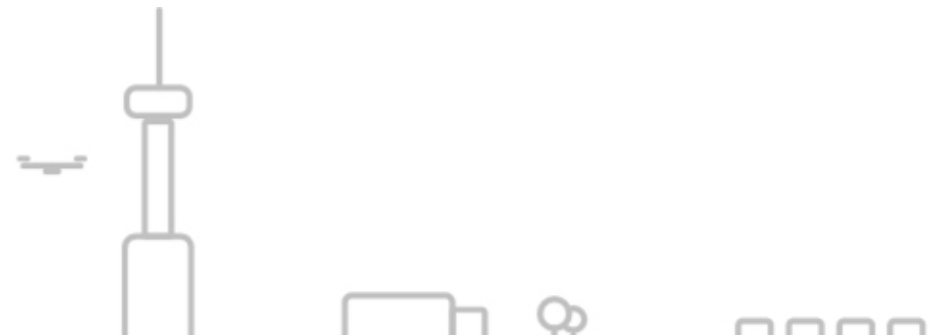




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2025 EXPANDING ON CORE STRATEGY UPDATE IN PROCESS

New perspectives

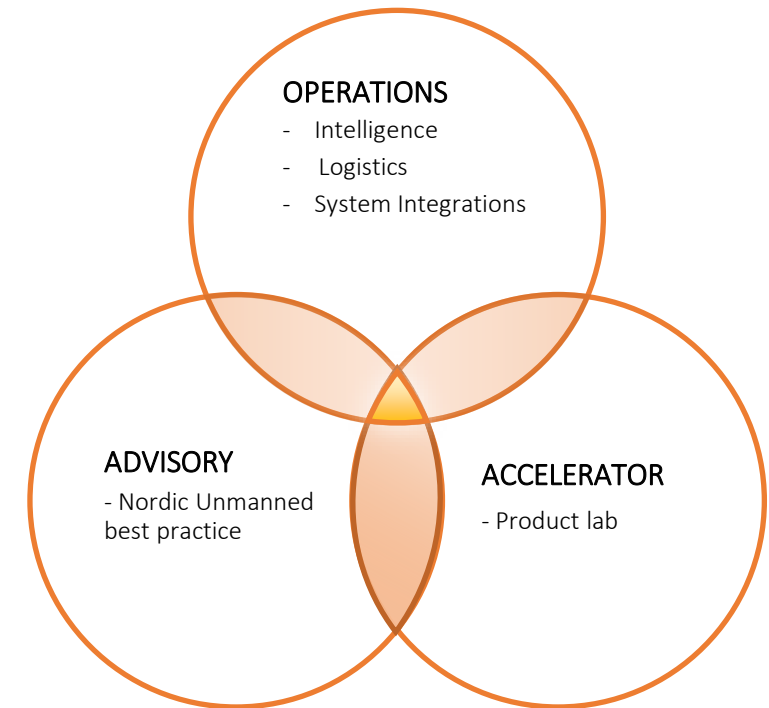
- Still solving client problems, but now bigger problems
- Still looking at market from bottom up, but now less restrictions
- Still entrepreneurial, but now as a listed company

Nordic Unmanned is a platform, how can we push it further?

- M&A as part of our growth strategy
- In Europe
- In North/South America and Middle East

What are the rising post Covid-19 opportunities?

- The era of drone logistics will arrive
 - Sustainable and same day shipping
 - eCommerce will continue to grow



STRATEGY UPDATE IN PROCESS

- 2025 TARGETS

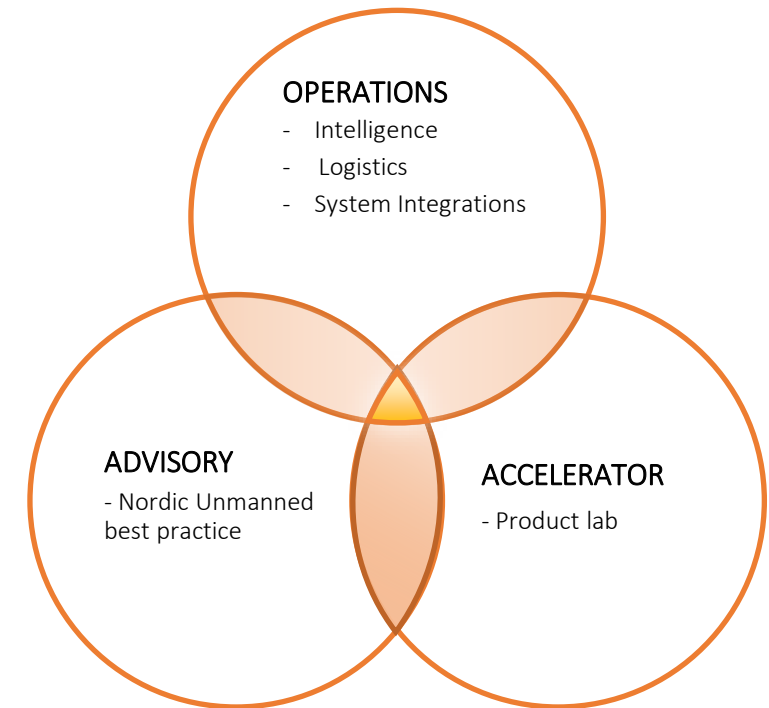
Operational footprint on 4 continents

- Logistics
- Intelligence
- System integrations

Organic and inorganic growth

Nordic Unmanned or strategic partner presence on the ground and in the air

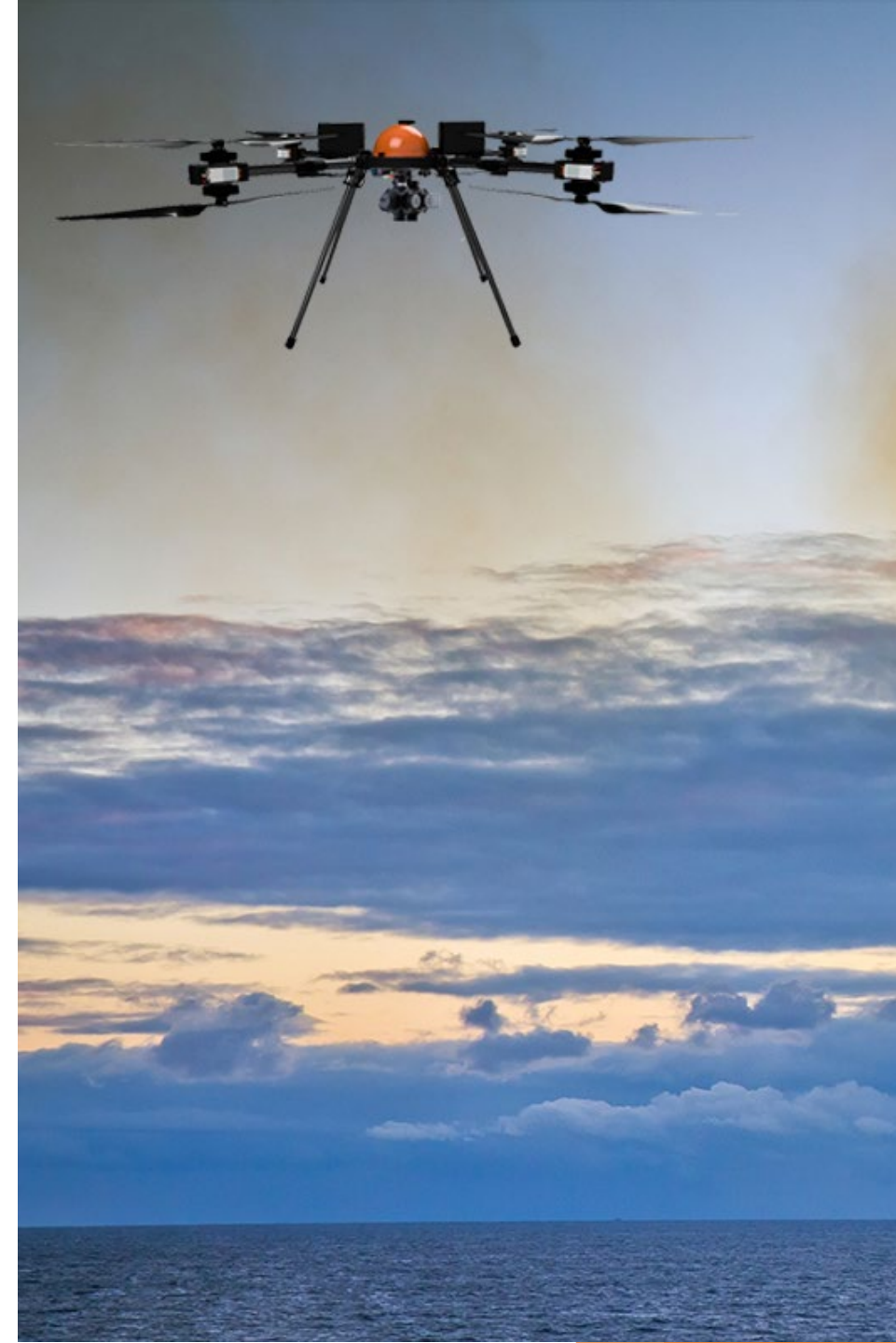
Updated strategy and execution plan will be presented in Q3



2025 Revenue target NOK 4 billion

M&A STATUS AND OPPORTUNITIES

- The capital raise of NOK 103,5 million gives us the opportunity to move ahead with our plan for value creating acquisitions, supplementing our organic growth pathway
- The drone industry is still at a nascent stage with huge growth opportunities ahead
- We have mapped the industry in Europe, identifying a number of potential acquisition targets
- After the announcement of the successful capital raise, we have been approached by a substantial number of companies from the industry
- We are currently reviewing around 10 potential M&A opportunities, and 1-3 transactions are expected to be announced in first half of 2021



INCREASED CAPACITY AND MARKET DEVELOPMENT WILL DRIVE GROWTH FURTHER

1

2021 growth

Expect to significantly increase the 2020 growth rate in 2021



2021 EBITDA

Expected an adjusted EBITDA margin of around 20%



2025 growth

We are targeting 4 billion NOK in revenue in 2025



Increased staff

Targeting 70 employees by the end of first half of 2021
Targeting around 100 employees by the end of 2021



M&A

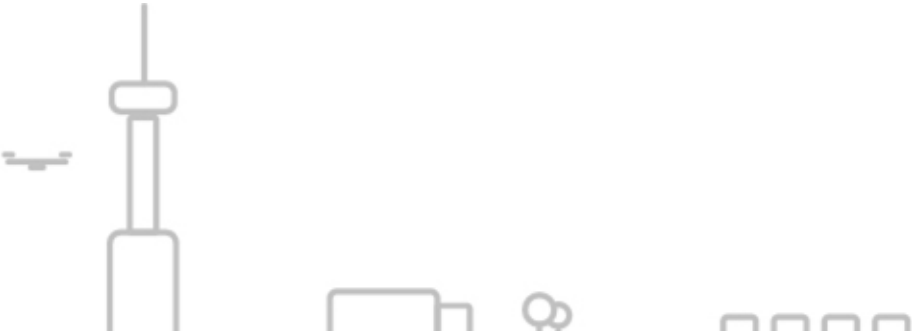
1-3 M&As expected announced in first half of 2021



Continuing increased fleet value

Targeting NOK 150 million in fleet value by the end of 2021

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INCOME STATEMENT

All figures in NOK	Q1 2021	Q1 2020	Q4 2020
Operating revenue	16 622 462	9 588 191	25 152 126
Cost of goods sold	5 654 159	3 243 348	12 699 032
Personell expenses	8 417 706	6 232 038	4 842 828
Other operating expenses	6 476 752	1 735 081	4 286 546
EBITDA	- 3 926 155	- 1 622 276	3 323 720
Depreciation and amortisation expenses	2 139 654	750 000	800 828
EBIT	- 6 065 809	- 2 372 276	2 522 892
Net financial items	3 311 137	- 268 314	- 561 298
Income (loss) before tax	- 2 754 671	- 2 640 590	1 961 594
Income tax	- 606 028	- 579 238	372 625
Net income (loss)	- 2 148 644	- 2 061 352	1 588 969

Highlights from Q1 2021

- CAMCOPTER® implementation project – training, testing and deployment activities, to commence operation in Q1 and Q2
- Increased depreciation due to investment in CAMCOPTER® S-100 and merger of The Staaker Company AS.
- Net financial items is mainly currency exchange gains

Figures for the income statement for 2020 for The Staaker Company AS, has not been incorporated, as the numbers are considered to be insignificant. Figures for Q1 are unaudited.

BALANCE SHEET

All figures in NOK	Q1 2021	Q4 Group	Q4 Parent
Assets			
Intangible assets	32 071 403	33 588 695	20 523 115
Aircraft and spareparts	52 609 722	41 194 968	40 971 232
Fixtures and fittings	8 051 027	9 832 437	9 835 664
Pre-payment fixed assets	12 293 644		-
Financial assets	30 000	30 000	12 458 978
Total fixed assets	105 055 796	84 646 100	83 788 989
Inventory	6 445 455	6 084 599	3 185 840
Accounts receivables	5 433 414	8 202 645	8 170 305
Other current receivables	32 596 976	13 277 440	13 259 901
Cash and cash equivalents	97 395 675	53 274 068	53 225 002
Total current assets	141 871 521	80 838 752	77 841 048
Total assets	246 927 316	165 484 852	161 630 037
Equity and liabilities			
Equity	207 391 567	116 398 127	112 568 009
Liabilities to financial institutions	23 432 506	25 396 776	25 396 776
Total long term liabilities	23 432 506	25 396 776	25 396 776
Liabilities to financial institutions	-	-	-
Trade creditors	7 043 523	14 722 252	14 685 994
Public duties payable	2 683 980	2 271 164	2 271 164
Other current debt	6 375 740	6 696 533	6 708 094
Total short term liabilities	16 103 243	23 689 949	23 665 252
Total liabilities	39 535 749	49 086 725	49 062 028
Total equity and liabilities	246 927 316	165 484 852	161 630 037

Highlights from Q1 2021

- The Staaker Company AS merged with Nordic Unmanned as of January 1st.
- Pre-payments fixed assets, mainly CAMCOPTER® S-100, system 2
- Book Equity Ratio of 84%.
- Solid cash position of NOK 97 mill. Undrawn overdraft and credit facilities of NOK 69 mill, in total NOK 166 mill.
- Capex and Capitalization are mainly related to building up drone fleet and capacity:

CAPEX & CAPITALIZATION NOK mill	Q4 2020	Q1 2021 Investments
Aircrafts / Drones / Equipment & Tools	50,8	23,1
Approvals / permits / certifications	4,6	0,3
Own IP	5,2	0,7

CASH FLOW STATEMENT

All figures in NOK

Q1 2021

Cash flow from operations

Income (loss) before tax	-	2 754 671
Taxes paid in the period		-
Depreciation and amortisation expenses		2 139 654
Changes in inventories	-	110 857
Changes in accounts receivables	-	1 344 473
Changes in accounts payable	-	7 678 729
Other operating cash flow	-	15 064 742

Net cash from operations - **24 813 818**

Cash flow from investments

Purchase of fixed assets	-	23 573 014
Capitalized R & D	-	1 019 091
Other investing activities - net		-

Net cash from investments - **24 592 106**

Cash flow from financing activities

Net disbursements overdraft facility		-
Proceeds from new debt (short / long term)		-
Repayment of debt (short / long term)	-	1 964 270
Proceeds from equity issue		95 540 866
Other finance cash flow - net		-

Net cash from financing activities **93 576 596**

Net cash for the period **44 170 673**

Cash and cash equivalents at the beginning of the period 53 225 002

Cash and cash equivalents at the end of the period **97 395 675**

Highlights from Q1 2021

- Other operating cash flow include:
 - Accrued revenue 8 mill.
 - Prepaid expences 4,5 mill
 - Training, and capability build up, 3,3 mill.
- Repayment of debt includes foreign exchange gain

SELF-APPROVING OPERATIONS IN ALL EU COUNTRIES

Milestone certificate

Received the European Light UAS Operator Certificate (LUC) issued by the Norwegian Civil Aviation Authority under the EASA (European Union Aviation Safety Agency) EU 2019/947 rules and becomes the first European operator to receive this new certificate for several different models of Unmanned Aerial Systems (UAS).

Most comprehensive LUC issued

The certificate allows Nordic Unmanned to deploy its entire fleet of eight different Unmanned Aerial System (UAS) models for beyond visual line of sight (BVLOS) flights in all EASA member countries by self-approving its operations and leveraging simplified declaration procedures across all European countries

New unified European regulation

It replaces the previous regulation where each country had their own rules and procedures that were lacking uniformity from a European operator perspective. The UAS (drone) models includes among others Schiebel CAMCOPTER® S-100, Staaker BG-200, and Lockheed Martin Indago.

In short




Nordic Unmanned is taking the leading role as drone operator for Pan European complex (Beyond Visual Line of Sight (BVLOS) operations by achieving the Light Unmanned Operator Certificate.



The time from customer requirement to operations will reduce significantly.

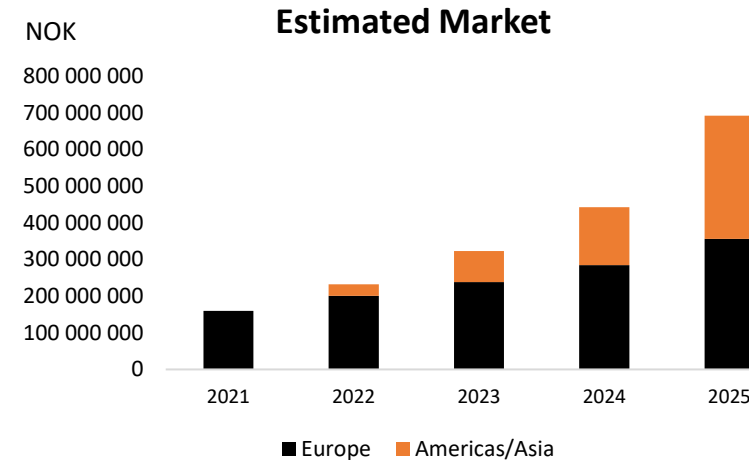


The LUC is expected to achieve world-wide acknowledgment.

LIGHT UAS OPERATOR CERTIFICATE (LUC) (Terms of approval of an LUC holder)		
	State of the operator:	
	NORWAY	
	Issuing competent authority:	
	The Civil Aviation Authority of Norway	
LUC #: 001	Operator name: Nordic Unmanned AS	
UAS operator registration number: NOR:		Contact details, at which operational management can be contacted without undue delay:
Operator address: Havnespeilet 3etg, Rådhusgata 4 4306 Sandnes		
Telephone: +47 512 09 446		
Email: post@nordicunmanned.com		
This certificate certifies that Nordic Unmanned AS is authorised to perform UAS operations, as defined in the attached UAS operations specifications, in accordance with the LUC manual, with the Annex to Regulation (EU) No 2019/947 and with Annex IX to Regulation (EU) 2018/1139.		
Date of issue: 04.04.2021	 Name: Bente Løvold Title: Head of Section Unmanned Aviation	

FIRST M&A ACTIVITY

LEADING GLOBAL MARITIME EMISSION MONITORING



The current market for Maritime Emission Monitoring is estimated to be NOK 160 million in 2021, increasing to NOK 700 million in 2025.

- The joint venture with the Finnish company Aeromon will cement Nordic Unmanned's leadership position in the growing global maritime emission market.
- The joint venture will globally support maritime authorities, port authorities, and oil and gas companies.
- Europe is actively enforcing environmental regulations by using cutting-edge drone technology. Nordic Unmanned will take an active role in implementing global enforcement of these regulations.

The effects of implementing MARPOL Annex VI in 2020 compared to 2025*



~8.5 to ~8.9 million metric tonnes reduction in sulphur emissions 2020-2024 annually



Delay in implementation of global sulphur limits from 2020 to 2025 would, according to the study, contribute to more than 570,000 additional premature deaths compared to the implementation from 2020

*<https://www.wco.imo.org/localresources/en/MediaCentre/HotTopics/Documents/Finland%20study%20on%20the%20benefits.pdf>
AIR POLLUTION AND ENERGY EFFICIENCY – "Study on effects of the entry into force of the global 0.5% fuel oil sulphur content limit on human health"

DEFINITIONS

Revenue per flight hours

Total revenue (excluding revenue for the Defense & Security business area) for the period divided by total flight hours (excluding flight hours for the Defense & Security area) for the period.

EBITDA

Profit/(loss) for the period before net financial items, income tax expense, depreciation and amortization

Adjusted EBITDA*

(*) Adjusted EBITDA is EBITDA adjusted for one-off Covid-19 associated cost.
Covid-19 associated cost includes additional medical certificates and tests, additional travel insurance, quarantine days for crew before and after operation, additional hotel and logistics costs and employee bonuses.

Contract backlog

Contract backlog includes the maximum remaining estimated value of signed contracts.

Historic win rate

Number of opportunities won with value above NOK 2 million divided by number of targeted opportunities above NOK 2 million



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