

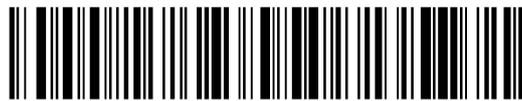


JUNE  
2021



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HALF  
YEAR  
REPORT



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**NORSE**

# Headlines H1 2021

- Norse Atlantic Airways established
- USD 171.5 million equity raised in private placements
- Secured 15 modern Boeing 787 Dreamliners on long-term leases at favorable pricing and flexible terms
- Successful listing on Euronext Growth Oslo Børs stock exchange

## About Norse

Norse Atlantic ASA (“Norse”, “Norse Atlantic Airways” or the “Company”) is a new airline that will offer affordable fares on long-haul flights, primarily between Europe and the United States. The company was founded by CEO and major shareholder Bjørn Tore Larsen in February 2021. Norse has secured a fleet of 15 modern, fuel-efficient and more environmentally friendly Boeing 787 Dreamliners that will serve destinations including New York, Florida, Paris, London and Oslo, among others. The Company expects to take delivery of the aircraft from December 2021 through March 2022. The Company has taken a proactive approach to working hand-in-hand with labor unions to foster a unified culture throughout the entire organization and in support of its business model. Norse has signed agreements with the Association of Flight Attendants-CWA (“AFA”) in the US and the British Airline Pilots Association (“BALPA”) in the UK and is in active dialogues with other unions in the countries it plans to operate. First flights are expected to take off in late first quarter or early second quarter of 2022.

## Financial performance and position

These condensed consolidated financial statements are the Company’s first financials and cover the period 1 February to 30 June 2021 (the “Period”).

The Company expects to start revenue generating activities in 2022 on commencement of its first flight and, hence, no revenue was recognized during the period ended 30 June 2021. Operating costs during the Period totalled USD 1.8 million, consisting largely of general and administrative costs. Finance income was USD 2.5 million, consisting of a gain on revaluation of foreign currencies held as cash at the period end. Net profit after tax was USD 0.7 million for the Period.



# Cash flow

The Company's net increase in cash and cash equivalents over the Period was USD 150.3 million, which was also the Company's cash balance on 30 June 2021. The net cash movement was driven by cash inflow from financing activities of USD 163.6 million, consisting of gross proceeds from equity raises of USD 171.5 million, net of USD 7.9 million transaction costs. Cash flows in investing activities was an outflow of USD 14.4 million, due to aircraft lease deposits. Net operating cashflows were an outflow of USD 1.4 million, while the effect of currency revaluation on cash was USD 2.5 million.

## Aircraft lease

On 29 March 2021 the Company entered into an agreement for the lease of nine Boeing Dreamliner aircraft from AerCap Holdings NV ("AerCap"), consisting of six Boeing 787-9s and three Boeing 787-8 aircraft (the "AerCap Leases"). The lease terms are approximately 8 years for the 787-8 aircraft and approximately 12 years for the 787-9 aircraft, measured from the inception date. The leases have not commenced as Norse has not taken delivery of the aircraft. The commencement dates are expected to be when the Company takes delivery of the nine aircraft during Q1 2022. On the commencement dates the Company will recognize a right-to-use asset and lease liability.

Under the terms of the AerCap Leases the Company has paid a deposit totalling USD 8.4 million.

On 2 August 2021 the Company entered into an agreement for the lease of six Boeing Dreamliner aircraft from BOC Aviation Ltd ("BOCA"). The lease terms are approximately 16 years per aircraft, measured from the inception date. The leases have not commenced as Norse has not taken delivery of the aircraft. The commencement dates are expected to be when the Company takes delivery of the six aircraft during December 2021. On the commencement dates the Company will recognize a right-to-use asset and lease liability.

Under the terms of the BOCA Leases the Company has as of today paid a total lease deposit of USD 12 million, USD 6 million of which was paid as of 30 June 2021.

# Risks

The Company is exposed to the normal risks that are associated with newly established enterprises, as well as to risks related to the airline industry. The commencement of operating activities by the Company is dependent on numerous factors, including a recovery in the demand for air travel following the Covid-19 pandemic and necessary regulatory approvals for air traffic operations. The outbreak of the COVID-19 pandemic has had a dramatic impact on the airline industry and may continue to have negative impacts in the future, while the Company's commencement of operations expected in 2022 will be dependent on travel restrictions easing from current levels and customer demand. Norse has commenced seeking certain regulatory approvals, including Aircraft Operating Certificates with the Civil Aviation Authorities in Norway and the UK. For certain airports, the Company is reliant on securing airport landing rights.

## Events after the balance sheet

On 2 August 2021, the Company entered into an agreement for the lease of six Boeing Dreamliner aircraft from BOCA.

On 22 September 2021, the Company entered into an agreement with the British Airline Pilots Association ("BALPA") in relation to terms of employment for UK pilots.

## Outlook

The Company plans to commence operations once the COVID-19 restrictions have eased and demand for transatlantic air travel returns. Norse will take delivery of its first aircraft in December 2021 and expects to take delivery of the last of the 15 aircraft by the end of March 2021. The Company is aiming to have its first transatlantic flights in late first quarter 2022 or early second quarter 2022. Although significant travel restrictions as a result of COVID-19 remain in place, announcements in early September by the governments of the US and the UK have indicated that restrictions will soon be eased. Both the US and UK, as well as Norway and France, are expected to be key markets for Norse.

Norse will be established with an operating license in Norway and the United Kingdom, with pilots and cabin crew employed directly in those countries as well as in the US, which is expected to be the Company's largest destination market.



## Consolidated statement of comprehensive income

<i>USD millions</i>	<i>Note</i>	<b>From 1-Feb to 30-Jun-21</b>
Operating expenses	7	1.8
<b>Total operating loss</b>		<b>1.8</b>
Finance cost		-
Finance income		2.5
<b>Profit before tax</b>		<b>0.7</b>
Income tax		-
<b>Profit after tax and total comprehensive income</b>		<b>0.7</b>
<b>Earnings per share to equity holders (in USD)</b>		
- Basic and diluted	6	0.01

# Consolidated statement of financial position

<i>USD millions</i>	<i>Note</i>	<b>30-Jun-21</b>
<b>Non-current assets</b>		
Aircraft lease deposits	5	14.4
<b>Total non-current assets</b>		<b>14.4</b>
<b>Current assets</b>		
Receivables		0.4
Cash and cash equivalents	3	150.3
<b>Current assets</b>		<b>150.7</b>
<b>Total assets</b>		<b>165.1</b>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital (including share premium)	4	163.6
Retained earnings		0.7
<b>Total equity</b>		<b>164.3</b>
<b>Current liabilities</b>		
Trade and other payables		0.8
<b>Total current liabilities</b>		<b>0.8</b>
<b>Total liabilities</b>		<b>0.8</b>
<b>Total equity and liabilities</b>		<b>165.1</b>

# Consolidated statement of cash flows

<i>USD millions</i>	<i>Note</i>	<b>From 1-Feb to 30-Jun-21</b>
<b>Cash flows from operating activities</b>		
Profit for the period		0.7
<i>Adjustments for items not affecting operating cash flows:</i>		
Finance income		(2.5)
<b>Net operating cash flows before working capital</b>		<b>(1.8)</b>
Working capital movements		0.4
<b>Net cash flows from operating activities</b>		<b>(1.4)</b>
<b>Cash flows from investing activities</b>		
Aircraft deposits	5	(14.4)
<b>Net cash flows from investing activities</b>		<b>(14.4)</b>
<b>Cash flows from financing activities</b>		
Proceeds from share issue	4	171.5
Transaction costs of share issue		(7.9)
<b>Net cash flows from investing activities</b>		<b>163.6</b>
Effect of foreign currency revaluation on cash		2.5
<b>Net increase in cash and cash equivalents</b>		<b>150.3</b>
Cash and cash equivalents at the beginning of the period		-
<b>Cash and cash equivalents at the end of the period</b>		<b>150.3</b>

# Consolidated statement of changes in equity

<i>In USD million apart from number of shares</i>	<i>Note</i>	<i>Number of shares</i>	<i>Issued share capital</i>	<i>Share premium</i>	<i>Retained earnings</i>	<i>Total equity</i>
<b>Balance at incorporation on 1-Feb-2021</b>		-	-	-	-	-
<b>Issue of share capital</b>						
1-Feb-21 at USD 11.63 (NOK 100) pr share		300,000	3.5	-	-	3.5
14-Mar-21 share split		2,700,000	-	-	-	-
14-Mar-21 reduction of nominal value		-	(2.4)	2.4	-	-
14-Mar-21 at USD 1.18 (NOK 10) pr share		7,000,000	2.4	5.8	-	8.3
8-Apr-21 at USD 2.36 (NOK 20) pr share		63,750,000	22.5	127.7	-	150.2
Transaction costs		-	-	(7.9)	-	(7.9)
12-May-21 at USD 2.42 (NOK 20) pr share		3,934,314	1.4	8.0	-	9.5
Total comprehensive income for the period		-	-	-	0.7	0.7
<b>Balance at 30 June 2021</b>		<b>77,684,314</b>	<b>27.5</b>	<b>136.1</b>	<b>0.7</b>	<b>164.2</b>

## Notes to the consolidated financial statements

### 1. General information

These unaudited consolidated financial statements of Norse Atlantic ASA (“Norse”, “Norse Atlantic Airways” or the “Company”) were authorized for issue in accordance with a resolution of the Board of Directors passed on 28 September 2021.

Norse Atlantic Airways is a public limited company listed on the Euronext Growth Oslo Stock Exchange. The Company was incorporated on 1 February 2021 under the laws of Norway and its registered office is Fløyveien 14, 4838 Arendal, Norway. The Company has wholly owned subsidiaries in Norway, the UK and the US.

Norse is a new affordable long-haul airline established in 2021 and will serve the transatlantic market with modern, fuel-efficient and more environmentally friendly Boeing 787 Dreamliners. The first flights are expected to take off in 2022.

### 2. Basis of preparation and selected accounting policies

These financial statements are prepared in accordance with IAS 34 Interim financial reporting of International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and as adopted by the EU.

These financial statements have been prepared based on the assumption of going concern. The Company was incorporated on 1 February 2021 and these condensed consolidated financial statements are the Company’s first financial statements. As a result, key accounting principles are described below.

#### 2.1. Consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Company. Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated on consolidation.

<b>Name of subsidiary</b>	<b>Ownership</b>	<b>Country of incorporation</b>
Norse Atlantic Airways AS	100%	Norway
Norse Atlantic US Holding AS	100%	Norway
Norse Atlantic UK Ltd	100%	UK
Norse Atlantic USA LLC	100%	US

#### 2.2. Revenue recognition

Revenue is recognized when a contractual performance obligation is satisfied by transferring a promised good or service to a customer. The Company is in a start-up phase and has not yet commenced revenue generating operations. The Company expects to start generating revenue in 2022, when it flies its first passenger flight.

## 2.3. Foreign currency translation

The functional and presentational currency of the Company is United States dollars (USD).

Income and expenses denominated in foreign currencies are translated into USD at the exchange rates prevailing at the dates of the transactions. Exchange gains and losses resulting from settlement of such transactions as well as from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as finance income and finance costs.

## 2.4. Financial liabilities

Financial liabilities are measured at fair value on recognition, net of directly attributable transaction costs. Subsequent to initial recognition, the Company's financial liabilities are measured at amortized cost using the effective interest rate method. The Company derecognizes a financial liability only when the Company's obligations are discharged, cancelled or expire.

	30-Jun-21
Current trade and other payables	0.9
<b>Total carrying value of financial assets</b>	<b>0.9</b>
<i>Total carrying value of financial and non-financial liabilities</i>	0.9

## 2.5. Financial assets

Financial assets are measured at fair value on recognition. Subsequent to initial recognition, the Company's financial assets are measured at amortized cost using the effective interest rate method. The Company derecognizes a financial asset when the contractual rights to cash flows from the asset expire.

	30-Jun-21
Aircraft lease deposits	14.4
Current receivables	0.4
Cash and cash equivalents	150.3
<b>Total carrying value of financial assets</b>	<b>165.1</b>
<i>Total carrying value of financial and non-financial assets</i>	165.1

## 2.6. Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent when it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws that are used to compute the amount are those which are enacted or substantively enacted at the reporting date.

Deferred income tax is determined by using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences. No deferred tax assets relating to tax losses are recognized if the timing or amount of tax losses that will be utilized in the future is uncertain.

## 2.7. Segment reporting

The Company is in a start-up phase and its chief operating decision maker currently reviews the Company's activities on a consolidated basis as one operating segment.

## 2.8. Critical accounting estimates and judgments

The preparation of the Company's consolidated financial statements requires management and the board to make estimates, judgments and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, as well as the accompanying disclosures. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods. As of 30 June 2021 the Company had entered agreements for the lease of nine aircraft, while after the balance sheet date the Company entered agreements for the lease of a further six aircraft. The inception date of the leases has occurred as this was the date of the lease agreements. However, in the Company's judgment the leases have not yet commenced since the underlying aircraft assets in the lease are not yet under the control of the Company since delivery of the aircraft has not yet occurred. The aircraft will be delivered during the period starting December 2021 through to end March 2022. As the leases have not commenced, no right-to-use asset and corresponding lease liability have been recognised either at the balance sheet nor reporting date.

## 3. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks. The Company has no restricted cash.

	30-Jun-21
<i>Denominations of cash held</i>	
USD	93.9
NOK	53.6
GBP	2.8
<b>Total cash and cash equivalents</b>	<b>150.3</b>

## 4. Share capital

The Company has one class of ordinary shares and accounts for these shares as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a reduction from the gross share issue proceeds.

As of 30 June 2021 the Company had authorized and issued 77,684,314 shares, all with par value NOK 3 per share.

A list of Norse's top shareholders can be found on the Company's website at [www.flynorse.com](http://www.flynorse.com).

## 5. Leases

Norse assesses whether a contract is, or contains, a lease in accordance with IFRS 16. Lease agreements where the contract conveys the right to use an identified asset for a period of time in exchange for consideration, are classified as leases. The inception date of a lease is the earlier of the date of a lease agreement and the date of commitment by the parties to the principal terms of the lease. The lease term is the non-cancellable period for which the Company has the right to use an underlying asset, together with periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option.

The commencement date of a lease is the date on which a lessor makes an underlying asset available for use by the lessee. At the commencement date of a lease the Company recognizes both a right-of-use asset and a lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the consolidated statement of financial position.

The right-of-use asset initially measured at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any incentives received, any initial direct costs incurred, and an estimate of costs to be incurred in restoring the assets to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Payments made relating to short-term leases – defined as leases with a lease term of 12 months or less – and leases of low value assets are recognized as an operating expense on a straight-line basis over the term of the lease.

### 5.1. Aircraft leases

On 29 March 2021 the Company entered an agreement for the lease of nine Boeing Dreamliner aircraft from AerCap Holdings NV (“AerCap”) consisting of six Boeing 787-9s and three Boeing 787-8 aircraft (the “AerCap Leases”). The lease terms are approximately 8 years for the 787-8 aircraft and approximately 12 years for the 787-9 aircraft, measured from the inception date. The leases have not commenced as Norse has not taken delivery of the aircraft. The commencement dates are expected to be when the Company takes delivery of the nine aircraft during Q1 2022. On the commencement dates the Company will recognize a right-to-use asset and lease liability.

Under the terms of the AerCap Leases the Company has paid a deposit totalling USD 8.4 million. On commencement of the leases the deposit is expected to be included as part of the lease payments to determine the right-of-use asset in accordance with IFRS 16 and at 30 June 2021 the lease deposits are classified as non-current assets.

On 2 August 2021 the Company entered an agreement for the lease of six Boeing Dreamliner aircraft from BOC Aviation Ltd ("BOCA"). The lease terms are approximately 16 years per aircraft, measured from the inception date. The leases have not commenced as Norse has not taken delivery of the aircraft. The commencement dates are expected to be when the Company takes delivery of the six aircraft during December 2021. On the commencement dates the Company will recognize a right-to-use asset and lease liability.

Under the terms of the AerCap Leases the Company has paid a deposit totalling USD 8.4 million. Under the terms of the BOCA Leases the Company has as of today paid a total lease deposit of USD 12 million, USD 6 million of which was paid as at 30 June 2021. On commencement of the leases the deposits are expected to be included as part of the lease payments to determine the right-of-use asset in accordance with IFRS 16 and at 30 June 2021 the lease deposits are classified as non-current assets.

## 6. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders for the period divided by the weighted average number of shares in issue during the same period. The Company has no potentially dilutive equity instruments in issue.

	From 1- Feb to 30- Jun-21
Profit for the period (USD millions)	0.7
Weighted average shares outstanding during the period	44,136,452
<b>Basic and diluted EPS (USD per share)</b>	<b>0.01</b>

## 7. Events after the balance sheet date

### 7.1. Aircraft lease

On 2 August 2021 the Company entered an agreement for the lease of six Boeing Dreamliner aircraft from BOC Aviation Ltd ("BOCA"). See Note 5.1 for further information.

### 7.2. BALPA agreement

On 22 September 2021 the Company entered an agreement with the British Airline Pilots Association in relation to terms of employment for UK pilots.

## **Responsibility Statement**

# **Board and management confirmation**

We confirm that, to the best of our knowledge, these interim consolidated financial statements for the period ended 30 June 2021, which have been prepared in accordance with IAS 34 Interim Financial Reporting, give a true and fair view of the Company's consolidated assets, liabilities, financial position and results of operations, and that the interim report includes a fair review of the information under the Norwegian Securities Trading.

Arendal, 29 September 2021

The Board of Directors and CEO of Norse Atlantic ASA

