



NORSE

Q1 Report 2023



Strong forward bookings & well-timed ramp-up for a promising summer ahead

- Norse remained in early start-up phase in Q1 and the moderate flying activity during the seasonally low winter months impacted the quarterly earnings
- Norse commenced flights on Norse's UK AOC and had its inaugural flight from Paris at the end of Q1
- Final summer 2023 routes made available for sale during Q1
- Main focus has been working towards the planned ramp-up during June, more than doubling production, so that all aircraft are generating revenue by 1st July
- Norse will become the largest transatlantic operator from London Gatwick from 1st July
- 110,263 passengers carried in Q1, resulting in a load factor of 54%
- Q1 revenues of USD 40 million, down USD 6 million (14%) from prior quarter due to reduced capacity and revenue per passenger, partly compensated by increased aircraft sublease revenue
- Q1 net accounting loss USD 71 million, impacted by USD 19 million non-cash lease accounting cost, and down USD 4 million (6%) from prior quarter due to lower revenues
- Cashflow from operations was negative USD 22 million in Q1
- Increase in ancillary sales through the quarter; Norse aims to become the highest ancillary revenue per passenger airline globally
- Total cash at end Q1 of USD 42 million (USD 50 million at end May)
- As communicated in November 2022 in relation to a private placement at the time, Norse made good on its promise to investors holding minor shareholdings, that it would perform a repair offering, which it completed post-quarter end, raising NOK 150 million gross (USD 14 million)
- Norse upgraded to Euronext Expand Oslo Stock Exchange, a regulated market, post-quarter end
- Value adjusted equity of well in excess of USD 300 million
- Load factors increasing post-quarter end, with 67% in April, over 70% estimated for May, and expected to significantly increase from June and through the summer
- Strong forward sales momentum through the quarter continued post-period end; based on all tickets sold as of 25 May, average net fare on tickets already sold are 84% and 101% higher per passenger in Q2 and Q3 than was achieved in Q1, respectively
- Norse will serve 12 destinations in summer 2023 season – five European connected to seven US cities – and adds three new routes from winter, Thailand, Barbados and Jamaica
- Ready for increased production to a fully operational fleet ahead of peak summer 2023



CEO, Founder and largest shareholder, Bjørn Tore Larsen

“Over the past two years we have built a transatlantic airline that focuses on value to both customers and shareholders alike. By providing affordable air fares when compared to our competitors we allow more people to explore the world and enjoy the experience of long haul travel whether for leisure or business.

We knew Q1 2023 would be challenging financially as we had limited flying during that period, which is traditionally a lower demand season, however, we focused our efforts on ensuring that everything was in place for what promises to be a great summer ahead.

“Demand for transatlantic travel is strong. We are looking forward to the coming peak summer

season as that will be the first time we have all aircraft generating revenue, and we maintain our goal of delivering the lowest cost as well as the highest ancillary revenue per passenger in the industry.

“Our sought-after aircraft are locked-in at fixed aircraft lease rates that are about half of current market rates, we have all the approvals and airport landing rights we need for now, additionally we have a fantastic team of employees who deliver the very best service for our customers every day. It is from this point onwards that we will see sustained value creation as Norse becomes a profitable long-haul, low-cost airline.”

Key Figures

(in thousands of USD)

	Q1 2023	Q4 2022	Full Year 2022
Revenue	39.8	46.4	104.3
EBITDAR ¹	(32.9)	(26.1)	(60.3)
Operating profit (EBIT)	(62.5)	(58.7)	(146.1)
Net profit	(70.9)	(67.1)	(175.0)
Net cashflow from operations	(22.5)	(13.3)	(68.6)
Book equity	(60.3)	10.5	10.5
Total cash ¹	42.0	69.7	69.7
Number of flights	655	725	1,451
Number of operating destinations	7	7	7
Average stage length (km)	5,006	5,060	5,534
ASK ¹ (millions)	1,130	1,244	2,716
RPK ¹ (millions)	612	716	1,693
Number of passengers	110,263	135,913	295,839
Load factor ¹	54%	58%	62%
Airfare per passenger (USD) ¹	171	194	215
Ancillary per passenger (USD) ¹	52	45	47
Revenue per passenger (USD) ¹	223	239	262
PRASK (US cents) ¹	2.18	2.61	2.86
TRASK (US Cents) ¹	3.52	3.73	3.84
CASK cash adjusted (US cents) ¹	5.30	4.75	4.81
CASK excl. fuel (US cents) ¹	7.11	6.28	6.94
CASK (US cents) ¹	9.04	8.45	9.22
Total number of aircraft in fleet at period end	15	15	15
Total number of aircraft in operation at period end	4	4	4
Total number of aircraft subleased out at period end	5	5	5

¹ Non-IFRS alternative measures are explained and/or reconciled in the notes to the financial statements

The Company's commenced its first commercial flight on 14 June 2022, just 14 months after Norse Atlantic ASA (combined with its subsidiaries commonly referred to as "Norse", "Norse Atlantic Airways" or the "Company") was formed, and the IPO completed. The winter 2022 marked a number of milestones in Norse's short history as it launched several new routes from new European and US cities, gradually increasing from one aircraft in operation at the end of June 2022, to four at the yearend 2022 and throughout the first quarter of 2023.

The Company recorded an average load factor for the Period of 54% (58% in Q4 2022). Norse achieved a decent operational performance, flying over 98% of scheduled flights (100% in Q4 2022), with the few cancellations being due to strikes external to the Company, and other conditions outside the Company's control.

Norse flew its first commercial flight on its UK AOC (Aircraft Operating Certificate) on 26 March 2023, flying London Gatwick to JFK New York. This allowed the Company to cease operating the inefficient route from Oslo-Gatwick-New York that it had done since 2022 in order to retain landing slots and start operating from the UK. Norse has secured five daily landing slot pairs at London Gatwick and four at JFK New York, which Norse will utilize from the summer 2023 season as it ramps-up production. By mid-summer 2023 the Company expects to be utilizing its full fleet of 15 aircraft, with 10 aircraft under own operations and five aircraft on sublease to a third party.

Cargo revenues recorded in the Period totalled USD 4 million, an amount equivalent to 11% of Norse's overall revenues. Norse flew a number of charters in the Period, with charter activity continuing throughout 2023. The charters were mainly done for the Norwegian Government as well as one global tour operator for winter holiday destinations in the Caribbean and the Far East.

Norse has a fleet of 15 modern, fuel-efficient and environmentally friendly Boeing 787 Dreamliners at historically low pricing and favourable lease terms, including Power by the Hour (PBH) payments for a minimum period of the first 12 months after respective aircraft deliveries. As of 31 March 2023, all aircraft are delivered, with five subleased out to a third party for a minimum duration of 18 months each. Four of the subleased aircraft have been extended from the original sublease period that was due to end around 31 December 2023, so that the aircraft are now redelivered on a staggered basis to Norse between March and June 2024. Norse expects to have all five subleased aircraft flying under Norse operations by peak summer 2024. The total revenue from the aircraft sublease component is expected to be in excess of USD 50 million over the term of the subleases.

Norse completed a private placement equity raise of gross NOK 300 million (approximately USD 30 million) November 2022. In relation to the private placement, Norse committed to carry out a repair offering in order to treat all shareholders equally. The repair offering was completed on 20 April 2023, raising a total gross amount of NOK 150 million (USD 14 million equivalent).

Outlook

Inflation is high in Europe and the US, impacting the spending power of consumers, while jet fuel prices remain relatively high and make up a higher proportion of airlines' cost base than previously. Norse is a very young airline and will only be operating on a scale that gives efficiencies and significant earning power from around 1 July 2023. Norse continues to enjoy the benefits of flexible aircraft lease terms, including Power by the Hour and low lease rates, during its ramp-up. As expected, Q1 2023 is a loss-making period due to the seasonality as well as the Company still being in a start-up phase.

The financial year 2023 will be Norse's first year that has production through all months, though the first half will be of limited activity as Norse works towards timing ramp-up for the peak summer months and onwards; it will be the second half of 2023 that Norse is fully operational with all aircraft generating revenue, with 10 aircraft in own operations and five aircraft subleased out. As a start-up airline that was still in the process of obtaining all relevant regulatory approvals, as well as airport slot times, performance up until now has been negatively impacted by having short selling windows between launching ticket sales for a route and flights. For example, there were six weeks between Norse's first tickets on sale for its Oslo-New York route, while in comparison, established (ie. non-startup) airlines typically have tickets on sale 330 days in advance. Norse made its first summer 2023 routes available for sale on 9 November 2022, while due to regulatory approvals the final summer 2023 network was only available for sale from 28 February 2023. As Norse is able to increase its booking window it is expected to have a positive impact on ticket sales as customers will have a longer period to make bookings. Norse released its first winter 2023 tickets for sale on 29 March, and added further routes thereafter, and by end May had its full winter program available for sale.

Establishing a new airline takes time and investment and Norse is on-track to becoming a profitable transatlantic low-cost carrier. Building a reliable and known brand is continuous and is not completed overnight. While tickets were initially only available for sale on the Company's website, since mid-2022 Norse fares have progressively become available on an increasing number of platforms including finn.no, kayak.com, kiwi.com, skyscanner.net, and booking.com. During the summer Norse expects to add additional selling platforms. Norse is sufficiently financed and ready for ramp-up to fully operational fleet in summer 2023, including five aircraft based at London Gatwick. During Q1 2023 and post-quarter end there has been a strong sales momentum for summer season bookings. From 1st July 2023 the Company will have all of its fleet of aircraft in revenue generating activities for the first time.

Financial Performance & Position

As the Company started its commercial flight operations during the second half of 2022, the Company refers to the fourth quarter of 2022 ("Q4 2022") as the period of comparable information to the extent that comparison with any such prior period is considered as useful information. During the Period the Company recorded revenue

of USD 39.8 million (USD 46.4 million in Q4 2022), consisting of USD 24.6 million (USD 32.5 million in Q4 2022) in revenues from passengers and USD 15.1 million (USD 13.9 million in Q4 2022) in revenue from other sources. Airfare revenue averaged USD 171 (USD 194 in Q4 2022) and ancillary revenue USD 52 (USD 45 in Q4 2022) per passenger, an aggregate of USD 223 per passenger (USD 239 in Q4 2022), generating USD 18.9 million (USD 26.4 million in Q4 2022) and USD 5.7 million (USD 6.1 million in Q4 2022), respectively, from a total of 110,263 passengers flown during the Period (135,913 in Q4 2022). Norse carried cargo totalling 3,813 tons (4,202 tons in Q4 2022) at an average rate net of commission and other direct costs of USD 1.13 per ton (USD 1.36 per ton in Q4 2022), generating total net cargo revenue of USD 4.3 million during the Period (USD 5.7 million in Q4 2022). Norse had five aircraft on sublease to a third party during the Period, and recorded lease rental income of USD 8.3 million during the Period (USD 6.7 in Q4 2022). The Company recorded charter revenue of USD 1.9 million during the Period (USD 1.2 million in Q4 2022).

Operating expenses excluding depreciation, amortization, and aircraft leases during the Period totalled USD 72.7 million (USD 72.5 million in Q4 2022), consisting of USD 19.4 million (USD 17.4 million in Q4 2022) in personnel expenses, USD 46.0 million (USD 49.3 million in Q4 2022) in aircraft operating costs and USD 7.3 million

(USD 5.8 million in Q4 2022) in marketing and administrative costs. Variable aircraft lease expenses were USD 8.7 million (USD 13.2 million in Q4 2022), which is the amount the Company paid in Power by the Hour aircraft lease costs. Norse recognized USD 20.8 million (USD 19.4 million in Q4 2022) of depreciation and amortization during the Period, of which USD 20.0 million related to amortization of the aircraft right-to-use assets.

Net financial expense for the Period was USD 8.4 million (USD 8.4 million in Q4 2022), including USD 6.9 million (USD 7.6 million in Q4 2022) in accrued interest on lease liabilities. The Company reported a net loss after tax of USD 70.9 million for the Period (USD 67.1 million in Q4 2022).

As of 31 March 2023, the carrying value of right-of-use assets related to aircraft leases and associated maintenance assets was USD 914.0 million (USD 933.1 million as of 31 December 2022), while the corresponding lease liability for the aircraft was USD 962.3 million (USD 961.4 million as of 31 December 2022). At the Period end three aircraft are still on full Power by the Hour flexible payment terms, whereas two aircraft partially are on PBH terms. The remaining 10 aircraft are under fixed lease payments, hereof five aircraft are sub-leased with a locked-in margin.

The Company has current assets of USD 131.0 million at the end of the Period (USD 117.2 million



as of 31 December 2022). At the end of the Period the current liabilities were USD 177.6 million (USD 108.4 million as of 31 December 2022). The Company's book equity was negative USD 60.3 million at 31 March 2023, while adjusted for the current value of the aircraft leases the adjusted equity value of the Company is well in excess of USD 300 million (assumes 10% discount rate and market lease rate of USD 900,000 per month per aircraft).

The Company's net decrease in cash and cash equivalents during the Period was USD 27.7 million (net increase of USD 17.3 in Q4 2022), mainly driven by net cash outflow from operations of USD 22.5 million (outflow of USD 20.0 million in Q4 2022), followed by a net cash inflow from investing activities of USD 2.4 million (inflow of USD 7.9 million in Q4 2022) and USD 8.0 million outflow to financing activities (inflow of USD 27.9 million in Q4 2022). The Company's free cash and cash equivalents as of 31 March 2022 was USD 37.0 million (USD 64.7 million as of 31 December 2022), while the total cash was USD 42.0 million (69.7 million as of 31 December 2022), including USD 5.0 million in restricted cash (USD 5.0 million as of 31 December 2022).

Organization

As of 31 March 2023, the Company had 792 employees, of whom 605 are airborne crew and the remaining 187 are engineers, aircraft maintenance personnel, and office-based employees. The Company has its headquarters in Arendal, Norway, and has offices in Oslo Gardermoen, London Gatwick, Fort Lauderdale, and Paris.

Risks

The Company is exposed to normal risks that are associated with newly established enterprises, as well as to risks related to the airline industry,

which is a highly competitive industry. Routes, network and markets has a maturity period and the airline market is very competitive. As such, the Company may be subject to aggressive and targeted pricing strategies from competitors on the routes it operates, thereby making it more difficult to establish itself and a customer base. Airlines are vulnerable to small changes in demand or sales prices due to high fixed costs for airline businesses. A significant portion of the operating expenses of an airline are fixed costs that cannot be scaled against other factors, such as number of tickets sold, number of passengers or flights flown. Airlines are exposed to the risk of significant loss from aviation accidents involving operations, including crashes and other disasters. Further, airlines are often affected by factors beyond their control, including technical problems, adverse weather conditions or other natural or man-made events.

The impact of the COVID-19 pandemic on the aviation industry has eased and demand for air travel has returned. However, any adverse development in the pandemic situation may impact the Company's financial performance.

Norse does not currently have any fuel hedging arrangements in place and is thus fully exposed to fluctuations in fuel prices. Further increases in aviation fuel price and any significant and prolonged adverse movements in currency exchange rates could impact the Company's earnings.

The development of the airline industry has historically been correlated to macroeconomic developments, making the industry sensitive to general conditions as well as to slow or moderate growth and private consumption trends. Future demand for air travel is subject to seasonal variations and can also be significantly impacted by macroeconomic factors, such as high inflation, that could have a negative impact on customers' spending behaviour. Airline fares, freight rates and passenger demand have fluctuated significantly

in the past and may fluctuate significantly in the future. A negative development in macroeconomic conditions may have a negative adverse effect on the demand for air travel and air freight services and result in loss of revenue and additional costs for the Company, which may have a material adverse effect on the Company's business, financial conditions, results of operations and future prospects.

The commercial airline industry has historically been subject to seasonal variations where demand is relatively high between May and October and relatively low between November and April. If Norse is not able to predict variations in demand correctly, and plan its operations accordingly, the Company's flights may become subject to over- or under capacity, which in turn may negatively affect its business, financial condition, income or operating result.

Significant risk factors Norse is exposed to include, but are not limited to, factors such as exposure to global macroeconomic and geopolitical factors, airport slot constraints, interruption in IT systems, aviation incidents, changes in taxes, changes in credit card settlement terms, environmental factors, degree of commercial success expressed through achieved load factors and fares, and the future development in jet fuel prices.

Just like any start-up and growth company, Norse is exposed to liquidity risk. Key to the Company's exposure to liquidity risk is the timing of when Norse receives payment from credit card companies for bookings made. Currently, approximately 90% of Norse's passenger ticket revenue is received 60-days after the booking date, irrespective of flight date. Any extension of that period will have a negative impact on the Company's liquidity risk. Going concern is described in more detail in the notes to the interim consolidated financial statements (see Note 2.2).



Condensed Interim Financial Statements

Consolidated Statement of Comprehensive Income

<i>(in thousands of USD)</i>	Note	Q1 2023	Q4 2022	Full Year 2022
Revenue				
Revenue	4	39,757	46,428	104,269
Operating expenses				
Personnel expenses		(19,353)	(17,434)	(44,462)
Fuel, oil and emission costs		(21,896)	(27,002)	(61,793)
Aiport charges and handling		(8,707)	(11,376)	(19,537)
Technical maintenance		(14,421)	(10,420)	(20,482)
Insurances, licenses and registration costs		(993)	(550)	(2,687)
Marketing costs		(2,831)	(2,308)	(6,211)
Administrative costs		(4,483)	(3,443)	(9,419)
Total Operating expenses excl. leases, depreciation and amortization		(72,683)	(72,532)	(164,591)
Operating profit/(loss) before leases, depreciation and amortization (EBITDAR)		(32,926)	(26,103)	(60,323)
Variable aircraft rentals		(8,725)	(13,180)	(27,263)
Depreciation and amortization	6	(20,813)	(19,402)	(58,517)
Operating profit/(loss)		(62,464)	(58,685)	(146,104)
Interest expenses	7	(8,098)	(10,929)	(24,416)
Other financial income/(expenses)	8	(310)	2,551	(4,455)
Profit/(loss) before tax		(70,873)	(67,063)	(174,974)
Income tax		-	-	-
Profit/(loss) after tax and total comprehensive income		(70,873)	(67,063)	(174,974)
Basic earnings per share (US cents) ¹		(0.03)	0.06	(0.21)
Diluted earnings per share (US cents) ¹		(0.03)	0.06	(0.21)

¹ Based on average number of outstanding shares in the period

Consolidated Statement of Financial Position

<i>(in thousands of USD)</i>	Notes	31 MAR 2023	31 DEC 2022
Non-current assets			
Aircraft Right-of-Use assets	9	914,010	933,146
Aircraft lease deposits		15,708	15,596
Other Right-of-Use assets	9	189	236
Intangible assets		3,705	2,801
Other Property, plant & equipment		6,934	6,614
Other non-current assets		11,603	14,643
Total non-current assets		952,148	973,037
Current assets			
Trade and other receivables	10	72,841	35,857
Inventory		2,065	2,596
Other current assets		14,048	9,040
Cash and cash equivalents	11	42,030	69,709
Total current assets		130,984	117,202
Total assets		1,083,132	1,090,239
Equity and liabilities			
Equity			
Share capital	12	29,945	29,945
Share premium		162,560	162,560
Retained earnings		(252,842)	(181,970)
Total equity		(60,337)	10,535
Non-current liabilities			
Lease liabilities non-current	9	916,456	925,522
Provisions		49,419	45,762
Total non-current liabilities		965,875	971,284
Current liabilities			
Trade and other payables		65,489	53,303
Other current liabilities	13	66,029	18,910
Lease liabilities current	9	46,076	36,208
Total current liabilities		177,595	108,421
Total equity and liabilities		1,083,132	1,090,240

Interim Consolidated Statement of Cash Flows

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Cash flows from operating activities			
Profit/(loss) for the period	(70,873)	(67,063)	(174,974)
Adjustments for items not affecting operating cash flows:			
Depreciation and amortization	20,813	19,402	58,517
Interest expenses	8,098	10,929	24,416
Interest income	(6)	(2)	(867)
Net Investment/proceeds in financial assets	-	-	893
Net operating cash flows before working capital movements	(41,967)	(36,733)	(92,015)
Working capital movements	21,194	23,470	23,376
Net cash flows from operating activities	(20,773)	(13,264)	(68,639)
Cash flows from investing activities			
Aircraft maintenance reserve paid	3,040	(4,321)	(14,643)
Aircraft preparation investments	-	-	(1,603)
Net investment/proceeds in financial assets	-	18,647	(893)
Other investments	(1,784)	(6,404)	(7,816)
Net cash flows from investing activities	1,256	7,921	(24,956)
Cash flows from financing activities			
Net proceeds from share issue	-	28,925	28,925
Lease payments	(8,528)	(986)	(1,322)
Movements in restricted cash	-	-	(5,000)
Interest paid	(2)	(11)	(15)
Net cash flows from financing activities	(8,529)	27,928	22,589
Effect of foreign currency revaluation on cash	366	1,463	1,463
Net increase in cash and cash equivalents	(27,679)	24,049	(69,543)
Cash and cash equivalents at the beginning of the period	64,709	40,660	134,252
Cash and cash equivalents at the end of the period	37,030	64,709	64,709

Interim Consolidated Statement of Changes in Equity

1 Jan 2023 to 31 Mar 2023

<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 01 Jan 2023	206,084,314	29,945	162,560	(181,970)	10,535
Changes in equity					
Total comprehensive income for the period	-	-	-	(70,873)	(70,873)
Balance at 31 Mar 2023	206,084,314	29,945	162,560	(252,842)	(60,337)

30 Sep 2022 to 31 Dec 2022

<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 30 Sep 2023	77,684,314	27,489	136,091	(114,907)	48,673
Changes in equity					
12 December 2022 reduction of nominal value	-	(13,597)	13,597	-	-
12 December 2022 Equity Issue USD 0.13 (NOK 1.25) per share	128,400,000	16,053	16,053	-	32,106
Transaction Costs	-	-	(3,180)	-	(3,180)
Total comprehensive income for the period	-	-	-	(67,063)	(67,063)
Balance at Dec 2022	206,084,314	29,945	162,560	(181,970)	10,535

01 Jan 2022 to 31 Dec 2022

<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 01 Jan 2022	77,684,314	27,489	136,091	(6,995)	156,585
Changes in equity					
12 December 2022 reduction of nominal value	-	(13,597)	13,597	-	-
12 December 2022 Equity Issue USD 0.13 (NOK 1.25) per share	128,400,000	16,053	16,053	-	32,106
Transaction Costs	-	-	(3,180)	-	(3,180)
Total comprehensive income for the period	-	-	-	(174,974)	(174,974)
Balance at 31 Dec 2022	206,084,314	29,945	162,560	(181,970)	10,535

Notes to the Condensed Interim Consolidated Financial Statements

1. General information

These interim condensed 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 30 May 2023.

Norse Atlantic Airways is a public limited company listed on the Euronext Expand at Oslo Stock Exchange. The Company was incorporated on 1 February 2021 under the laws of Norway and its registered office is at 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 that serves the transatlantic market with modern, fuel-efficient and more environmentally friendly Boeing 787 Dreamliner's. Norse commenced its commercial operations on 14 June 2022 and currently serves destinations including New York, Florida, Berlin, Paris, London and Oslo, among others.

2. Basis of preparation

2.1. General

These interim condensed consolidated 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. They do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Company for the year ended 31 December 2022 as published and available at the Company's website www.flynorse.com. The Company has decided for this quarter, to present the previous

quarter and the previous year as periods of comparable information. This information is considered useful to the users of the financial statements. On the other hand, and for the time being, the same quarter in the previous year does not represent useful comparable information as the Company at that time was in a very early stage of ramping up the business activities.

2.2. Going concern

Management and the Board of Directors take account of and considers all available information when evaluating the application of the going concern assumption. Norse is a start-up airline established in 2021, having secured 15 modern Boeing Dreamliners on flexible and favourable long-term leases. The aircraft leases are priced at historically low prices as they were secured in 2021 at the peak of the Covid pandemic when pricing was low, while the lease rates are fixed and not subject to inflation or pricing adjustments over the remaining lifetime of approximately 11 years on average per aircraft. Current lease rates for the same aircraft type are reported to be at least 50 percent higher than the rates Norse pay.

The Company had its first flight in June 2022 and has taken a cautious approach to ramping-up, with the main planned production only scheduled to occur from mid-2023 when it will have half of its fleet based at London Gatwick, as well as flights from Paris, Rome, Berlin and Oslo, in Europe, serving New York and six other US locations. During 2022 the Company entered subleases for five of its aircraft to a 3rd party for 18 months during Norse's start-up phase while Norse was not intending to use the aircraft, providing fixed cash income.

The aviation industry remains competitive and subject to the global economy, while as a new

entrant it takes time to achieve approvals, have tickets available for sale on multiple channels, become known in new markets, and build a brand. Norse now has all approvals, flying rights, slots, aircraft, among other things, in place for a successful first summer season flying on both its AOCs. Ticket sales for summer 2023 season are positive.

Being a start-up airline established in 2021, the Company has incurred losses over the first periods of operation. The book equity as at 31 March 2023 is negative by an amount of USD 60.3 million and the Company has incurred losses amounting to more than its full share capital. However, the existence of off-balance sheet values of assets, particularly related to the significant current value of the aircraft lease contracts, as well as valuable airport landing slots, among other things, indicate that the real value of equity is materially higher than the book equity, and, hence that the company still has sufficient underlying equity value.

The Company's cash position as at 31 March 2023 is USD 42.0 million, an amount considered satisfactory, and which is above the amount forecast by the Company in the business plan it put together for the equity raise conducted in November 2022. The Company remains able to continue to pay its liabilities as they fall due during the course of normal operations.

On 20 April 2023 Norse completed a repair offering that raised gross NOK 150 million (approximately USD 14,2 million), strengthening the equity and the cash balance with the same amount. Based on the Company's plans and ambitions, Norse has prepared financial forecasts that show a positive development both in the group's financial results, financial position in terms of equity and in cash position. Forecasts are subject to risks and uncertainties. Some significant risk factors include, but are not limited to, factors such as

degree of commercial success expressed through achieved load factors and fares, and the future development in jet fuel prices. The demand for air travel is subject to seasonal variations and can also be significantly impacted by macroeconomic factors, such as high inflation, that could have a negative impact on customers' spending behaviour. Airline fares, freight rates and passenger demand have fluctuated significantly in the past and may fluctuate significantly in the future. The Board of Directors believes that the assumptions behind the Company's forecasts are ambitious yet balanced in terms of possible outcomes. For as long as the Company is in start-up phase there will be risks related to its longer-term success. Should the Company's forward bookings be lower than expected, or its costs be significantly higher than expected, such as due to material and unexpected increases in jet fuel prices, then the Company may be reliant on securing more financing in the future through debt or equity, or a combination.

Based on the above, in the Board of Directors' opinion, the Company's equity and cash position is appropriate for the risk and the size of the business activities. In the Board of Directors' opinion, the going concern assumption therefore is proper to apply as basis for the Company's financial statements. These financial statements therefore are prepared on a going concern basis.

3. Accounting policies

The accounting policies applied by the Company in these condensed interim consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the year ended 31 December 2022. Refer to *Note 2. Basis of preparation* and significant accounting policies in the Annual Report for information on the Company's accounting policies.

4. Segment reporting and revenues

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

4.1. Revenues

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Airfare passenger revenue	18,883	26,427	63,680
Ancillary passenger revenue	5,727	6,073	13,880
Total passenger revenues	24,610	32,500	77,560
Cargo	4,292	5,725	10,308
Total own flights	28,902	38,226	87,868
Lease rentals	8,335	6,716	14,397
Charter	1,892	1,209	1,209
Other revenue	628	278	795
Total Operating Revenue	39,757	46,428	104,269

Airfare passenger revenue comprises only ticket revenue, while ancillary passenger revenue consists of other passenger related revenue than the ticket revenue. Lease rentals are revenue from subleasing of aircrafts. Other revenue consists of revenue from maintenance services provided the Company's technical personnel to third parties.

5. Critical accounting estimates and judgements

These interim financial statements are prepared using going concern assumption.

Preparation of the Company's consolidated financial statements requires management and the board to make estimates, judgements and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, as well as the accompanying disclosures. Uncertainty about these estimates, judgements and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

The key estimates, judgements and assumptions used by the management in preparation of these interim condensed consolidated financial statements were the same as those applied in preparation of the audited consolidated financial statements for the year ended 31 December 2022.

6. Depreciation and amortization

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Depreciation of right-of-use assets	20,434	19,017	57,873
Depreciation of other tangible assets	229	235	294
Amortization of intangible assets	150	150	350
Total	20,813	19,402	58,517

7. Interest expenses

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Lease accounting interest expense	(8,099)	(10,919)	(24,402)
Other interest expense	1	(11)	(15)
Total	(8,098)	(10,929)	(24,416)

8. Other financial income/(expenses)

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Other financial income/(expense)	6	741	866
Foreign exchange gains	250	7,672	8,765
Foreign exchange losses	(566)	(5,904)	(13,193)
Gains (loss) on financial assets	-	42	(893)
Total	(310)	2,551	(4,455)

9. Leases

9.1. Right-of-Use assets

(in thousands of USD)

	Aircraft	Leased Engines	Wheels and Brakes	Office Premises	Total
Balance as at 01-Jan-2023	917,742	15,404	-	236	933,382
Additions YTD 2023					
Net present value of lease liabilities	-	-	1,250	-	1,250
Total additions	-	-	1,250	-	1,250
Depreciation	(20,035)	(331)	(21)	(48)	(20,434)
Balance as at 31-Mar-2023	897,708	15,073	1,229	188	914,198
ROU asset useful lives (lease terms)	8-16 years	12 years	10 years	2-4 years	

9.2. Lease liabilities

(in thousands of USD)

	Q1 2023	Q4 2022	Full Year 2022
Opening balance	961,729	839,695	93,673
Additions during the period	1,980	115,021	847,658
Interest accrued	6,931	7,607	21,327
Lease payments during the period	(8,108)	(593)	(928)
Closing balance	962,532	961,730	961,730
Of which:			
Due within 12 months	46,076	36,208	36,208
Due after 12 months	916,456	925,522	925,522

Payments under lease liabilities related to the aircraft commence only after expiry of one year from the delivery date of each aircraft. The first repayment towards any aircraft liability fell due in December 2022.

10. Trade and other receivables

(in thousands of USD)

	31 MAR 2023	31 DEC 2022
Trade receivables	3,969	3,377
Credit card receivables	66,746	31,371
Other receivables	2,126	1,109
Total	72,841	35,857

11. Total cash

(in thousands of USD)

	31 MAR 2023	31 DEC 2022
USD	36,639	47,734
NOK	3,028	13,998
GBP	1,280	6,781
EUR	1,083	1,196
Total cash and cash equivalents	42,030	69,709
Hereof restricted cash:		
USD	5,000	5,000

12. Shareholder information

Shareholders of the Company as of 31 March 2023.

Name	Number of shares	Ownership	Voting rights
B T Larsen & Co Limited	52,850,311	25.6%	25.6%
Scorpio Holdings Limited	12,413,085	6.0%	6.0%
Goldman Sachs International	10,000,000	4.9%	4.9%
UBS Switzerland AG	8,309,811	4.0%	4.0%
MH Capital AS	6,200,000	3.0%	3.0%
Vicama Capital AS	5,518,347	2.7%	2.7%
Verdipapirfondet Delphi Nordic	5,470,655	2.7%	2.7%
The Bank of New York Mellon	5,100,000	2.5%	2.5%
Skagen Vekst Verdipapirfond	4,858,479	2.4%	2.4%
Alto Holding AS	3,910,461	1.9%	1.9%
Observatoriet Invest AS	3,140,000	1.5%	1.5%
Langebru AS	2,500,000	1.2%	1.2%
Pure AS	2,300,000	1.1%	1.1%
Kvantia AS	1,893,435	0.9%	0.9%
Jahatt AS	1,650,000	0.8%	0.8%
Verdipapirfondet DNB SMB	1,649,391	0.8%	0.8%
Alden AS	1,575,000	0.8%	0.8%
Ravi Investering AS	1,500,000	0.7%	0.7%
Kristian Falnes AS	1,500,000	0.7%	0.7%
AB Invest A/S	1,440,000	0.7%	0.7%
Top 20 shareholders	133,778,975	64.9%	64.9%
Other shareholders	72,305,339	35.1%	35.1%
Total number of shares	206,084,314	100.0 %	100.0 %

13. Other current liabilities

<i>(in thousands of USD)</i>	31 MAR 2023	31 DEC 2022
Deferred passenger revenue	63,889	17,001
Other liabilities	2,140	1,909
Total	66,029	18,910

14. Subsequent events

On 13 April 2023 the Company launched a repair offering in relation to its 2022 equity offering, which was closed on 20 April 2023, raising a total gross amount of NOK 150 million (USD 14 million equivalent).

On 27 April the Company completed a reverse share split in the ratio of four old shares into one new share. The new number of issued shares is 66 521 079 shares, with a new par value of NOK 5 per share.

On 28 April 2023 Norse had its first day of trading its shares on the Euronext Expand Oslo Stock Exchange, a regulated market, following an admission approved by Oslo Stock Exchange, and up-listing the share from the MTF market Euronext Growth.

On 3 May 2023 Norse Made available for sale new routes under its winter 2023 scheduled network, launching ticket sales from London Gatwick to Barbados, and, also to Kingston and Montego Bay at Jamaica. The three new routes from London join New York, Washington, Los Angeles, San Francisco, Boston, Orlando, Fort Lauderdale. In total Norse Atlantic will serve 10 destinations from London Gatwick in winter 2023 and become the second largest long-haul operator by seat capacity.

On 8 May 2023 Norse announced that it had implemented a long-term incentive program for senior employees and that options were awarded to certain Primary Insiders. The scheme has a vesting period of 5 years, with 20% of awarded options vesting annually.

On 11 May 2023 Norse announced that winter 2023 sun route Oslo to Bangkok is out for sale. Norse also announced that all All Norse Atlantic flights to and from New York JFK now operate from Terminal 7, providing a better experience for customers and improved operational performance.

15. Alternative Performance Measures

An Alternative Performance Measure ("APM") is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Norse prepares its financial statements in accordance with IFRS, and in addition uses APMs to enhance the financial statement readers' understanding of the Company's performance. Definition of APMs used by the Company in these financial statements are provided below.

APM	Description
EBITDAR	Earnings before net financial items, income tax expense/(income), depreciation, amortization and impairment, restructuring items, aircraft leasing expenses and share of profit/(loss) from associated companies. EBITDAR enables comparison between the financial performance of different airlines as it is not affected by the method used to finance the aircraft
Total cash	The total of cash and cash equivalents, restricted cash and other financial assets that can be converted into cash immediately. The Company uses Total cash as an indication of its complete cash position
Equity ratio	Book equity divided by total assets
Airfare per passenger	Total airfare revenue divided by the number of passengers

APM	Description
Ancillary per passenger	Total ancillary revenue, meaning all passenger revenue that is not the airfare, divided by the number of passengers
Revenue per passenger	Total revenue that the Company earned from passengers, which consists of airfare and ancillary revenue, divided by the number of passengers
PRASK	Passenger revenue per available seat kilometre. Passenger revenue defined as total revenue across airfare and ancillary
TRASK	Total operating revenue per available seat kilometre
CASK	Cost per available seat kilometre. Used to measure the unit cost to operate each seat for every kilometre
CASK (excluding fuel)	Cost per available seat kilometre, excluding the cost of fuel. Used to measure the unit cost to operate each seat for every kilometre, while fuel is excluded due to the nature of its pricing as a commodity due to market conditions being outside the control of the airline
CASK (cash adjusted)	Cost per available seat kilometre, excluding the cost of fuel and the IFRS accounting cost of right-to-use asset. The right-to-use accounting amortization is excluded as it is significantly different from the lease accounting cost. CASK (cash adjusted) gives a more accurate indication of the cash cost of CASK excluding fuel

Operational measures	Description
ASK	Available seat kilometres. Number of available passenger seats multiplied by flight distance
RPK	Revenue passenger kilometres. Number of sold seats multiplied by flight distance
Load factor	RPK divided by ASK. Indicates the utilization of available seats

15.1. Revenue per passenger

(in thousands of USD)	Q1 2023	Q4 2022	Full Year 2022
Airfare passenger revenue - USD thousands	18,883	26,427	63,680
Number of passengers	110,263	135,913	295,839
Airfare per passenger - USD	171	194	215
Ancillary passenger revenue - USD thousands	5,727	6,073	13,880
Number of passengers	110,263	135,913	295,839
Ancillary per passenger - USD	52	45	47
Revenue per passenger - USD	223	239	262

15.2. PRASK

(in thousands of USD)	Q1 2023	Q4 2022	Full Year 2022
Total passenger revenue	24,610	32,500	77,560
Available seat kilometres (millions)	1,130	1,244	2,716
PRASK - US Cents	2.18	2.61	2.86

15.3. TRASK

(in thousands of USD)	Q1 2023	Q4 2022	Full Year 2022
Total operating revenue	39,757	46,428	104,269
Available seat kilometres (millions)	1,130	1,244	2,716
TRASK - US Cents	3.52	3.73	3.84

15.4. CASK (cash adjusted)

(in thousands of USD)	Q1 2023	Q4 2022	Full Year 2022
Operating profit/(loss)	(62,464)	(58,685)	(146,104)
Add-back:			
Revenue	(39,757)	(46,428)	(104,269)
Fuel, oil and emissions costs	21,896	27,002	61,793
Depreciation of right-of-use assets	20,434	19,017	57,873
Cost (adj.) sub-total	59,892	59,094	130,707
Available seat kilometres (millions)	1,130	1,244	2,716
CASK (cash adjusted) - US cents	5.30	4.75	4.81

15.5. CASK (excluding fuel)

(in thousands of USD)	Q1 2023	Q4 2022	Full Year 2022
Operating profit/(loss)	(62,464)	(58,685)	(146,104)
Add-back:			
Revenue	(39,757)	(46,428)	(104,269)
Fuel, oil and emissions costs	21,896	27,002	61,793
Cost (adj.) sub-total	80,325	78,111	188,580
Available seat kilometres (millions)	1,130	1,244	2,716
CASK (excl. fuel) - US cents	7.11	6.28	6.94

15.6. CASK

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Operating profit/(loss)	(62,464)	(58,685)	(146,104)
Add-back:			
Revenue	(39,757)	(46,428)	(104,269)
Cost sub-total	102,221	105,113	250,373
Available seat kilometres (millions)	1,130	1,244	2,716
CASK - US cents	9.04	8.45	9.22

15.7. Total cash

<i>(in thousands of USD)</i>	Q1 2023	Q4 2022	Full Year 2022
Free cash and cash equivalents	37,030	64,709	64,709
Restricted cash	5,000	5,000	5,000
Total cash	42,030	69,709	69,709



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