



NORSE

Q2 Report 2024



Strong year-on-year passenger growth and reduced unit costs

Q2 2024 headlines (comparatives are Q2 2023):

- Revenue increased by 65% to USD 164.8 million
- 406,306 passengers carried in Q2 2024, up 99%
- Load factor increased by seven percentage points to 82%
- Revenue of USD 380 per passengers during quarter, compared to USD 425 in Q2 2023
- Continued revenue growth from ACMI and charter
- Number of flights operated during quarter was 1,531, up 89%
- Strong operational performance as 99.5% of planned flights were completed during the quarter
- Lower unit cost with CASK ex fuel being down 35%
- Total cash held at end of quarter was USD 23.7 million
- Revising business strategy, aiming to secure long-term charters and significant cost reductions
- Improved credit card terms secured post quarter-end
- Expect to be available on GDS in 2024

CEO, Founder and major shareholder, Bjørn Tore Larsen:

“The second quarter was a successful period for Norse from a growth perspective. Available Seat Kilometres was up 105%, the number of flights increased 89% and passengers were up 99% compared to the second quarter of 2023, while load factor increased by seven percentage points to 82%.

As previously guided in the market update released on 2 July, the second quarter was impacted by lower fare levels across the industry, with revenue per passenger down 11% compared to the same quarter the prior year. Following a strong Transatlantic market in summer 2023, many airlines increased capacity for 2024, leading to the softening of fares and impacting all carriers serving that market.

From end of May we increased our fleet of own-operated aircraft from 10 to 12 as we took delivery of two 787-9s from sublease as planned, which represented a capacity growth of 20%. This has created further economies of scale across the business and helped drive unit cost reduction in the second quarter. We expect to see CASK further decrease in the third quarter.

Recently we agreed improved terms with our credit card payment providers that had effect from August.



As Norse’s fantastic people are doing their utmost to deliver a successful summer season for our millions of valued customers, we are also evolving our business strategy to maximize profitability and balance risks. Part of this improvement has already started with a growing proportion of capacity being dedicated to ACMI and charter flying. The third

quarter is dominated by flying our own network, but from Q4 and through the winter season we are planning to fly at least half of our operated capacity on ACMI and charter contracts.

We are making an important improvement to our distribution strategy and will join the Global Distribution System (GDS), where we expect to be available in 2024. Once on the GDS, our inventory will be available to be sold by corporate and leisure travel agents globally, significantly increasing the population that will be able to purchase our great value tickets with Norse. We will remain steadfast that the cheapest tickets will always be on our website.

The Company has agreed in principle to commercial terms with one of its lessors to streamline the fleet by redelivering three Boeing 787-8 aircraft in 2024. The three 787-8s have the shortest lease term remaining and have been subleased by the Company. The agreement will result in Norse having a uniform, flexible and cost-efficient fleet of 787-9 aircraft only. The transaction is expected to result in a significant accounting gain. Completion of the early redelivery is subject to completion of formal documentation and execution of the aircraft redeliveries.

Furthermore, the Company is working on a revised business plan that may imply more of the fleet's capacity and revenue being locked into longer-term contracts, leaving Norse with a business model carrying lower market risk going forward. Norse is currently in negotiations with several airlines regarding multi-year contracts for fleet allocation, some of which would have an impact from the end of 2024 if they materialize. Such business plan may also imply significant cost reductions. Norse will share further updates from the outcome of the process later in the fall."

Key Figures

<i>(USD million or as stated)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Revenue	164.8	100.1	243.0	139.9	439.4
EBITDAR ¹	3.2	2.2	(24.2)	(30.7)	(18.0)
Operating profit (EBIT)	(22.3)	(26.2)	(75.7)	(88.7)	(135.2)
Net profit	(31.9)	(35.1)	(94.7)	(106.0)	(168.6)
Net cash flow from operations	0.6	19.0	3.7	(1.8)	(20.6)
Book equity	(178.2)	(82.2)	(178.2)	(82.2)	(89.7)
Cash and cash equivalents	23.7	59.1	23.7	59.1	54.8
Number of flights	1,531	812	2,393	1,467	4,002
Number of operating destinations at period end	13	10	13	10	13
Average stage length (km)	6,744	6,316	6,723	5,739	6,426
ASK ¹ (millions)	3,501	1,710	5,449	2,840	8,672
RPK ¹ (millions)	2,869	1,291	4,290	1,903	6,448
Number of passengers	406,306	204,564	607,768	314,827	979,913
Load factor ¹	82 %	75 %	79 %	67 %	74 %
Airfare per passenger (USD) ¹	296	338	281	286	309
Ancillary per passenger (USD) ¹	84	87	81	77	84
Revenue per passenger (USD) ¹	380	425	362	363	393
PRASK (US cents) ¹	4.44	5.09	4.03	4.02	4.44
TRASK (US Cents) ¹	4.71	5.85	4.46	4.92	5.07
CASK cash adjusted (US cents) ¹	3.20	4.67	3.51	4.92	3.91
CASK excl. fuel (US cents) ¹	3.81	5.87	4.29	6.36	4.87
CASK (US cents) ¹	5.34	7.39	5.85	8.05	6.63
Total number of aircraft in fleet at period end	15	15	15	15	15
Total number of aircraft in operation at period end	12	8	12	8	10
Total number of aircraft subleased out at period end	3	5	3	5	5

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



Outlook

Norse is in the process of shaping a strategic reorientation for the Company. The decision has been made to simplify and harmonize the fleet by early redelivering the three 787-8 aircraft at favourable terms, monetising on the leases' market value above cost, and also leaving Norse with a uniform and hence more flexible and cost-efficient fleet of 787-9 aircraft only.

Furthermore, the Company is working on a revised business plan for the re-sized 12 aircraft fleet, exploring the opportunities of reducing the overall business risk of the Company by replacing some of its variable revenue with more fixed revenue. Due to lack of wide-body capacity in the market, Norse is experiencing large interest in the capacity the company can offer with its fuel-efficient and modern Dreamliners. Norse is in dialogue with various interested parties and is exploring the business potential of various long-term opportunities. If Norse can succeed in placing some of its capacity into longer-term contracts, it will allow for more predictability of revenue and cash flows for the Company, it will reduce revenue volatility, impact from seasonality and take down the overall market risk of the business. Such business plan could also imply significant cost reductions.

Under such a scenario the Company's own scheduled network will be carefully examined and further refined. Norse will ensure that we capitalize on investments already made in building our market position, focusing on our most mature and profitable routes in a more down-sized network, during Summer as well as during Winter.

In the search of the right balancing point between focusing own scheduled network in one end, and longer-term charter/ACMI at the other end, evaluations are made on how various scenarios of capacity allocation of the fleet are expected to play out in terms of financial risk and return. Based on the progress of ongoing discussions with interested parties and the evaluations made, a revised business plan will be established. When conclusions are made, Norse will provide a comprehensive update on its strategy later in the fall.

The Company may be reliant on securing more financing through debt or equity, or a combination of the two, for it to be able to execute on its revised business plan. The size of the capital need would be dependent on the details of the revised business plan, the financial outcome of the remainder of the summer season, as well as development in expectations on the future development of market risks such as general demand and jet fuel prices. The actual capital need and the Company's financing plan will be presented in conjunction with the strategy update.



Financial Performance & Position

The Company in the following refers to the second quarter of 2023 (“Q2 2023”) as the period of comparable information.

During the second quarter of 2024 (“Q2 2024” or “the Period”) the Company recorded revenue of USD 164.8 million (USD 100.1 million in Q2 2023), consisting of USD 147.3 million (USD 86.3 million in Q2 2023) in revenues from passengers and USD 17.5 million (USD 13.8 million in Q2 2023) in revenue from other sources. Airfare revenue averaged USD 296 per passenger (USD 338 in Q2 2023) and ancillary revenue USD 84 per passenger (USD 87 in Q2 2023), an aggregate revenue of USD 380 per passenger (USD 425 in Q2 2023), generating revenue of USD 114.6 million (USD 68.5 million in Q2 2023) and USD 32.6 million (USD 17.7

million in Q2 2023), respectively. Norse flew a total of 406,306 passengers during the Period (204,564 in Q2 2023). Norse carried cargo totalling 7,241 tonnes (3,893 tonnes in Q2 2023) at an average rate net of commission and other direct costs of USD 617 per ton (USD 1,067 per ton in Q2 2023), generating total net cargo revenue of USD 4.5 million during the Period (USD 4.2 million in Q2 2023). During the Period Norse went from having five aircraft on sublease to a third party, to three aircraft by the end of the Period. During the Period, the Company recorded lease rental income of USD 5.4 million during the Period (USD 8.4 in Q2 2023). The Company recorded charter and ACMI revenue of USD 5.5 million across 116 flights during the Period (USD 0.5 million across 14 flights in Q2 2023).

Operating expenses excluding depreciation, amortization, and aircraft leases during the Period totalled USD 161.6 million (USD 97.9 million in Q2 2023), consisting of USD 32.2 million (USD

23.6 million in Q2 2023) in personnel expenses, USD 114.4 million (USD 64.1 million in Q2 2023) in aircraft operating costs and USD 15.0 million (USD 10.2 million in Q2 2023) in marketing and administrative costs. Variable aircraft lease expenses were USD 3.5 million (USD 7.8 million in Q2 2023), which is the amount the Company paid in Power by the Hour (“PBH”) aircraft lease costs. Norse recognized USD 21.9 million (USD 20.7 million in Q2 2023) of depreciation and amortization during the Period, of which USD 21.4 million (USD 20.5 million in Q2 2023) related to amortization of the aircraft right-to-use assets.

Net financial expense for the Period was USD 9.4 million (USD 8.8 million in Q2 2023), including USD 9.0 million (USD 8.8 million in Q2 2023) in accrued interest on lease liabilities. The Company reported a net loss after tax of USD 31.9 million for the Period (a loss of USD 35.1 million in Q2 2023).

Included in the income statement are non-cash

lease accounting costs of USD 5.9 million for the Period (USD 16.0 million in Q2 2023).

As of 30 June 2024, the carrying value of right-of-use assets related to aircraft leases was USD 857.3 million (USD 910.8 million as of 30 June 2023), while the corresponding lease liability for the aircraft was USD 942.7 million (USD 971.0 million as of 30 June 2023).

The Company has current assets of USD 210.0 million at the end of the Period (USD 197.5 million as of 30 June 2023). At the end of the Period the current liabilities were USD 367.0 million (USD 261.0 million as of 30 June 2023). Current liabilities at the end of the Period includes revolving credit facility from the two major shareholders in the amount of USD 20.5 million (nil as of 30 June 2023). The Company’s book equity was negative by USD 178.2 million (negative by USD 82.2 million as of 30 June 2023).

The Company's net decrease in free cash and cash equivalents during the Period was USD 9.2 million (net increase of USD 7.0 in Q2 2023), mainly driven by net cash inflow from operations of USD 0.6 million (inflow of USD 19.0 million in Q2 2023), followed by a net cash outflow to investing activities of USD 6.0 million (outflow of USD 1.4 million in Q2 2023) and USD 3.8 million outflow related to financing activities (outflow of USD 9.7 million in Q2 2023). The Company's free cash and cash equivalents at the end of the Period was USD 9.5 million (USD 44.0 million as of 30 June 2023), while the total cash was USD 23.7 million (59.1 million as of 30 June 2023), including USD 14.2 million in restricted cash (USD 15.1 million as of 30 June 2023).

Organization

As of 30 June 2024, the Company had 1,280 employees (1,127 as of 30 June 2023), of whom 985 (914 as of 30 June 2023) are airborne crew and the remaining 295 (231 as of 30 June 2023) 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. Routes, network, and markets have 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. 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 pandemics, technical problems, adverse weather conditions or other natural or man-made events.

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. Operating technically highly advanced aircraft without any unplanned disruptions also implies operations being dependant on timely access to applicable spare parts and the services of a concentrated base of key suppliers and business partners in relation to aircraft maintenance.

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. Both the ongoing war between Ukraine and Russia and the situation of increased tension in the Middle East are creating scenarios under which

there could be adverse negative effects to the fuel prices.

Just like any growth company, Norse is exposed to liquidity risk. Should sales volumes decrease, fuel prices remain high or increase, or other operational expenses increase, this would impose an increased liquidity risk. Key to the Company's exposure to liquidity risk is also the timing of when Norse receives payment from credit card companies for tickets sold. Hold-back from the credit card companies is structured across a combination of thresholds of hold-back amounts and number of hold-back days varying with season. Any increase in hold-back amounts or extensions of hold-back days 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

Interim Consolidated Statement of Comprehensive Income

(in thousands of USD)	Note	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Revenue						
Total Revenue	4	164,760	100,101	243,002	139,859	439,436
Operating expenses						
Personnel expenses		(32,221)	(23,590)	(60,073)	(42,943)	(99,759)
Fuel, oil and emission costs		(53,558)	(25,945)	(85,002)	(47,840)	(152,527)
Airport charges and handling		(28,431)	(15,743)	(42,406)	(24,450)	(67,153)
Technical maintenance		(19,661)	(15,594)	(36,844)	(27,351)	(66,493)
Other operating costs		(12,708)	(6,782)	(19,374)	(10,439)	(33,999)
Marketing and distribution costs		(11,248)	(7,208)	(16,412)	(11,993)	(23,343)
Administrative costs		(3,775)	(3,022)	(7,107)	(5,551)	(14,143)
Total Operating exps excl. leases, dep & amort.		(161,601)	(97,884)	(267,219)	(170,567)	(457,417)
Operating profit before leases, dep & amort. (EBITDAR)		3,159	2,218	(24,217)	(30,708)	(17,980)
Variable aircraft rentals		(3,532)	(7,755)	(7,770)	(16,480)	(33,139)
Depreciation and amortization	6	(21,916)	(20,665)	(43,724)	(41,478)	(84,103)
Operating profit/(loss)		(22,290)	(26,202)	(75,711)	(88,666)	(135,223)
Interest expenses	7	(9,894)	(8,970)	(19,052)	(17,068)	(34,982)
Other financial income/(expenses)	8	499	186	268	(125)	1,603
Profit/(loss) before tax		(31,684)	(34,986)	(94,495)	(105,859)	(168,602)
Income tax		(192)	(144)	(192)	(144)	(144)
Profit/(loss) after tax and total comprehensive income		(31,876)	(35,130)	(94,687)	(106,003)	(168,746)
Total comprehensive income:						
Profit/(loss) for the period		(31,876)	(35,130)	(94,687)	(106,003)	(168,746)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		(31,876)	(35,130)	(94,687)	(106,003)	(168,746)
Basic earnings per share (USD) ¹		(0.25)	(0.55)	(0.74)	(1.85)	(2.50)
Diluted earnings per share (USD) ¹		(0.25)	(0.55)	(0.74)	(1.85)	(2.50)

¹ Based on average number of outstanding shares in the period

Interim Consolidated Statement of Financial Position

(in thousands of USD)	Notes	30 JUN 2024	30 JUN 2023	31 DEC 2023
Non-current assets				
Tangible assets	9	863,929	917,618	898,856
Intangible assets		3,098	4,152	3,324
Aircraft lease deposits		16,274	15,820	16,048
Other non-current assets		24,335	11,413	17,277
Total non-current assets		907,636	949,004	935,505
Current assets				
Credit card receivables		153,454	116,675	60,214
Trade and other receivables	10	8,061	5,403	6,351
Inventories		4,315	3,381	3,466
Other current assets		20,498	12,985	22,770
Cash and cash equivalents	11	23,666	59,070	54,830
Total current assets		209,994	197,514	147,631
Total assets		1,117,630	1,146,518	1,083,136
Equity and liabilities				
Equity				
Share capital	12	65,910	36,975	62,954
Share premium		200,613	168,737	197,756
Other paid-in capital		684	104	309
Retained earnings		(445,402)	(287,973)	(350,716)
Total equity		(178,196)	(82,157)	(89,697)
Non-current liabilities				
Lease liabilities non-current	13	864,177	915,712	902,147
Provisions		64,614	51,981	57,913
Total non-current liabilities		928,791	967,693	960,060
Current liabilities				
Deferred passenger revenue		123,918	117,256	52,394
Trade and other payables		143,878	88,164	88,699
Revolving credit facility		20,541	-	-
Lease liabilities current	13	78,698	55,561	71,680
Total current liabilities		367,035	260,981	212,773
Total equity and liabilities		1,117,630	1,146,518	1,083,136

Interim Consolidated Statement of Cash Flows

<i>(in thousands of USD)</i>	Notes	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Cash flows from operating activities						
Profit/(loss) for the period		(31,684)	(34,986)	(94,495)	(105,859)	(168,602)
Adjustments for items not affecting operating cash flows:						
Depreciation and amortization	6	21,916	20,665	43,724	41,478	84,103
Interest expenses		9,894	8,970	19,052	17,068	34,982
Interest income		(615)	(536)	(628)	(541)	(2,129)
Share based employee incentives		169	104	374	104	309
Income taxes paid		(192)	(144)	(192)	(144)	(144)
Provisions		2,527	1,255	3,968	3,632	6,870
Net operating cash flows before working capital movements		2,015	(4,672)	(28,197)	(44,261)	(44,610)
Working capital movements		(1,454)	23,667	31,909	42,487	24,051
Net cash flows from operating activities		561	18,996	3,712	(1,775)	(20,559)
Cash flows from investing activities						
Aircraft maintenance assets		(5,564)	(1,139)	(14,420)	1 901	(3,963)
Other investments		(434)	(218)	(463)	(2,002)	(3,370)
Net cash flows from investing activities		(5,999)	(1,357)	(14,883)	(101)	(7,332)
Cash flows from financing activities						
Net proceeds from share issue		-	13,207	5,813	13 207	68,204
Proceeds from Revolving Credit Facility		20,000	-	20,000	-	-
Lease installments		(16,863)	(8,416)	(31,251)	(13,539)	(34,970)
Movements in restricted cash		400	(10,056)	1,300	(10,056)	(10,500)
Net interest received/(paid)		(7,334)	(4,458)	(14,931)	(7,864)	(20,808)
Net cash flows from financing activities		(3,797)	(9,723)	(19,069)	(18,254)	1,925
Effect of foreign currency revaluation on cash		54	(932)	376	(566)	586
Net change in free cash and cash equivalents		(9,181)	6,984	(29,864)	(20,695)	(25,379)
Free cash and cash equivalents at the beginning of the period		18,647	37,030	39,330	64,709	64,709
Free cash and cash equivalents at the end of the period		9,466	44,014	9,466	44,014	39,330
Restricted cash at the end of the period	11	14,200	15,056	14,200	15,056	15,500
Cash and cash equivalents at the end of the period	11	23,666	59,070	23,666	59,070	54,830

Interim Consolidated Statement of Changes in Equity

1 Jan 2024 to 30 Jun 2024

<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Balance as at 1 Jan 2024	122,211,579	62,954	197,755	309	(350,716)	(89 697)
Changes in Equity						
2 February 2024, share issue at USD 1.03 (NOK 11.00) per share	6,312,261	2,955	3,547	-	-	6 502
2 February 2024, transaction costs share issue	-	-	(688)	-	-	(688)
Share based employee incentives	-	-	-	374	-	374
Total comprehensive income for the period	-	-	-	-	(94,687)	(94 687)
Balance at 30 Jun 2024	128,523,840	65,910	200,613	684	(445,402)	(178 196)

1 Jan 2023 to 30 Jun 2023

<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Balance as at 1 Jan 2023	206,084,314	29,945	162,560	-	(181,970)	10 535
Changes in Equity						
25 April 2023, share issue at USD 0.23 (NOK 2.50) per share(NOK 11.00) per share	60,000,000	7,030	7,030	-	-	14 060
25 April 2023, transaction costs share issue	-	-	(854)	-	-	(854)
27 April 2023, reverse share split, four shares into one	(199,563 235)	-	-	-	-	-
Share based employee incentives	-	-	-	104	-	104
Total comprehensive income for the period	-	-	-	-	(106,003)	(106 003)
Balance at 30 Jun 2023	66,521,079	36,975	168,737	104	(287,973)	(82 157)

1 Jan 2023 to 31 Dec 2023

<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Other paid-in capital	Retained earnings	Total equity
Balance as at 1 Jan 2023	206,084,314	29,945	162,560	-	(181,970)	10,535
Changes in Equity						
25 April 2023, share issue at USD 0.23 (NOK 2.50) per share	60,000,000	7,030	7,030	-	-	14,060
25 April 2023, transaction costs share issue	-	-	(854)	-	-	(854)
27 April 2023, reverse share split, four shares into one	(199,563,235)	-	-	-	-	-
13 November 2023, share issue at USD 0.99 (NOK 11.00) per share	9,978,161	4,492	5,391	-	-	9,883
29 November 2023, share issue at USD 1.03 (NOK 11.00) per share	45,712,339	21,487	25,784	-	-	47,271
13 and 29 November 2023, transaction costs share issue	-	-	(2,156)	-	-	(2,156)
Share based employee incentives	-	-	-	309	-	309
Total comprehensive income for the period	-	-	-	-	(168,746)	(168,746)
Balance at 31 Dec 2023	122,211,579	62,954	197,755	309	(350,716)	(89,697)

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 27 August 2024.

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 Boeing 787 Dreamliner's. Norse commenced its commercial operations on 14 June 2022 and currently serves destinations including New York, Florida, Berlin, London, Paris, Rome, Bangkok and Oslo, among others.

2. Basis of preparation

2.1. General

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. 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 2023 as published and available at the Company's website www.flynorse.com. In the interim financial statements, 2023 is defined as the reporting period from 1 January to 31 December, and the second quarter (Q2) as the one starting on 1 April and ending 30 June. For this interim period the Company presents the second quarter of 2023 as a period of comparable information, and the Company's commentary on the financial development refers to that same quarter. All amounts are presented in USD thousands (TUSD) unless otherwise stated. These interim financial statements are unaudited.

2.2. Going concern

Management and the Board of Directors take account of and consider all available information when evaluating the application of the going concern assumption.

Being an airline in its build-up phase, the Company has incurred losses over the first periods of operation. In Q2 2024 the Company reports a loss after tax USD 31.9 million, and as at 30 June 2024 the reported equity is negative USD 178.2 million.

The Company's total cash position as at 30 June 2024 is USD 23.7 million.

For Norse's equity situation, the existence of value in the off-balance sheet assets, particularly related to the significant fair value of the aircraft lease contracts, and more, imply that the real equity is materially higher than the book equity.

The Company's financial performance year-to-date has been weaker than anticipated. The seasonal low first quarter was expected to bring a loss, whereas the second quarter has performed weaker than expected. The Company has expanded,

allowing for unit costs to decrease, but a softening of fares and lower revenue growth than anticipated have held back the financial performance.

Norse is now in the process of shaping a strategic reorientation for the Company. Various scenarios are considered, and evaluations are made on how these are expected to play out in terms of financial risk and return.

Further to the outcome of the various scenarios, the Company is exposed to general risks and uncertainties surrounding a low-cost long-haul airline operation. The most significant risk factors affecting Norse's financial forecast are those of commercial success expressed through achieved load factors and fares, cargo and charter/ACMI demand, development in jet fuel prices, and technical and operational matters.

The Board of Directors acknowledges that the going concern assumption of the Company is subject to uncertainty. The Company is working to establish a viable business plan. The Company may be reliant on securing more financing in the future through debt or equity, or a combination of the two, for it to be able to execute on its revised business plan. The size of the capital need is dependent on the details of the revised business plan, the financial outcome of the remainder of the summer season, as well as development in expectations on the future development of market risks such as general demand and jet fuel prices. The actual capital need and the Company's financing plan will be presented in conjunction with a strategy update taking place later in the fall.

The going concern assumption do serve as basis for the Company's financial statements.

3. Accounting policies

3.1. General

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 2023. 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's 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>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Airfare passenger revenue	114,628	68,543	159,547	87,426	297,738
Ancillary passenger revenue	32,640	17,727	45,970	23,454	81,448
Total passenger revenues	147,268	86,270	205,516	110,880	379,186
Cargo	4,470	4,152	6,718	8,445	14,277
Total own flights	151,738	90,422	212,234	119,324	393,463
Lease rentals	5,438	8,358	12,560	16,693	33,090
Charter and ACMI	5,500	514	13,253	2,406	5,140
Other revenue	2,084	808	4,954	1,435	7,744
Total Operating Revenue	164,760	100,101	243,002	139,859	439,436

Airfare passenger revenue comprises only ticket revenue, while ancillary passenger revenue consists of other passenger related revenue than 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

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 2023.

6. Depreciation and amortization

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Depreciation of right-of-use assets	21,409	20,484	42,724	40,918	82,667
Depreciation of other tangible assets	272	31	562	260	749
Amortization of intangible assets	236	150	438	300	687
Total	21,916	20,665	43,724	41,478	84,103

7. Interest expenses

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Lease accounting interest expense	9,014	8,784	18,124	16,883	34,673
Other interest expense	879	186	928	185	310
Total	9,894	8,970	19,052	17,068	34,983

8. Other financial income/(expenses)

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Other financial income/(expense)	615	536	628	541	2,129
Foreign exchange gains	230	538	926	788	1,110
Foreign exchange losses	(346)	(888)	(1,286)	(1,454)	(1,635)
Total	499	186	268	(125)	1,603

9. Tangible assets

<i>(in thousands of USD)</i>	30 JUN 2024	30 JUN 2023	31 DEC 2023
Aircraft Right-of-Use assets	857,328	910,772	891,573
Aircraft rotatable inventory	5,631	6,423	6,436
Other Right-of-Use assets	27	141	46
Other tangible assets	944	282	802
Total	863,929	917,618	898,856

10. Trade and other receivables

<i>(in thousands of USD)</i>	30 JUN 2024	30 JUN 2023	31 DEC 2023
Trade receivables	6,094	2,337	4,103
Other receivables	1,967	3,066	2,248
Total	8,061	5,403	6,351

11. Cash and cash equivalents

<i>(in thousands of USD)</i>	30 JUN 2024	30 JUN 2023	31 DEC 2023
USD	18,875	45,010	37,453
NOK	1,350	12,991	12,423
GBP	1,769	50	2,041
EUR	1,641	1,018	2,901
THB	31	-	13
Total cash and cash equivalents	23,666	59,070	54,830
Hereof restricted cash:			
USD	14,200	15,056	15,500

12. Shareholder information

Shareholders of the Company as of 30 June 2024.

Name	Number of shares	Ownership	Voting rights
Scorpio Holdings Limited	27,272,419	21.2%	21.2%
B T Larsen & Co Limited	24,271,225	18.9%	18.9%
Songa Capital AS	3,461,330	2.7%	2.7%
The Bank of New York Mellon SA/NV	3,307,147	2.6%	2.6%
The Bank of New York Mellon	3,032,153	2.4%	2.4%
UBS Switzerland AG	2,931,411	2.3%	2.3%
Skagen Vekst Verdipapirfond	2,606,883	2.0%	2.0%
J.P. Morgan Securities Plc	2,352,070	1.8%	1.8%
MH Capital AS	1,838,187	1.4%	1.4%
Vicama Capital AS	1,701,559	1.3%	1.3%
Fender Eiendom AS	1,539,522	1.2%	1.2%
Skandinaviska Enskilda Banken AB	1,500,000	1.2%	1.2%
Vicama AS	1,301,215	1.0%	1.0%
Alto Holding AS	1,288,013	1.0%	1.0%
Verdipapirfondet Delphi Nordic	1,043,749	0.8%	0.8%
Maximus Invest AS	1,000,000	0.8%	0.8%
Pure AS	997,302	0.8%	0.8%
Pegasi AS	917,679	0.7%	0.7%
UBS Switzerland AG	831,478	0.6%	0.6%
Swedbank AS	802,242	0.6%	0.6%
Top 20 shareholders	83,995,584	65.4%	65.4%
Other shareholders	44,528,256	34.6%	34.6%
Total number of shares	128,523,840	100.0 %	100.0 %

13. Lease liabilities

<i>(in thousands of USD)</i>	YTD 2024	YTD 2023	Full year 2023
Opening balance	973,827	961,729	961,730
Additions during the period	81	17,849	40,304
Interest accrued	15,613	14,301	29,844
Installments and interest payments	(46,646)	(22,606)	(58,050)
Closing balance	942,875	971,273	973,827
Of which:			
Due within 12 months	78,698	55,561	71,680
Due after 12 months	864,177	915,712	902,147

Norse has a fleet of 15 leased Boeing 787 Dreamliners. All aircraft has been on full or partial variable Power by the Hour (PBH) payment terms for a period of 12-24 months after respective aircraft deliveries, followed by fully fixed lease payments for the remainder of the lease period. At the Period end all 15 aircraft are under fully fixed lease payments, of which three aircraft are sub-leased with a locked-in margin. The Company has agreed terms with the lessor to early redeliver the three subleased aircraft during 2024 (see Note 14).

14. Subsequent events

On 2 July 2024, the Company provided investors with a company update amongst other elaborating on the strategic investment option in advanced stages of discussions having ended with no formal agreement. The Company also released the June traffic figures and provided a financial update for the Company. The Company reported that the combination of one strategic investment option in advanced stage of discussions having ended with no formal agreement reached, tail-heavy summer bookings curve while awaiting credit card receivables being collected, and the softening market conditions affecting the Company's revenues, has negatively impacted the Company's near-term liquidity and cash balance situation, and various working capital initiatives are therefore ongoing.

On 30 July, the Company announced that it has agreed improved payment terms with its credit card payment providers resulting in an immediate cash release, resolving the near-term liquidity issue that was described in the company update provided on 2 July. The Company continues working on optimising its liquidity and general financial position going forward.

Late August the Company in principle agreed to commercial terms with one of its lessors to streamline the fleet by redelivering three Boeing 787-8 aircraft in 2024. The three 787-8s have the shortest lease term remaining and have been subleased by the Company. The agreement will result in Norse having a uniform, flexible and cost-efficient fleet of 787-9 aircraft only. The transaction is expected to result in a significant accounting gain. Completion of the early redelivery is subject to completion of formal documentation and execution of the aircraft redeliveries.

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
Airfare per passenger	Total airfare revenue divided by the number of passengers
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
Own network	Network of Company's own scheduled flights, excluding all ACMI and Charter flights

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

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Airfare passenger revenue - USD thousands	114,628	68,543	159,547	87,426	297,738
Number of passengers in own network	387,687	203,015	567,566	305,430	964,094
Airfare per passenger - USD	296	338	281	286	309
Ancillary passenger revenue - USD thousands	32,640	17,727	45,970	23,454	81,448
Number of passengers in own network	387,687	203,015	567,566	305,430	964,094
Ancillary per passenger - USD	84	87	81	77	84
Revenue per passenger - USD	380	425	362	363	393

15.2. PRASK

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Total passenger revenue	147,268	86,270	205,516	110,880	379,186
Available seat kilometres in own network (millions)	3,317	1,696	5,100	2,760	8,533
PRASK - US Cents	4.44	5.09	4.03	4.02	4.44

15.3. TRASK

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Total operating revenue	164,760	100,101	243,002	139,859	439,436
Available seat kilometres (millions)	3,501	1,710	5,449	2,840	8,672
TRASK - US Cents	4.71	5.85	4.46	4.92	5.07

15.4. CASK (cash adjusted)

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Operating profit/(loss)	(22,290)	(26,202)	(75,711)	(88,666)	(135,223)
Add-back:					
Revenue	(164,760)	(100,101)	(243,002)	(139,859)	(439,436)
Fuel, oil and emissions costs	53,558	25,945	85,002	47,840	152,527
Depreciation of right-of-use assets	21,409	20,484	42,724	40,918	82,667
Cost (adj.) sub-total	112,083	79,875	190,987	139,766	339,465
Available seat kilometres (millions)	3,501	1,710	5,449	2,840	8,672
CASK (cash adjusted) - US cents	3.20	4.67	3.51	4.92	3.91

15.5. CASK (excluding fuel)

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Operating profit/(loss)	(22,290)	(26,202)	(75,711)	(88,666)	(135,223)
Add-back:					
Revenue	(164,760)	(100,101)	(243,002)	(139,859)	(439,436)
Fuel, oil and emissions costs	53,558	25,945	85,002	47,840	152,527
Cost (adj.) sub-total	133,492	100,359	233,711	180,685	422,132
Available seat kilometres (millions)	3,501	1,710	5,449	2,840	8,672
CASK (excl. fuel) - US cents	3.81	5.87	4.29	6.36	4.87

15.6. CASK

<i>(in thousands of USD)</i>	Q2 2024	Q2 2023	H1 2024	H1 2023	Full Year 2023
Operating profit/(loss)	(22,290)	(26,202)	(75,711)	(88,666)	(135,223)
Add-back:					
Revenue	(164,760)	(100,101)	(243,002)	(139,859)	(439,436)
Cost sub-total	187,050	126,304	318,713	228,525	574,659
Available seat kilometres (millions)	3,501	1,710	5,449	2,840	8,672
CASK - US cents	5.34	7.39	5.85	8.05	6.63



Responsibility Statement

We confirm that, to the best of our knowledge, these interim condensed consolidated financial statements for the period ended 30 June 2024, 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, 27 August 2024

The Board of Directors and CEO of Norse Atlantic ASA



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