



NORSE

Q3 Report 2024



Revenue, production and load factors at record heights and dual ACMI/Network strategy being realized as a longer-term ACMI contract is materializing

Q3 2024 headlines (comparatives for numbers being Q3 2023):

- Revenue increased by 8% to USD 222.0 million
- 514,913 passengers carried, increased by 18%
- ASK increased by 20% to 4,275
- Load factor increased by three percentage points to record heights of 86%
- Revenue of USD 406 per passenger during the quarter, compared to USD 438 last year
- Number of flights operated during the quarter was 1,813, up by 17%
- Strong operational performance as 99.3% of planned flights were completed during the quarter
- CASK ex fuel reaching lowest-ever level at 3.55 compared to 3.63 last year
- Total cash held at end of quarter was USD 25.3 million
- Revised business strategy being realized as a longer-term ACMI contract is materializing, and cost reductions are on the way

CEO, Founder and major shareholder, Bjørn Tore Larsen:

“The third quarter brought Norse to record heights on revenue, production and load factors. Available Seat Kilometres was up 20%, the number of flights increased 17% and passengers were up 18%, all compared to the third quarter of 2023, while load factor increased by three percentage points to 86%, being the highest level achieved in any quarter of the Company’s history.

Revenue also reached new heights as they came in at USD 222.0 million, 8% above third quarter last year. As already reported by the Company, yields during Summer have however not been at satisfactory levels, and revenue per passengers came in at USD 406, compared to USD 438 last year.

From an operational perspective, we are happy to see that the Company’s organization continue to take on growth in a great manner. The Company’s fleet held in own operations grew by two aircraft and hence 20% into the summer season, being well reflected in ASK growing by 20%. Operational performance was strong as 99.3% of all planned flights were completed during the quarter.

As already announced, the Company has agreed commercial terms with one of its lessors to streamline the fleet by redelivering three Boeing



787-8 aircraft in 2024. The transaction is expected to be completed around end of the fourth quarter.

Over the last few months, we have been working on a revised business plan developing ACMI and charter as more of a separate business area,

side-by-side with, and complementary to the operations in our own scheduled network. Norse therefore is happy to announce that the Company in the form of a detailed letter of intent in principle has agreed commercial terms with a reputable international airline for a longer-term ACMI/wet lease agreement for the full capacity of six aircraft, two aircraft being deployed in February 2025 and additional four aircraft being deployed in September 2025. The arrangement is subject to final agreements, mutual corporate approvals and regulatory approvals. Subject to such regulatory approvals, the expected minimum contract value is at USD 462 million, and with additional upside if aircraft utilization is above minimum levels. In addition to this longer-term contract, Norse will continue to assign capacity to seasonal and ad-hoc ACMI/charter contracts.

The agreement as contemplated with this tier one international airline confirms the strong market potential of long-term ACMI/charter, and it will represent a new era for the Company, now locking in more of the fleet's capacity and revenue into longer-term contracts, leaving Norse with a business model carrying lower market risk going forward. Assigning capacities to this longer-term contract potentially secures significant revenues, but also allows for cost reductions, and to build a revised and sustainable business model of Norse Atlantic Airways."

Key Figures

<i>(USD million or as stated)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Revenue	222.0	204.8	465.0	344.7	439.4
EBITDAR ¹	26.7	41.1	2.5	10.3	(18.0)
Operating profit (EBIT)	4.6	10.3	(71.1)	(78.4)	(135.2)
Net profit	(6.3)	1.6	(101.0)	(104.4)	(168.7)
Net cash flow from operations	32.0	2.1	35.8	0.3	(20.6)
Book equity	(184.5)	(80.4)	(184.5)	(80.4)	(89.7)
Cash and cash equivalents	25.3	42.6	25.3	42.6	54.8
Number of flights	1,813	1,547	4,206	3,014	4,002
Number of operating destinations at period end	13	12	13	12	13
Average stage length (km)	6,948	6,836	6,820	6,310	6,426
ASK ¹ (millions)	4,275	3,575	9,724	6,415	8,672
RPK ¹ (millions)	3,668	2,966	7,958	4,869	6,448
Number of passengers	514,913	434,597	1,122,681	749,424	979,913
Load factor ¹	86 %	83 %	82 %	76 %	74 %
Airfare per passenger (USD) ¹	322	349	301	323	309
Ancillary per passenger (USD) ¹	84	89	82	84	84
Revenue per passenger (USD) ¹	406	438	383	407	393
PRASK (US cents) ¹	4.92	5.32	4.43	4.75	4.44
TRASK (US Cents) ¹	5.19	5.73	4.78	5.37	5.07
CASK cash adjusted (US cents) ¹	3.05	3.05	3.31	3.88	3.91
CASK excl. fuel (US cents) ¹	3.55	3.63	3.97	4.84	4.87
CASK (US cents) ¹	5.08	5.44	5.51	6.59	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	10	12	10	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 separate section of the report.



Outlook

Norse has been in the process of shaping a strategic reorientation for the Company. The decision has already been made to simplify and harmonize the fleet by early redelivering the three 787-8 aircraft, leaving Norse with a uniform and more flexible fleet of 787-9 aircraft only. The execution of the redeliveries is expected to take place in the period December through January.

Furthermore, the Company has been working on a revised business plan for the re-sized 12 aircraft fleet, exploring the opportunities of reducing the overall business risk for the Company by replacing some of its variable revenue with more fixed revenue. The Company now in the form of a detailed letter of intent, has in principle agreed commercial terms with a reputable international airline for a longer-term ACMI/wet lease agreement for the full capacity of six aircraft, two aircraft being deployed in February 2025 and additional four aircraft being deployed in September 2025. The arrangement is subject to final agreements, mutual corporate approvals and regulatory approvals.

Subject to such regulatory approvals, the expected minimum contract value is at USD 462 million, and with additional upside if aircraft utilization is above minimum levels. In addition to this longer-term contract, Norse will continue to assign capacity to seasonal and ad-hoc ACMI/charter contracts.

The intended agreement confirms the strong market potential of long-term ACMI/charter and would allow Norse to lock in more of the fleet's capacity and revenue into longer-term contracts, leaving Norse with a business model carrying lower market risk going forward. Assigning capacities to this longer-term contract potentially secures significant revenues,

but also allows for cost reductions, and to build a revised and sustainable business model of Norse Atlantic Airways.

As capacity is shifted into the ACMI segment, the Company will high-grade its own network, focusing more and more on the proven and profitable routes. Norse is also taking advantage of a new tech team that has cracked the commercial code as Norse is improving sales by science-based methodology. This is already showing great improvement in pre-sales on routes out for sale compared to one year ago. Transitioning to a dual strategy business model also will allow for the Company to reduce the overall cost of operating a slimmer own scheduled network, and also aiming to increase crew utilization for the remainder of own operations.

For the transition to the revised business model, and for the Company to secure a sound financial platform, the decision has been made by the Board of Directors to raise new capital to the Company. Based on an authorization provided by the General Meeting to the Board of Directors, the Board has decided to direct an equity private placement towards major shareholder BT Larsen & Co Limited affiliated to CEO Bjørn Tore Larsen, for new shares equal to 15% of the outstanding share capital. The issuance will be done at NOK 5.00 per share, bringing in the NOK equivalent of USD 8.7 million. In addition, BT Larsen & Co Limited will provide the Company with a new shareholder loan of USD 6.3 million, bringing total proceeds up into USD 15.0 million. The private placement will be followed by a repair issue to be launched early 2025 following approval of a prospectus and necessary corporate resolutions, having potential of bringing in an additional amount of up to USD 37.5 million.



Financial Performance & Position

The Company in the following refers to the third quarter of 2023 (“Q3 2023”) as the period of comparable information.

During the third quarter of 2024 (“Q3 2024” or “the Period”) the Company recorded revenue of USD 222.0 million (USD 204.8 million in Q3 2023), consisting of USD 207.3 million (USD 190.0 million in Q3 2023) in revenues from passengers and USD 14.7 million (USD 14.8 million in Q2 2023) in revenue from other sources. Airfare revenue averaged USD 322 per passenger (USD 349 in Q3 2023) and ancillary revenue USD 84 per passenger (USD 89 in Q3 2023), an aggregate revenue of USD 406 per passenger (USD 438 in Q3 2023), generating revenue of USD 164.6 million (USD 151.5 million in Q3 2023) and USD 42.8 million

(USD 38.5 million in Q3 2023), respectively. Norse flew a total of 514,913 passengers during the Period (434,597 in Q3 2023). Norse carried cargo totalling 9,271 tonnes (5,168 tonnes in Q3 2023) at an average rate net of commission and other direct costs of USD 795 per ton (USD 674 per ton in Q3 2023), generating total net cargo revenue of USD 7.4 million during the Period (USD 3.5 million in Q3 2023). During the Period Norse subleased three aircraft to a third party and recorded lease rental income of USD 3.1 million (USD 8.1 in Q3 2023, then subleasing five aircraft). The Company recorded charter and ACMI revenue of USD 2.8 million across 49 flights during the Period (USD 0.3 million across 5 flights in Q3 2023).

Operating expenses excluding depreciation, amortization, and aircraft leases during the Period totalled USD 195.3 million (USD 163.7 million in Q3 2023), consisting of USD 36.8 million (USD 27.5 million in Q3 2023) in personnel expenses, USD 145.6 million (USD 125.8 million in Q3 2023)

in aircraft operating costs and USD 12.9 million (USD 10.5 million in Q3 2023) in marketing and administrative costs. Variable aircraft lease expenses were USD 0.2 million (USD 9.3 million in Q3 2023), which is the amount the Company paid in Power by the Hour (“PBH”) aircraft lease costs. Norse recognized USD 21.9 million (USD 21.5 million in Q3 2023) of depreciation and amortization during the Period, of which USD 21.4 million (USD 20.8 million in Q3 2023) related to amortization of the aircraft right-to-use assets.

Net financial expense for the Period was USD 10.8 million (USD 8.7 million in Q3 2023), including USD 9.0 million (USD 8.8 million in Q3 2023) in accrued interest on lease liabilities. The Company reported a net loss after tax of USD 6.3 million for the Period (a profit of USD 1.6 million in Q3 2023).

Included in the income statement are non-cash lease accounting costs of USD 4.1 million for the Period (USD 13.8 million in Q3 2023).

As of 30 September 2024, the carrying value of right-of-use assets related to aircraft leases was USD 836.0 million (USD 890.0 million as of 30 September 2023), while the corresponding lease liability for the aircraft was USD 923.9 million (USD 962.0 million as of 30 September 2023).

The Company has current assets of USD 180.9 million at the end of the Period (USD 176.8 million as of 30 September 2023). At the end of the Period the current liabilities were USD 341.2 million (USD 233.4 million as of 30 September 2023). Current liabilities at the end of the Period includes revolving credit facility from the two major shareholders in the amount of USD 21.3 million (nil as of 30 September 2023). The Company’s book equity was negative by USD 184.5 million (negative by USD 80.4 million as of 30 September 2023). The Company’s net increase in free cash and cash equivalents during the Period was USD 2.7 million (net decrease of USD 16.4 in Q3 2023), mainly driven by net cash inflow from operations

of USD 32.0 million (inflow of USD 2.1 million in Q3 2023), followed by a net cash outflow to investing activities of USD 4.0 million (outflow of USD 2.9 million in Q3 2023) and USD 25.6 million outflow related to financing activities (outflow of USD 15.8 million in Q3 2023). The Company's free cash and cash equivalents at the end of the Period was USD 12.1 million (USD 27.6 million as of 30 September 2023), while the total cash was USD 25.3 million (42.6 million as of 30 September 2023), including USD 13.2 million in restricted cash (USD 15.0 million as of 30 September 2023).

Organization

As of 30 September 2024, the Company had 1,191 employees (1,082 as of 30 September 2023), of whom 928 (860 as of 30 September 2023) are airborne crew and the remaining 263 (222 as of 30 September 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. As the Company is about to enter into a longer-term wet lease/ACMI contract, the Company's overall exposure to the risk of both seasonality and general demand will be reduced. ACMI secures fixed revenue year-round and hence eliminates some of the seasonality exposure. For capacity allocated to ACMI, variable revenue is replaced with fixed revenue establishing a floor downwards, but still allowing for upward potential during periods of large capacity utilization.



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 jet fuel hedging arrangements in place and is thus fully exposed to fluctuations in jet fuel prices. Further increases in jet fuel price and any significant and prolonged adverse movements in currency exchange rates could impact the Company's earnings. The situation of increased tension in the Middle East is creating scenarios under which there could be adverse negative effects to the fuel prices. As

the Company is about to enter into a longer-term wet lease/ACMI contract, the Company's overall exposure to the risk of jet fuel price fluctuations will be reduced as the jet fuel cost under ACMI capacity is at the expense of the customer.

Just like any growth company, Norse is exposed to liquidity risk. Should sales volumes decrease, jet 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 position. 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	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Revenue						
Passenger revenue		164,565	151,549	324,112	238,975	297,738
Ancillary passenger revenue		42,765	38,473	88,735	61,927	81,448
Cargo		7,370	3,485	14,087	11,929	14,277
Charter & ACMI		2,778	282	16,032	2,688	5,140
Lease Rentals		3,116	8,100	15,677	24,793	33,090
Other revenue		1,392	2,907	6,346	4,342	7,744
Total Revenue	4	221,987	204,796	464,988	344,655	439,436
Operating expenses						
Personnel expenses		(36,837)	(27,508)	(96,911)	(70,451)	(99,759)
Fuel, oil and emission costs		(65,512)	(64,561)	(150,515)	(112,401)	(152,527)
Airport charges and handling		(35,183)	(29,085)	(77,590)	(53,535)	(67,153)
Technical maintenance		(28,165)	(18,361)	(65,010)	(45,712)	(66,493)
Other operating costs		(16,744)	(13,760)	(36,118)	(24,199)	(33,999)
Marketing and distribution costs		(8,863)	(6,922)	(25,275)	(18,915)	(23,343)
Administrative costs		(4,003)	(3,547)	(11,111)	(9,098)	(14,143)
Total Operating exps excl. leases, dep & amort.		(195,309)	(163,744)	(462,528)	(334,311)	(457,417)
Operating profit before leases, dep & amort. (EBITDAR)¹		26,678	41,052	2,461	10,344	(17,980)
Variable aircraft rentals		(182)	(9,290)	(7,952)	(25,769)	(33,139)
Depreciation and amortization	6	(21,882)	(21,453)	(65,606)	(62,931)	(84,103)
Operating profit/(loss)		4,614	10,309	(71,097)	(78,357)	(135,223)
Interest expenses	7	(9,941)	(8,826)	(28,993)	(25,894)	(34,982)
Other financial income/(expenses)	8	(818)	112	(550)	(13)	1,603
Profit/(loss) before tax		(6,145)	1,595	(100,640)	(104,264)	(168,602)
Income tax		(149)	-	(341)	(144)	(144)
Profit/(loss) for the period		(6,294)	1,595	(100,981)	(104,408)	(168,746)
Total comprehensive income:						
Profit/(loss) for the period		(6,294)	1,595	(100,981)	(104,408)	(168,746)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		(6,294)	1,595	(100,981)	(104,408)	(168,746)
Basic earnings per share (USD) ²		(0.05)	0.02	(0.80)	(1.73)	(2.50)
Diluted earnings per share (USD) ²		(0.05)	0.02	(0.80)	(1.73)	(2.50)

¹ = Non-IFRS alternative measures are explained and/or reconciled in separate section of the report

² = Based on average number of outstanding shares in the period

Interim Consolidated Statement of Financial Position

(in thousands of USD)	Notes	30 SEP 2024	30 SEP 2023	31 DEC 2023
Non-current assets				
Tangible assets	9	842,994	896,553	898,856
Intangible assets		3,081	4,303	3,324
Aircraft lease deposits		16,388	15,934	16,048
Other non-current assets		28,132	13,799	17,277
Total non-current assets		890,595	930,589	935,505
Current assets				
Credit card receivables		124,939	100,245	60,214
Trade and other receivables	10	11,501	18,175	6,351
Inventories		5,009	4,134	3,466
Other current assets		14,149	11,715	22,770
Cash and cash equivalents	11	25,348	42,570	54,830
Total current assets		180,946	176,838	147,631
Total assets		1,071,541	1,107,428	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		682	281	309
Retained earnings		(451,697)	(286,378)	(350,716)
Total equity		(184,491)	(80,385)	(89,697)
Non-current liabilities				
Lease liabilities non-current	13	846,122	898,665	902,147
Provisions		68,670	55,726	57,913
Total non-current liabilities		914,791	954,391	960,060
Current liabilities				
Deferred passenger revenue		73,120	59,574	52,394
Trade and other payables		168,131	110,338	88,699
Revolving credit facility		21,291	-	-
Lease liabilities current	13	78,698	63,509	71,680
Total current liabilities		341,240	233,421	212,773
Total equity and liabilities		1,071,541	1,107,428	1,083,136

Interim Consolidated Statement of Cash Flows

<i>(in thousands of USD)</i>	Notes	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Cash flows from operating activities						
Profit/(loss) before tax		(6,145)	1,595	(100,640)	(104,264)	(168,602)
Adjustments for items not affecting operating cash flows:						
Depreciation and amortization	6	21,882	21,453	65,606	62,931	84,103
Interest expenses		9,941	8,826	28,993	25,894	34,982
Interest income		(4)	(6)	(632)	(547)	(2,129)
Share based employee incentives		(1)	177	373	281	309
Income taxes paid		(149)	-	(341)	(144)	(144)
Provisions		2,647	2,434	6,615	6,066	6,870
Net operating cash flows before working capital movements		28,171	34,479	(25)	(9,783)	(44,610)
Working capital movements		3,871	(32,409)	35,780	10,078	24,051
Net cash flows from operating activities		32,042	2,070	35,754	295	(20,559)
Cash flows from investing activities						
Aircraft maintenance assets		(3,797)	(2,386)	(18,217)	(485)	(3,963)
Other investments		(219)	(539)	(682)	(2,541)	(3,370)
Net cash flows from investing activities		(4,016)	(2,924)	(18,899)	(3,025)	(7,332)
Cash flows from financing activities						
Net proceeds from share issue		-	-	5,813	13,207	68,204
Proceeds from Revolving Credit Facility		-	-	20,000	-	-
Lease installments		(18,781)	(10,913)	(50,032)	(24,452)	(34,970)
Movements in restricted cash		1,000	56	2,300	(10,000)	(10,500)
Net interest received/(paid)		(7,779)	(4,910)	(22,710)	(12,774)	(20,808)
Net cash flows from financing activities		(25,560)	(15,767)	(44,628)	(34,020)	1,925
Effect of foreign currency revaluation on cash		215	177	592	(389)	586
Net change in free cash and cash equivalents		2,682	(16,444)	(27,182)	(37,139)	(25,379)
Free cash and cash equivalents at the beginning of the period		9,466	44,013	39,330	64,709	64,709
Free cash and cash equivalents at the end of the period		12,148	27,570	12,148	27,570	39,330
Restricted cash at the end of the period	11	13,200	15,000	13,200	15,000	15,500
Cash and cash equivalents at the end of the period	11	25,348	42,570	25,348	42,570	54,830

Interim Consolidated Statement of Changes in Equity

1 Jan 2024 to 30 Sep 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	-	-	-	373	-	373
Total comprehensive income for the period	-	-	-	-	(100,981)	(100,981)
Balance at 30 Sep 2024	128,523,840	65,910	200,613	682	(451,697)	(184,491)

1 Jan 2023 to 30 Sep 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	-	-	-	281	-	281
Total comprehensive income for the period	-	-	-	-	(104,408)	(104,408)
Balance at 30 Sep 2023	66,521,079	36,975	168,737	281	(286,378)	(80,385)

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 [xx] November 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, Las Vegas, Los Angeles, Cape Town, Berlin, London, Paris, Rome, Athens, Bangkok and Oslo.

2. Basis of preparation

2.1. General

These interim consolidated 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 consolidated 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 consolidated financial statements, 2023 is defined as the reporting period from 1 January to 31 December, and the third quarter (Q3) as the one starting on 1 July and ending 30 September. The period year-to-date (YTD) is defined as the reporting period from 1 January to 30 September. For this interim period the Company presents the third 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 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. For this quarterly report, the going concern assumption has been evaluated for a period of 12 months following the end of the reporting period. The going concern assumption of the Company is subject to uncertainty.

Being an airline in its build-up phase, the Company has incurred losses over the first periods of operation, and as at 30 September 2024 the reported equity is negative USD 184.5 million.

The Company's total cash position as at 30 September 2024 is USD 25.3 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.

Through the last couple of months, the Company has been through a process of shaping a strategic reorientation for the Company. The outcome of such process is a revised business plan implying the Company allocating a significant portion of its capacity towards longer-term ACMI services, and whereas as the Company is about to secure new contracts supporting the execution of such business plan. The plan implies a more modest capacity allocated to operation of routes within own scheduled network, in turn allowing for the Company focusing its most profitable routes. The revised business plan implies generation of year-round fixed revenue and cash flows, and a de-risking of the business model.

Based on the contract about to be entered into, as well as Company's overall plans and ambitions, Norse has prepared financial forecasts that over time 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, commercial success expressed through achieved load factors and fares, as well as 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.

Specifically, the Company also is in a position of owing an amount of USD 18 million of overdue passenger taxes to the US Internal Revenue Service (IRS). The US IRS has mechanisms of downpayment of such overdue taxes, under which individual agreements must be entered into. The Company proactively has entered into a dialogue with the US IRS aiming at establishing such a plan of downpayment.

The Board has made careful considerations as to whether the Company's position is as strong as required. The Board of Directors has concluded that the transition from the Company's current financial position to the revised business model would require a strengthening of the Company's financial position. The Board of Directors therefore have decided to initiate processes that can secure more capital to the Company.

Based on an authorization provided by the General Meeting to the Board of Directors, the Board has decided to direct an equity private placement towards major shareholder BT Larsen & Co Limited affiliated by CEO Bjørn Tore Larsen, for new shares equal to 15% of the outstanding share capital. The issuance is done at NOK 5.00 per share, bringing in the NOK equivalent of USD 8.7 million. In addition, BT Larsen & Co Limited, will provide the Company with a new shareholder loan of USD 6.3 million, bringing total proceeds of new capital up into the amount of USD 15.0 million. The shareholder loan will have a final maturity 31 December 2025.

The direct private placement is planned to be followed by a repair issue expected to be launched

early 2025, subject to prospectus and corporate resolutions, having potential of bringing in an additional amount of up to USD 37.5 million. The actual outcome of the repair issue is highly uncertain, whereas the share price during the subscription period will be a main driver for the expected outcome of such repair offering.

In addition to the above, the Company has agreed that the maturity date for the USD 20 million revolving credit facility from the two major shareholders Scorpio Holdings Limited and B T Larsen & Co Limited, is extended to a new final maturity date of 31 March 2026.

There are several uncertainties affecting the financial position of the Company. This includes but is not limited to factors such as the commercial success of the Company during the winter season, the future development in jet fuel prices, the applied holdback mechanisms of credit card acquirers, the outcome of the downpayment plan to be established with the US IRS for the US passenger taxes, the outcome of the expected repair offering in early 2025, as well as general operational risks. On the other hand, there is upside potential on the commercial and financial performance of the Company's own scheduled network, whereas pre-sales on routes out for sale is trending well above the pre-sales realized at the same time the previous year.

There are scenarios under which the Company is fully financed for the next 12 months of operations, whereas there are other scenarios which would require the Company to secure additional capital to what now is secured.

Based on knowledge of the business plan established for the Company, in the Board of Directors' opinion, there is established a viable plan for the Company to be able to generate profits. In the Board of Directors' opinion, the going concern assumption is present and applies as basis for the Company's financial statements, but under the conditions present, the going concern assumption is subject to uncertainty. In the case that the going concern assumption should not serve as basis for the Company's financial statements, depending on the specific circumstances, some assets of the Company's may carry values lower than the values at which they are presented in these 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>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Airfare passenger revenue	164,565	151,549	324,112	238,975	297,738
Ancillary passenger revenue	42,765	38,473	88,735	61,927	81,448
Total passenger revenues	207,331	190,023	412,847	300,902	379,186
Cargo	7,370	3,485	14,087	11,929	14,277
Total own flights	214,700	193,507	426,934	312,832	393,463
Lease rentals	3,116	8,100	15,677	24,793	33,090
Charter and ACMI	2,778	282	16,032	2,688	5,140
Other revenue	1,392	2,907	6,346	4,342	7,744
Total Operating Revenue	221,987	204,796	464,988	344,655	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>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Depreciation of right-of-use assets	21,431	20,797	64,154	61,715	82,667
Depreciation of other tangible assets	216	472	778	732	749
Amortization of intangible assets	236	185	674	485	687
Total	21,882	21,453	65,606	62,931	84,103

7. Interest expenses

<i>(in thousands of USD)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Lease accounting interest expense	9,005	8,778	27,129	25,661	34,673
Other interest expense	937	48	1,865	233	310
Total	9,941	8,826	28,993	25,894	34,983

8. Other financial income/(expenses)

<i>(in thousands of USD)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Other financial income/(expense)	4	6	632	547	2,129
Foreign exchange gains	22	764	948	1,552	1,110
Foreign exchange losses	(844)	(658)	(2,130)	(2,112)	(1,635)
Total	(818)	112	(550)	(13)	1 603

9. Aircraft and other tangible assets

<i>(in thousands of USD)</i>	30 SEP 2024	30 SEP 2023	31 DEC 2023
Aircraft Right-of-Use assets	835,967	890,023	891,573
Aircraft rotatable inventory	5,472	5,906	6,436
Other Right-of-Use assets	682	93	46
Other tangible assets	872	531	802
Total	842,994	896,553	898,856

10. Trade and other receivables

<i>(in thousands of USD)</i>	30 SEP 2024	30 SEP 2023	31 DEC 2023
Trade receivables	8,727	13,367	4,103
Other receivables	2,774	4,809	2,248
Total	11,501	18,175	6,351

11. Cash and cash equivalents

<i>(in thousands of USD)</i>	30 SEP 2024	30 SEP 2023	31 DEC 2023
USD	17,498	28,362	37,453
NOK	2,627	11,395	12,423
GBP	3,520	632	2,041
EUR	1,671	2,181	2,901
THB	31	-	13
Total cash and cash equivalents	25,348	42,570	54,830
Hereof restricted cash:			
USD	13,200	15,000	15,500

12. Shareholder information

Shareholders of the Company as of 30 September 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%
UBS Switzerland AG	3,302,887	2,6%	2,6%
The Bank of New York Mellon	3,032,153	2,4%	2,4%
MH Capital AS	2,028,578	1,6%	1,6%
Alto Holding AS	1,911,147	1,5%	1,5%
Vicama Capital AS	1,701,559	1,3%	1,3%
Bank Julius Bär & Co. AG	1,700,000	1,3%	1,3%
Fender Eiendom AS	1,595,661	1,2%	1,2%
Skandinaviska Enskilda Banken AB	1,500,000	1,2%	1,2%
Vicama AS	1,301,215	1,0%	1,0%
Nordnet Livsforsikring AS	1,220,514	0,9%	0,9%
F2 Funds AS	1,200,000	0,9%	0,9%
UBS Switzerland AG	1,156,478	0,9%	0,9%
F1 Funds AS	1,000,000	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%
Kai Vidar Kvade	845,500	0,7%	0,7%
Top 20 shareholders	81,415,647	63,3%	63,3%
Other shareholders	47,108,193	36,7%	36,7%
Total number of shares	128,523,840	100,0 %	100,0 %

13. Lease liabilities

(in thousands of USD)

	YTD 2024	YTD 2023	Full year 2023
Opening balance	973,827	961,730	961,730
Additions during the period	806	17,849	40,304
Interest accrued	23,326	21,882	29,844
Installments and interest payments	(73,139)	(39,286)	(58,050)
Closing balance	924,820	962,174	973,827
Of which:			
Due within 12 months	78,698	63,509	71,680
Due after 12 months	846,122	898,665	902,147

Norse by the end of the Period has a fleet of 15 leased Boeing 787 Dreamliners, all 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 fourth quarter of 2024.

14. Subsequent events

On 15 October 2024, the Company announced that for the USD 20 million revolving credit facility from its two largest shareholders Scorpio Holdings Limited and B T Larsen & Co Limited established on 12 April 2024, it has agreed with the lenders to extend the maturity date under the Facility from 15 October 2024 to 15 December 2024. Except for the maturity date, the terms of the Facility remain unchanged.

On 22 November, the Company announced that it from winter 2025 is launching a new direct route connecting Stockholm and Bangkok, adding Stockholm to the Company's network for the first time. Tickets are already out for sale, and the new route is set to commence 29 October 2025, operating twice weekly on Wednesdays and Sundays.

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

14.1. Revenue per passenger

	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Airfare passenger revenue - USD thousands	164,565	151,549	324,112	238,975	297,738
Number of passengers in own network	510,738	434,053	1,078,304	739,483	964,094
Airfare per passenger - USD	322	349	301	323	309
Ancillary passenger revenue - USD thousands	42,765	38,473	88,735	61,927	81,448
Number of passengers in own network	510,738	434,053	1,078,304	739,483	964,094
Ancillary per passenger - USD	84	89	82	84	84
Revenue per passenger - USD	406	438	383	407	393

14.2. PRASK

(in thousands of USD)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Total passenger revenue	207,331	190,023	412,847	300,902	379,186
Available seat kilometres in own network (millions)	4,213	3,572	9,313	6,332	8,533
PRASK - US Cents	4.92	5.32	4.43	4.75	4.44

14.3. TRASK

(in thousands of USD)	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Total operating revenue	221,987	204,796	464,988	344,655	439,436
Available seat kilometres (millions)	4,275	3,575	9,724	6,415	8,672
TRASK - US Cents	5.19	5.73	4.78	5.37	5.07

14.4. CASK (cash adjusted)

<i>(in thousands of USD)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Operating profit/(loss)	4,614	10,309	(71,097)	(78,357)	(135,223)
Add-back:					
Revenue	(221,987)	(204,796)	(464,988)	(344,655)	(439,436)
Fuel, oil and emissions costs	65,512	64,561	150,515	112,401	152,527
Depreciation of right-of-use assets	21,431	20,797	64,154	61,715	82,667
Cost (adj.) sub-total	130,430	109,129	321,417	248,896	339,465
Available seat kilometres (millions)	4,275	3,575	9,724	6,415	8,672
CASK (cash adjusted) - US cents	3.05	3.05	3.31	3.88	3.91

14.5. CASK (excluding fuel)

<i>(in thousands of USD)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Operating profit/(loss)	4,614	10,309	(71,097)	(78,357)	(135,223)
Add-back:					
Revenue	(221,987)	(204,796)	(464,988)	(344,655)	(439,436)
Fuel, oil and emissions costs	65,512	64,561	150,515	112,401	152,527
Cost (adj.) sub-total	151,860	129,926	385,571	310,610	422,132
Available seat kilometres (millions)	4,275	3,575	9,724	6,415	8,672
CASK (excl. fuel) - US cents	3.55	3.63	3.97	4.84	4.87

14.6. CASK

<i>(in thousands of USD)</i>	Q3 2024	Q3 2023	YTD 2024	YTD 2023	Full Year 2023
Operating profit/(loss)	4,614	10,309	(71,097)	(78,357)	(135,223)
Add-back:					
Revenue	(221,987)	(204,796)	(464,988)	(344,655)	(439,436)
Cost sub-total	217,373	194,487	536,085	423,012	574,659
Available seat kilometres (millions)	4,275	3,575	9,724	6,415	8,672
CASK - US cents	5.08	5.44	5.51	6.59	6.63





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