



Second quarter and first half year 2021 report

## The company

Flyr is low-cost carrier with a demand driven and more sustainable business model. The focus is on serving the Norwegian market with domestic and international flights from its base at Oslo Airport.



**A Norwegian based LCC**



**Modern, digital and efficient setup designed by industry experts**



**Targeting a concentrated, demand driven route offering in high-margin markets**

### MISSION

Flyr offers easier and more responsible air travels – while taking customer experiences to new heights

### MAIN PILLARS

- Flyr will be **relevant** to guests by delivering outstanding customer service and experiences at affordable prices
- Flyr will be **efficient** through operational excellence
- Flyr will be an **attractive employer** by being transparent, inclusive, respectful and empowering towards all
- Flyr will be **digital** through state-of-the-art integrated IT-systems

### VALUES



**Responsible**



**United**



**Curious**

## Highlights first half year

- Raised NOK 600 million in private placement and listed at Euronext Growth
- Built organization and technological infrastructure
- Completed project phase on time and on budget
- World's first pure NDC/OneOrder based airline
- Signed CBA agreements with pilot and cabin unions
- Received AOC from CAA Norway
- First flight to Tromsø on 30 June

## Establishing the organization and preparing for commercial launch

**Flyr's first financial report shows that the company has successfully launched a new airline in Norway that so far has been well received. The second quarter figures are atypical as they only include one day of operations.**

"I am tremendously proud of team Flyr's swift transformation from start-up project to an efficient, responsible, and professional airline. Our ambition is to offer something new in the aviation industry. We believe that there is need for an airline in Norway that puts the customers and the employees first. Based on the feedback we have received from the customers that have travelled with us this summer and our colleagues both in the air and on the ground, we are on the right track. This positive feedback motivates the entire team to continue to strive to deliver a smooth and enjoyable travel experience," said CEO Tonje Wikstrøm Frislid of Flyr.

## Key figures

*Unaudited*

| (1,000 NOK)                 | Q2 2021 | 1HY 2021 | Full year 2020 |
|-----------------------------|---------|----------|----------------|
| Operating revenue           | 250     | 250      | 0              |
| EBITDAR                     | -54,784 | -76,671  | -9,142         |
| Operating profit (EBIT)     | -58,556 | -81,167  | -9,379         |
| Net profit/(loss)           | -64,713 | -87,390  | -9,466         |
| Book equity per share (NOK) |         | 0.0034   | 0.7782         |
| Equity ratio (%)            |         | 68.4 %   | 58.95 %        |
| Cash and cash equivalents   |         | 514,847  | 13,840         |

## Operational review

### Traffic figures and ratios

*Unaudited*

|                               | Q2 2021 | 1HY 2021 | Full year 2020 |
|-------------------------------|---------|----------|----------------|
| Number of FTE per aircraft    | 72      | 72       | 0              |
| ASK (1.000)                   | 850.8   | 850.8    | 0              |
| Passengers (1.000)            | 0.37    | 0.37     | 0              |
| Load factor                   | 48.5 %  | 48.5 %   | 0              |
| Avg. Sector length (1.000 Km) | 1.12    | 1.12     | 0              |
| CO2 per aircraft (ton)        | 2       | 2        | 0              |

Being in a pre-operational phase, main focus for Flyr during the second quarter has been to build organizational and technological infrastructure, secure all necessary licenses and approvals to operate and to secure necessary aircraft capacity to initiate flying on planned routes by the end of the period.

### Organizational development

Entering the quarter, Flyr already had a strong management team with long term experience from the aviation industry.

During the quarter, the company has developed its operational organization to secure competence and capacity to execute on its expansion plans, and by the end of the quarter all administrative and organizational functions were in place.

In June the company signed CBA agreements with domestic pilot and cabin unions valid until March 2024, giving the company and its employees a predictable and good framework to establish and develop Flyr in the Norwegian market. The agreements include solutions making it possible to build future aviation in Norway based on direct and permanent employment locally throughout the organization.

### Developing efficient IT platform

Building from scratch, Flyr has had the opportunity to base its technology platform on

the most recent and state-of the art solutions available.

During the quarter a fully integrated multiplatform web-based booking system based on NDC/One order was implemented.

All technological infrastructure is based on standardized off the shelf software solutions, contributing to operational efficiency and low costs.

### Regulatory and operational infrastructure

In June, Flyr took delivery of the first two Boeing 737-800 aircraft.

In June, Flyr also received operating licenses through the issuance of Air Operator Certificate (AOC) by the Norwegian Civil Aviation Authority (CAA), bringing all formalities in place for the company to initiate operations.

On 31 May, the company started ticket pre-sales for domestic flights from Oslo to Tromsø, Bødø, Harstad/Narvik, Trondheim and Bergen and for international flights to Alicante, Malaga and Nice.

Flyr initiated operations with its first flight from Oslo to Tromsø on 30 June.



## Financial review

### SECOND QUARTER

#### Income statement

Flyr's first half year and second quarter primarily consists of expenses related to the establishment and preparations for commercial flights, which took place on 30 June with two round trip flights from Oslo to Tromsø.

Revenues in the second quarter and first half year was NOK 250 thousand. Total operating expenses in second quarter was NOK 55.0 million and 76.9 million in the first half year. Expenses are primarily related to the development and establishment of the organization and the IT infrastructure, where personnel expenses are mainly for administrative personnel in the period, and build-up of pilot and crew in second quarter to prepare for flights on 30 June. Total personnel expenses in first half year were NOK 30.9 million, and 20.9 million in second quarter.

Other operating expenses of NOK 31.6 and NOK 43.4 million in the second quarter and first half year respectively, consists in large part of expenses related to IT development such as consulting fees and software licenses, where NOK 7,2 million were spent on SaaS licenses in the first half year. A major part of the Company's investment in IT systems are standard SaaS solutions, and do not qualify for capitalization according to IAS 38. As such, expenses for development, as well as licenses are expensed as delivered. In addition, the company has hired temporary specialty consultants for the establishment of the airline, attaining the operating licenses and sourcing aircraft for lease.

The period includes 4 flights only, and expenses are in its majority related to the start-up of operations. As such, CASK is an irrelevant KPI for second quarter and first half year.

Operating loss (EBITDA/EBITDAR) for the second quarter was NOK -54.8 million and NOK -76.7 million for the first half year.

Depreciations and amortizations are primarily depreciations on two aircraft leases. The two

aircraft in service in second quarter were received on the 4<sup>th</sup> and the 15<sup>th</sup> of June. In addition, capitalized investments on IT systems have been amortized since put in use during first half year.

Net financial items of NOK 6.2 million in second quarter and first half year includes NOK 5.9 in negative effects of currency revaluation of aircraft leases. Flyr's aircraft leases are denominated in USD, and changes in NOK against USD will result in gains or losses recognized in profit and loss. In addition, included in net financial items is interest expense related to the aircraft leases.

The company has not recognized any tax income from taxable loss, and tax items in the period is Nok 0.

Net loss for the first quarter was NOK 64.7 million, and NOK 87.4 million for the first half year.

#### Cash flow

Net cash flow from operating activities was NOK -45.6 million in the second quarter, and NOK -57.4 million for the first half year, equaling operating profit with positive effects on cash from changes in working capital due to the increase in activities in second quarter. Changes in air traffic liabilities are offset by changes in receivables, as there is 100% hold-back on credit card settlement due to the negative effects the industry is experiencing from the Covid-19 pandemic. Other adjustments are primarily related to non-cash effects of currency revaluation on liabilities.

Cash flow used on investment activities was NOK 15.4 and NOK 26.6 million in the second quarter and first half year, respectively, whereof NOK 6.8 million and NOK 8.5 million is due to deposits paid on leased aircraft. Remaining invested amounts are spent on investments in IT systems and infrastructure.

Cash flow from Financing activities was NOK 0,2 million and NOK 585.0 million in second quarter and first half year, whereof NOK 585.4 million is net proceeds from the capital issue

that was raised in February this year in addition to a private placement of NOK 25 million in January.

Net cash flow in second quarter was NOK - 60.8 million and NOK 501.0 million in first half year 2021.

## Financial position

Total non-current assets at 30 June was NOK 220.0 million, of which NOK 188.6 million is aircraft leases recognized in statement of financial position according to IFRS 16.

Total current assets was NOK 520.4 million, of which cash and cash equivalents were NOK 514.8 million.

Total equity on 30 June was NOK 513.6 million, equaling an equity ratio of 68.4%.

Long term liabilities of NOK 161.2 million is related to aircraft leases.

NOK 75.6 million in short term liabilities consists of NOK 34.2 million in short term part of aircraft leases, falling due within 12 months. Remaining short term liabilities are related to ticket liabilities and trade liabilities and accruals and provisions.

With a solid financial position, sound funding and liquidity, the company is well positioned to expand according to plans.

## Risks and uncertainties

Flyr is exposed to a number of risk factors such as market risk, operational risk, financial risk and liquidity risk. The airline industry is undergoing an extremely challenging time due to the ongoing pandemic. Future demand is dependent on several factors. The development of the pandemic and the customer demand as well as the industry competition post-Covid is uncertain and challenging to predict.

The company is exposed to currency risk, as a major part of the company's expenses are denominated in USD, such as aircraft leases and jet-fuel purchases. In addition, fluctuations in the prices of jet-fuel may impact

the results negatively. The Company is in the process of developing sound risk hedging strategies in line with the ramp-up in operations, in order to manage the impact these risk factors may cause.

Due to IFRS 16, the Company's aircraft leases are recognized as a right-of-use asset denominated in NOK. The corresponding lease liability is denominated in USD. The currency exposure from recalculating USD liabilities into NOK is significant and can create volatility in profit and loss.

For more information, please see the Information Document dated 26 February 2021 available at <https://www.flyr.com/reports-and-presentations> for more detailed information about risk factors

## Outlook

Flyr was established during the ongoing Covid-19 pandemic with the aim to build a sustainable and profitable business model by adapting and scaling production to meet the needs of the market. Up until the first flight on 30 June 2021, the Company focused on building a robust and efficient organization and IT infrastructure and is currently operating 3 aircraft on domestic routes in Norway.

To succeed as a start-up commercial airline in the current business environment, flexibility in scaling production to the demand is crucial. Our main focus is demand driven growth and ensuring attractive offering to the market. Expansion plans will be adjusted continuously depending on the pandemic situation.

Operations in July was successful, with 2 aircraft in operation, 100% regularity and 96% punctuality. Reviews from customers have been very positive, with exceptional feedback on customer service and the simplicity of our booking process. Load factor for July flights was in the lower end in the beginning of the month, while peaking at almost 70% towards the end of July.

In addition to the two aircraft in operation during the summer, two additional aircraft are

scheduled for operations in third quarter, and an additional two to four aircraft will be put into service by the end of the year, servicing primarily domestic Norway high demand routes, and selected European leisure destinations. Intentions for 2022, depending on the pandemic situation and travel demands, is to add additional 6-10 aircraft to production during the year bringing the fleet to 12-18 aircraft by the end of 2022.

The company is well positioned to develop in line with plans. The majority of the planned administrative resources are currently in place, and additional employees will primarily be flight operating resources. Focus going forward is to ensure flexible and cost-efficient deployment of operations, targeting 36 employees per aircraft.

## Statement from the board of directors

We hereby confirm that the interim financial statements for the period from 1 January to 30 June 2021, to the best of our knowledge, have been prepared in accordance with IAS 34 – Interim Financial Reporting – and that the information in the accounts gives a true and fair view of the Company's assets, liabilities, financial position, and overall results.

We also confirm that, to the best of our knowledge, the half-year report gives a true and fair view of the main events during the accounting period and their effect on the accounts for the first half year, as well as the principal risks and uncertainties facing the Company in the next accounting period.

The Board of Directors and CEO  
Oslo 18 August, 2021

Erik G. Braathen  
Chairman

Tord Strømme Meling

Alexander Maurice Mason

Tonje Wikstrøm Frislid  
CEO



## Condensed Interim Financial statements

### Statement of profit and loss and comprehensive income

Unaudited

| (1,000 NOK)  | Note | Q2 2021        | 1HY 2021       | Full year 2020 |
|--|------|----------------|----------------|----------------|
| Passenger revenues   |      | 250            | 250            | 0              |
| Total operating revenues   |      | 250            | 250            | 0              |
| Personnel expenses   |      | 20,921         | 30,908         | 4,671          |
| Aviation fuel  |      | 329            | 329            | 0              |
| Airport and ATC charges  |      | 66             | 66             | 0              |
| Handling charges   |      | 51             | 51             | 0              |
| Technical maintenance expenses   |      | 2,110          | 2,110          | 0              |
| Other operating expenses   |      | 31,558         | 43,457         | 4,471          |
| Total operating expenses excl depreciation   |      | 55,034         | 76,921         | 9,142          |
| <b>Operating profit/(loss) excl lease, depreciation and amortization (EBITDAR)</b> |      | <b>-54,784</b> | <b>-76,671</b> | <b>-9,142</b>  |
| Depreciation and amortizations   | 3    | 3,771          | 4,495          | 237            |
| <b>Operating profit/(loss) (EBIT)</b>  |      | <b>-58,556</b> | <b>-81,167</b> | <b>-9,379</b>  |
| Net financial items  | 3    | -6,158         | -6,223         | -87            |
| Taxes  |      | 0              | 0              | 0              |
| <b>Net profit/(loss)</b>   |      | <b>-64,713</b> | <b>-87,390</b> | <b>-9,466</b>  |
| Other comprehensive income   |      | 0              | 0              | 0              |
| <b>Total comprehensive income</b>  |      | <b>-64,713</b> | <b>-87,390</b> | <b>-9,466</b>  |
| Earnings per share - basic   |      | 0.000          | -0.001         | -0.58          |
| Earnings per share - diluted   |      | 0.000          | -0.001         | -0.58          |
| No. Of shares at end of the period   |      | 150,000,000    | 150,000,000    | 30,000,000     |
| Avg. No. Of shares outstanding   |      | 150,000,000    | 112,209,945    | 16,339,286     |
| No. Of shares at end of the period - diluted                                       |      | 150,000,000    | 112,209,945    | 16,339,286     |

## Statement of financial position

Unaudited

| (1,000 NOK)                         | Note | 30.06.2021     | 31.12.2020    |
|-------------------------------------|------|----------------|---------------|
| <b>Assets</b>                       |      |                |               |
| <b>Non-current assets</b>           |      |                |               |
| Intangible asset                    |      | 20,256         | 4,985         |
| Right of Use assets                 | 3    | 188,629        | 5,311         |
| Property, Plant and equipment       |      | 2,576          | 317           |
| Deposits long term                  |      | 8,542          | 0             |
| Investments in subsidiaries         |      | 39             | 39            |
| <b>Total non-current assets</b>     |      | <b>220,042</b> | <b>10,651</b> |
| <b>Current assets</b>               |      |                |               |
| Trade receivables                   |      | 5,883          | 0             |
| Other receivables                   |      | 5,813          | 1,745         |
| Prepayments                         |      | 3,827          | 168           |
| Cash and cash equivalents           |      | 514,847        | 13,840        |
| <b>Total current assets</b>         |      | <b>530,370</b> | <b>15,753</b> |
| <b>Total assets</b>                 |      | <b>750,412</b> | <b>26,404</b> |
| <b>Equity</b>                       |      |                |               |
| Share capital                       |      | 300            | 30            |
| Other paid in capital               |      | 610,130        | 25,000        |
| Retained earnings                   |      | -96,856        | -9,466        |
| <b>Total equity</b>                 |      | <b>513,574</b> | <b>15,564</b> |
| <b>Liabilities</b>                  |      |                |               |
| <b>Long term Liabilities</b>        |      |                |               |
| Long term leasing liabilities       | 3    | 161,216        | 2,067         |
| <b>Total long term liabilities</b>  |      | <b>161,216</b> | <b>2,067</b>  |
| <b>Short term liabilities</b>       |      |                |               |
| Ticket Liabilities                  |      | 6,550          | 0             |
| Short term Leasing liabilities      | 3    | 34,245         | 2,595         |
| Trade liabilities                   |      | 18,593         | 2,928         |
| Other short term liabilities        |      | 16,233         | 3,250         |
| <b>Total short term liabilities</b> |      | <b>75,622</b>  | <b>8,772</b>  |
| <b>Total equity and liabilities</b> |      | <b>750,412</b> | <b>26,404</b> |

## Statement of changes in equity

Unaudited

| (1,000 NOK)                               | Note | 1HY 2021 | Full year 2020 |
|---|------|----------|----------------|
| Equity - beginning of period              |      | 15,564   | 0              |
| Total comprehensive income for the period |      | -87,390  | -9,466         |
| Share issue                               |      | 585,400  | 25,030         |
| Equity - end of period                    |      | 513,574  | 15,564         |

## Cash flow statement

Unaudited

| (1,000 NOK)                                      | Note | Q2 2021        | 1HY 2021       | Full year 2020 |
|--|------|----------------|----------------|----------------|
| EBT  |      | -64,879        | -87,556        | -9,466         |
| Paid tax   |      | 0              | 0              | 0              |
| Depreciation and amortization                    |      | 3,771          | 4,495          | 237            |
| Changes in air traffic settlement liabilities    |      | 7,674          | 7,674          | 0              |
| Changes in receivables                           |      | -13,962        | -14,735        | -1,913         |
| Changes in current liabilities                   |      | 15,665         | 26,517         | 6,138          |
| Other adjustments                                |      | 6,164          | 6,200          | 87             |
| Net Cash Flow From Operating Activities          |      | -45,566        | -57,405        | -4,916         |
| Deposits paid                                    |      | -6,823         | -8,542         | 0              |
| Investment in tangible assets                    |      | -1,879         | -2,370         | -333           |
| Investment in intangible assets                  |      | -6,736         | -15,638        | -4,985         |
| Other investing activities                       |      | 0              | 0              | 0              |
| Cash Flow From Investing Activities              |      | -15,438        | -26,551        | -5,318         |
| Proceeds from issuing new sharers                |      | 0              | 585,400        | 25,030         |
| Net interest paid                                |      | -26            | -83            | -87            |
| Principal payments leases                        |      | 272            | -354           | -869           |
| Net Cash Flow From Financing Activities          |      | 246            | 584,962        | 24,074         |
| <b>Net change in Cash and Cash equivalents</b>   |      | <b>-60,758</b> | <b>501,007</b> | <b>13,840</b>  |
| Cash and cash equivalents at beginning of period |      | 575,605        | 13,840         | 0              |
| Cash and cash equivalents at end of period       |      | 514,847        | 514,847        | 13,840         |

## Selected notes to the interim financial statements

### Note 1. Basis of preparation of half year report

#### 1.1. Base for statement

The condensed interim financial statements comprise Flyr AS, a limited liability company incorporated in Norway. The financial statements of the company for the year ended 31 December 2020 are available at [www.flyr.com](http://www.flyr.com).

These unaudited condensed interim financial statements have been prepared in accordance with the rules and regulations of Oslo Stock Exchange and International Accounting Standard (IAS) 34 Interim Financial Reporting. They do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements for the company for the year ended 31 December 2020.

The accounting policies applied by the company in these condensed financial statements are the same as those applied by the company in its consolidated financial statements for the year ended 31 December 2020. The company started flight operations on 30 June 2021, and the financial statements for the first half year of 2021 includes additional line items related to flight operations, than the financial statements of 2020. Accounting principles for the items not described in the 2020 annual report, is described below.

#### 1.2. Accounting principles

This section outlines the accounting principles for items not described in the annual financial statements for the company for 2020.

##### 1.2.1 Revenue recognition

Revenue is recognised when goods or services are delivered. Revenue is measured at fair value of the consideration received or receivable, net of discounts and indirect taxes.

Passenger revenue includes sale of flight tickets and is recognised as revenue when the flight is flown in accordance with the flight traffic program. Recognition of unused tickets as revenue is based on the expected breakage amount of tickets remaining unused in

proportion to the pattern of rights exercised by the passenger.

Customer compensations for delays or cancellations is a variable consideration in the contract and it is recognised as an adjustment to revenue.

Ancillary revenue includes sale of ticket related services, like advance seat reservations, additional baggage fees as well as different service fees, and sale of goods in the aircraft. The service revenue is recognized when the flight is flown in accordance with the flight traffic program, since it is considered as a contract modification instead of separate revenue transaction. The sale of goods is recognized when the goods are delivered to the customer.

Prepayments from customers are classified as ticket liabilities in the statement of financial position, until revenue is recognized when flight is flown.

##### 1.2.2 Trade receivables

Trade receivables are amounts due from customers for services performed and goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Receivables from credit card companies are classified as trade receivables in the statement of financial position.

##### 1.2.3 Provisions for aircraft maintenance

Provisions are recognised when the Company has a present legal or constructive obligation as the result of a past event, the fulfilment of the payment obligation is probable, and a reliable estimate of the amount of the obligation can be made. The amount to be recognised as provision corresponds to the management's best estimate of the expenses

that will be necessary to meet the obligation at the end of the reporting period.

The Company is obliged to return leased aircraft and their engines according to the redelivery condition set in the lease agreement. If at the time of redelivery, the condition of the aircraft and its engines differs from the agreed redelivery condition, the Company needs to either maintain the aircraft so that it meets the agreed redelivery condition or settle the difference in cash to the lessor. To fulfil these maintenance obligations, the Company has recognised airframe heavy maintenance, engine performance maintenance, engine life limited part, landing gear, auxiliary power unit and other material maintenance provisions. The provision is defined as a difference between the current condition and redelivery condition of these maintenance components. The provision is accrued based on flight hours flown until the next maintenance event or the redelivery and recognised in the aircraft overhaul costs in the income statement. The provision is reversed at the maintenance event or redelivery. The price of the flight hour depends on the market price development of the maintenance costs. Estimated future cash flows are discounted to the present value.

The final check and painting required at redelivery are considered unavoidable maintenance costs that realise when the aircraft is redelivered to the lessor, irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease. Respectively, costs depending on the usage of the aircraft are not considered as part of the right-of-use asset cost, but these are recognised according to the principles presented above.

#### 1.2.4 Aircraft leasing arrangements

Flyr assesses whether a contract that relates to tangible assets is, or contains, a lease in accordance with the IFRS 16. Lease agreements for tangible assets, where the contract conveys the right to use an identified asset for a period of time in exchange for consideration, are classified as leases.

The lease term is the non-cancellable period for which a lessee has the right to use an

underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the option.

At the commencement date of a lease, Flyr recognises both a right-of-use asset and a lease liability.

The lease liability is the present value of future lease payments. Lease payments for aircraft leases contain typically payments that depend on interest rates and indices, that are included in the measurement of the lease payments included in the measurement of the lease liability, using the interest or index rate at the commencement date of the lease.

The right-of-use asset is measured at cost, comprising

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

The final check and painting required at redelivery are considered unavoidable maintenance costs that realise when the aircraft is redelivered to the lessor, irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease.

After initial recognition, right-of-use assets are measured at cost less any accumulated depreciations and accumulated impairment losses. The assets are depreciated with a straight-line method from the commencement date to the shorter of end of useful life of the right-of-use asset and the end of lease term.

The aircraft lease agreements do not clearly define the interest rate implicit in the lease. However, since the fair values of the aircraft are provided publicly by third parties, Flyr is able to calculate the implicit interest rate for each qualifying aircraft operating lease. The

rate implicit in the lease is defined as the rate that causes the sum of the present value of the lease payments and the present value of the residual value of the underlying asset at the end of the lease to equal the fair value of the underlying asset. The implicit interest rate is determined by each aircraft lease contract separately.

Aircraft lease contracts are usually denominated in foreign currency (US dollars) and the foreign currency lease liabilities are revalued at each balance sheet date to the spot rate. The lease payments (lease payments made) are accounted for as repayments of the lease liability and as interest expense.

### 1.2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Company's Board of Directors. The Company has one operating segment, which is airline passenger travel.

## 2. Judgements, estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS require management to make judgements, estimates and assumptions with affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and assumptions used are based on various factors such as historical figures and management experience and are believed to be reasonable under the

circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty, were the same as those that applied to the financial statements for the period ended 31 December 2020. Additionally, in preparing the interim financial statements, the key critical judgements and estimation uncertainty are detailed below.

- The aircraft held under lease agreements are subject to specific redelivery conditions stated in the contracts as well as periodic maintenance programs as defined by the aircraft and engines manufacturers. To meet these requirements, the Company must conduct maintenance, both regularly and at the expiration of the leasing period. Provisions are made based on the estimated costs of overhauls and maintenance. In order to estimate these conditions, Management must make assumptions regarding expected maintenance costs.
- The aircraft leasing agreements does not detail the implicit interest rate, and Management must make assumptions as to the fair values and residual values of the aircraft in order to estimate the interest rate to measure the Right of Use asset and Lease liabilities at commencement dates.



### 3. Lease agreements

Right of use assets

Unaudited

| <i>(1,000 NOK)</i>                           | <b>Aircraft</b> | <b>Office rent</b> | <b>Sum</b>     |
|--|-----------------|--------------------|----------------|
| <b>Aquisition cost</b>                       |                 |                    |                |
| Aquisition cost 1 January 2021               | -               | 5,532              | 5,532          |
| Additions                                    | 184,583         | 2,753              | 187,335        |
| <b>Aquisition cost 30 June 2021</b>          | <b>184,583</b>  | <b>8,285</b>       | <b>192,867</b> |
| <b>Accumulated depreciations</b>             |                 |                    |                |
| Accumulated depreciations 1 January 2021     | -               | 221                | 221            |
| Additions                                    | 2,564           | 1,454              | 4,017          |
| <b>Accumulated depreciation 30 June 2021</b> | <b>2,564</b>    | <b>1,675</b>       | <b>4,238</b>   |
| <b>Carrying value 30 June 2021</b>           | <b>182,019</b>  | <b>6,610</b>       | <b>188,629</b> |
| Useful life                                  | 6 year          | 2 year             |                |
| Depreciation plan                            | Linear          | Linear             |                |

Leasing liabilities

Unaudited

| <i>(1,000 NOK)</i>                          | <b>H1 2021</b> |
|---|----------------|
| Lease liabilities 1 January 2021            | 4,663          |
| Additions                                   | 185,754        |
| Lease downpayments                          | (1,232)        |
| Interest payments                           | (83)           |
| Interest expenses                           | 575            |
| Effects of currency revaluations            | 5,784          |
| <b>Total lease liabilities 30 June 2021</b> | <b>195,461</b> |
| Long term lease liabilities                 | 161,216        |
| Short term lease liabilities                | 34,245         |

Maturity profile for interest bearing liabilities

The below schedule shows the maturity dates for nominal amounts of lease liabilities in USD at 30 June 2021.

Unaudited

| <i>(1,000 USD)</i>                        |               |
|---|---------------|
| < 1year                                   | 4,132         |
| 1-2 year                                  | 4,020         |
| 2-5 year                                  | 12,060        |
| > 5 year                                  | 3,685         |
| <b>Total interest bearing liabilities</b> | <b>23,897</b> |

#### 4. Related parties

There have been no changes during the second quarter or first half of 2021 in related parties compared to the description in the Annual Report for 2020. There have been no significant transactions with related parties during the second quarter or first half in 2021.

#### 5. Shareholder information

The 20 largest shareholders per 18 august 2021:

| Shareholder                        | No.shares   | % of total shares |
|------------------------------------|-------------|-------------------|
| DIVA DUGNAD AS                     | 15,000,000  | 10.0 %            |
| OJADA AS                           | 15,000,000  | 10.0 %            |
| VERDIPAPIRFONDET NORDEA NORGE VERD | 8,510,486   | 5.7 %             |
| SKANDINAVISKA ENSKILDA BANKEN AB   | 6,000,000   | 4.0 %             |
| NORDNET LIVSFORSIKRING AS          | 5,498,195   | 3.7 %             |
| KULTA INVEST AS                    | 4,774,000   | 3.2 %             |
| VERDIPAPIRFONDET DELPHI NORDIC     | 3,392,641   | 2.3 %             |
| SOBER AS                           | 3,015,000   | 2.0 %             |
| VERDIPAPIRFONDET DELPHI NORGE      | 2,368,897   | 1.6 %             |
| NORDNET BANK AB                    | 1,633,508   | 1.1 %             |
| EQUINOR PENSJON                    | 1,555,000   | 1.0 %             |
| AVANZA BANK AB                     | 1,478,882   | 1.0 %             |
| MUSTANG CAPITAL AS                 | 1,250,000   | 0.8 %             |
| SVENSK HYDRO AS                    | 1,000,000   | 0.7 %             |
| FOSSUM ROLF UDJUS                  | 818,310     | 0.5 %             |
| SESA CONSULTING AS                 | 650,000     | 0.4 %             |
| VERDIPAPIRFONDET DELPHI KOMBINASJO | 550,373     | 0.4 %             |
| NÆRINGSLIVETS HOVEDORGANISASJON    | 550,000     | 0.4 %             |
| ORMESTAD TELLEF                    | 541,605     | 0.4 %             |
| VERDIPAP EQUINOR AKSJER NORGE      | 530,000     | 0.4 %             |
| Top 20 shareholders                | 74,116,897  | 49.4 %            |
| Total shares outstanding           | 150,000,000 | 100.0 %           |

#### 6. Events after reporting date

There have been no material events subsequent to the reporting period that might have a significant effect on the interim financial statements for the second quarter or first half year of 2021.

## Alternative performance measures

Flyr's financial statements are prepared in accordance with International Financial reporting standards (IFRS). In addition, the company presents alternative performance measures (APM), to describe its operational and financial performance in order to enhance comparability between financial periods and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators.

The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

| APM               | Description  | Reason to include  |
|-------------------|--|--|
| EBIT              | Earnings before net financial items, income tax expense (income) Equivalent to operating profit in the income statement in the annual report.            | Enables comparability of profitability regardless of capital structure or tax situation  |
| EBITDAR           | Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment and aircraft leasing expenses                | A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft   |
| EBT               | Earnings before income tax expense (income). Equivalent to profit (loss) before income tax expense (income) in the Income Statement in the annual report | Enables comparability of profitability regardless of tax situation.  |
| Net cash position | Cash and cash equivalents less non-current and current interest-bearing debt   | Measurement of the ability to meet maturity of interest and down-payment on interest bearing liabilities. It is therefore a measure of the risk related to the company's capital structure |
| Equity ratio %    | Total equity/ equity and liabilities x 100   | Equity ratio provides information on the financial leverage used by the Company to fund its assets.  |

## Other definitions

| Item                     | Description  |
|--------------------------|--|
| ASK                      | Available seat kilometers. Number of available passenger seats multiplied by flight distance |
| Average sector length    | Total flown distance divided by number of flights  |
| Load Factor              | RPK divided by ASK, describes the utilization of available flights                           |
| RPK                      | Revenue passenger kilometers, Number of seats sold multiplied by flight distance             |
| Passengers (PAX)         | Number of passengers flown   |
| Passenger revenue (PASK) | Total passenger revenue divided by ASK   |
| Employees per aircraft   | Total number of employees divided by number of aircraft                                      |
| Unit cost (CASK)         | Total operating expenses divided by ASK  |
| Yield                    | Total passenger revenue divided by RPK   |

## General information

Flyr AS

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[www.flyr.com](http://www.flyr.com)

### Board of directors

Erik Braathen (Chair)

Tord Meling

Maurice Alexander Mason

### Management

Tonje W. Frislid (CEO)

Brede G. Huser (CFO)

Thomas Ramdahl (CCO)

Asgeir Nyseth (COO)

Alf Sagen (CTO)

Frode Berg (CLSO)

Bjørn Erik Barman-Jenssen (CGOO)

### Investor relations

CFO Brede Huser, [brede.huser@flyr.com](mailto:brede.huser@flyr.com), +47 991 69 974

<https://www.flyr.com/investors>

### Financial Calendar

Third quarter results and traffic figures for third quarter will be released 11 November 2021