

flyr



Third Quarter 2022 Report

The company

Flyr is low-cost carrier with a demand driven and sustainable business model, with focus 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



Demand driven route offering concentrated 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, respective and empowering towards all
- Flyr will be **digital** through state-of-the-art integrated IT-systems

VALUES



Responsible



United



Curious

Highlights third quarter 2022

- 667,000 guests, an increase of 40 percent compared to the previous quarter
- Load factor of 80 percent
- On-time performance of 74.1 percent and a regularity of 98.8 percent
- Operating result (EBIT) of NOK -231.7 million
- Revenue of NOK 610.4 million, an increase of 80 percent compared to the previous quarter
- Q3 earnings impacted by macroeconomic uncertainty, a weak NOK against USD and high jet fuel prices, as well as reduced demand for Flyr's domestic routes.
- High customer satisfaction and positive customer feedback
- Two brand-new Boeing 737-8 aircraft entered the fleet
- 36 FTEs per aircraft, which is better than any of its competitors

The third quarter of 2022 was characterized by overall strong travel demand and a 40 percent increase in number of guests from the previous quarter to 667,000. The company's brand awareness is gradually increasing, and the cost-efficiency continues to be industry leading. However, demand for domestic flights in Norway decreased from mid-August.

"We are very pleased with the response in the market and the increasing demand for our customer-friendly flights to exciting destinations. This quarter we had the pleasure of welcoming as many as 667,000 guest on board, which is the highest ever in a single quarter. The strong demand on routes to European destinations demonstrates that Flyr has become a preferred airline for many leisure travelers in Norway. We look forward to seeing many new and returning guests on our flights this winter, not least to sunny destinations such as Alicante, Malaga, and Gran Canaria," said CEO Tonje Wikstrøm Frislid.

"At the same time, it has taken longer than expected to build loyalty among business travelers on domestic routes in Norway. Development of solutions for distribution through travel agencies has also taken too long, as our brand-new digital solutions and the industry's more traditional systems have proven more difficult to connect than expected," Wikstrøm Frislid said.

Challenging and unpredictable market going forward

Flyr announced in early October that the Company will take forceful actions to reduce cash burn during the demanding winter season ahead. The expected decrease in consumer spending, as well as the continued high jet-fuel prices, force the company to temporarily adjust its route offering and furlough about 50 percent of its workforce. Several popular European destinations will remain on offer, while domestic routes in Norway will be reduced to a minimum.

"Despite challenging market conditions and other external factors, we have been very well received in the market. Overwhelmingly positive customer feedback demonstrates that Flyr represents something new to the airline industry, offering a simple and user-friendly digital booking process and taking good care of the customer through the entire journey," said Wikstrøm Frislid.

Events after reporting date

- On 5 October 2022 the Company announced that it is taking important steps to reduce cash burn to prepare the Company for the challenging winter season ahead. Several popular European destinations remain on offer, while domestic routes in Norway will be reduced to a minimum.
- On 3 November 2022 the Company announced that it has engaged Arctic Securities AS, Carnegie AS and SpareBank 1 Markets AS as joint bookrunners to advise on and effect a contemplated private placement of new ordinary shares in the Company, raising gross proceeds of NOK 430 million. The subscription price per new share in the private placement (the "Offer Price") will be a fixed price of NOK 0.01. Subject to, inter alia, completion of the private placement, approval by the EGM and prevailing market price of the Company's shares, the Board will carry out a subsequent offering raising gross proceeds of up to NOK 100 million at the same price per share as the Offer Price.

Key financial figures

Unaudited

(1,000 NOK)	Q3 2022	YTD 30.09.2022	Full year 2021
Operating revenue	610,402	1,031,439	125,939
EBITDAR	-167,396	-573,785	-381,782
Operating profit (EBIT)	-231,719	-723,475	-419,996
Net profit/(loss)	-452,881	-1,096,267	-437,045
Book equity per share (NOK)		-0.71	1.09
Equity ratio (%)		-18.2%	19.1%
Cash and cash equivalents		153,771	209,731

Operational review

After celebrating one year since first flight on 30 June 2022, Flyr approached the summer season of 2022 with a fleet of 10 aircraft and a summer route program comprising 44 routes to 38 destinations. The Company experienced strong demand for travel after the start of the school holidays and during the entire holiday season. The Flyr brand name keeps gaining strength and feedback from guests are excellent.

Operations

The third quarter of 2022 started off with a record month of July for Flyr with many full flights to destinations by the Mediterranean and European Cities. Many guests also travelled with Flyr on the domestic routes in Norway. This picture continued well into August. Demand on routes to European destinations has continued to be strong during the entire quarter, showing that Flyr has become a preferred airline for many leisure travelers in Norway. At the same time, it has taken longer than expected to build loyalty among business travelers on domestic routes in Norway. Development of solutions for

distribution through travel agencies has also taken too long. Demand for Flyr's flights in Norway has fallen considerably up to the end of third quarter.

The third quarter of 2022 showed that demand for leisure travels in the summer holiday season were back at normal levels since the two-year pandemic. At the same time the market for air travels going forward is hard to predict. Winter seasons in the airline business have always been demanding, however this winter is expected to be even harder as discretionary consumer spending is expected to decrease significantly following interest rate hikes, cost inflation and record high energy prices.

Flyr announced early October that the Company will take forceful actions to reduce cash burn during the demanding winter season ahead. The expected decrease in consumer spending, as well as the lasting high jet-fuel prices leaves the Company with no other option than to adjust its route offering. Several popular European destinations will remain on offer, while domestic routes in Norway will be

reduced to a minimum. The route offering will then gradually increase again during the spring and summer of 2023.

Despite challenging market conditions and other external factors contributing negatively, Flyr has achieved much success during its first 15 months of operations. Flyr's product offering has been well received in the market and customer reviews and other feedback shows that Flyr represents something new to the airline industry, offering a simple and user-friendly digital booking process and by setting the guests in focus with great customer care both in air and if needed after the travel.

In Q3 business travelers were given the possibility to book their flights with Flyr through travel agencies. Solutions for

distribution through travel agencies will be further developed going forward with a goal to make Flyr available in the portals of the large travel agencies.

Flyr Proff was introduced in Q3, giving business travelers flexible and discounted ticket solutions.

During the first nine months of 2022, a total of 7 new aircraft were added to the fleet, of which 2 in third quarter 2022. This brings the total fleet to 12 aircraft by the end of September 2022, of which 6 are brand-new Boeing 737-8 with about 15% lower fuel consumption and emissions than previous models. The total fleet has average age of ~5 years, making it the most modern and environmentally friendly fleet in the Nordics

Traffic figures and ratios

Unaudited

	July 2022	August 2022	September 2022	Q3 2022
Yield	0.71	0.56	0.57	0.66
Unit revenue (PASK)	0.68	0.42	0.45	0.52
Unit cost	0.66	0.77	0.79	0.73
Unit cost ex fuel	0.36	0.49	0.51	0.45
Number of FTE per aircraft	41	38	36	36
ASK (mill)	425.8	395.6	348.6	1,170.0
Guests (1,000)	260.5	208.3	198.2	667.0
Load factor	92.3%	71.6%	74.1%	79.9%
Avg. sector length (1,000 Km)	1.51	1.27	1.13	1.30
CO2 per aircraft/month (ton)	2,454	2,030	1,651	2,238

Traffic development

During the third quarter of 2022, Flyr operated 4,770 flights, vs. 3,796 flights in the second quarter of 2022. Average number of aircraft operated was 10 in Q3 2022 vs 9 in the previous quarter. At the end of September Flyr operated 12 aircraft, of which one were delivered in late July and one in late August.

Throughout the third quarter of 2022, a total of 667,000 guests travelled with Flyr, representing an increase of 40% from the second quarter of 2022. Load factor in the third quarter of 2022 was 80%, up from 69% in the second quarter.

Unit revenue (PASK) in the third quarter of 2022 was NOK 0.52 compared to NOK 0.40 In the second quarter of 2022. Yield in Q3 2022 was NOK 0.66.

Operating performance

As for the first half year of 2022, operating performance in Q3 2022 continued to be strong with a regularity (share of scheduled flights taking place) at 99.9%, 99.0% and 97.7% for the three months respectively.

Punctuality (share of flights departing on schedule) during first half year 2022 was 80.9%. After a challenging month of July, where air traffic in Europe was heavily impacted by challenging capacity situations caused by lack of personnel on several European airports as well as capacity limitations in European airspace, punctuality picked up again in August and September with 79.9% and 86.2% respectively.

At the end of the quarter, the number of full-time equivalents (FTE) per aircraft was 36,

compared to 41 three months earlier. An FTE count of 36 is in line with the company's long-term target, and is achieved one year ahead of plan.

Financial review

Flyr experienced and took advantage of a strong summer market during Q3 2022, however the financial statements for the quarter as a whole are impacted by the macroeconomic uncertainty, high fuel price and weak NOK against USD.

Total production measured as available seat kilometers (ASK) during the third quarter of 2022 amounted to 1,170.0 million, an increase of 41% from the previous quarter.

Income statement

EBITDAR was NOK -167 million in Q3 2022. In Q2 2022 EBITDAR was NOK -227 million. Operating profit (EBIT) for the quarter amounted to NOK -232 million, compared to NOK -279 million in the previous quarter.

Profit before tax (EBT) was NOK -453 million, compared to NOK -433 million in the second quarter of 2022. Unrealized loss on foreign currency revaluation of leasing liabilities denominated in USD was NOK -206.8 million in

Q3 2022, the corresponding amount in Q2 2022 was NOK -139.6 million.

Operating revenues

In the corresponding period in 2021, Q3 2021, Flyr operated an average of 2 aircraft only. Hence, the comparables referred to in this section is the previous quarter, Q2 2022.

Total revenue in the third quarter of 2022 was NOK 610.4 million, of which NOK 26.3 million was ancillary revenue. Compared to the previous quarter, total revenue increased by 80%. Flyr had on average 9 aircraft in operation during second quarter, while average number of aircraft in operation during the third quarter was 10.

Unit revenue (PASK) in the quarter was NOK 0.52, up from NOK 0.40 in the second quarter of 2022.

Operating expenses

Total cost, including depreciation and interest on lease commitments, was NOK 860.0 million during the quarter, representing an increase of 36% from Q2 2022 due to higher activity levels with additional aircraft in production. During the same period, revenues increased by 80%, showcasing the scalability of Flyr's operating platform.

Unit cost breakdown

(1,000 NOK / NOK per ASK)	Q3 2022	Unit Cost
Personnel expenses	101,761	0.09
Airport and ATC charges	91,424	0.08
Handling charges	51,754	0.04
Technical maintenance expenses	88,048	0.08
Other operating expenses	113,177	0.10
Depreciation and finance cost	82,067	0.07
Cost excl fuel	528,232	0.45
Aviation fuel	331,633	0.28
Total cost	859,865	0.73

Unit cost (CASK) in third quarter 2022 was 0.73 vs 0.76 in the second quarter of 2022. Excluding fuel, CASK was 0.45 in the third quarter of 2022, down from NOK 0.47 in the second quarter.

Personnel expenses, including costs for administrative, crew and pilot personnel, amounted to NOK 101.8 million in the quarter. Unit cost (operating expenses per available seat kilometer) ended at NOK 0.09 for the quarter; up from NOK 0.07 in the previous quarter.

Airport, ATC and Handling charges of NOK 91.4 million and NOK 51.8 million respectively, are entirely variable in nature, and reflect the production of 4,770 flights in the quarter. Unit cost was NOK 0.08 and NOK 0.04, unchanged from the previous quarter.

Technical maintenance expenses amounted to NOK 88.0 million in the quarter. This includes expenses for external Part 145 organization, costs for accessibility to aircraft component pool, in addition to accruals for future aircraft heavy maintenance. Unit cost was NOK 0.08 in the quarter, an increase of NOK 0.01 from the previous quarter.

Other operating expenses ended at NOK 113.2 million during the quarter. This includes all other flight operating expenses, sales and distribution expenses and general and administrative expenses. Unit cost in the quarter was NOK 0.10, a decrease of NOK 0.02 from the previous quarter, reflecting the higher production in the second quarter.

Aviation fuel in the quarter amounted to NOK 331.6 million, including ETS costs. During the quarter, average jet fuel prices decreased 14% compared to the first quarter of 2022 while average NOK/USD rate increased 9%, resulting in a unit cost for the quarter of NOK 0.28 vs. NOK 0.29 in the second quarter.

Depreciation in the quarter was NOK 64.3 million. This includes primarily depreciation on aircraft leases and facilities capitalized according to IFRS 16. Additionally, included in unit cost for the period is interest cost on the same leases, amounting to NOK 17.4 million.

Net financial items in the quarter were negative at NOK 221.2 million vs. negative

NOK 153.2 million in the second quarter. The main item contributing to these losses is unrealized currency losses from currency revaluation of lease liabilities denominated in USD. This number in Q3 2022 was MNOK 206.8.

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

Net loss in the second quarter of 2022 was NOK 452.9 million and NOK 1,096.3 million year to date.

Cash flow

Net cash flow from operating activities was NOK -86.5 million in the third quarter of 2022. The corresponding number in the previous quarter was NOK -150.6 million. Cash flow from operating activities consists of EBITDAR adjusted for change in working capital.

Cash flow used in investment activities was NOK 10.5 in the third quarter and NOK 39.1 million in the first nine months. A total of NOK 6.3 million has been paid in deposits on leased aircraft in the third quarter, while the rest of the cash used in investing activities is for intangible assets, mainly related to IT development.

Cash flow from financing activities was NOK 55.7 million in the third quarter, being lease payments mainly. For the first nine months cash flow from financing activities was NOK 363.5 million, which include the rights issue finalized in January of NOK 232.1 million, the share issue in February NOK 10.0 million and an additional private placement in May at NOK 240.0 million.

Net cash flow in the third quarter was NOK -152.7 million.

Financial position

Total non-current assets on 30 September 2022 were NOK 1,949.9 million, vs 576.4 at year-end 2021. NOK 1,849.1 million is Right of Use assets, primarily aircraft leases recognized in statement of financial position according to IFRS 16. At the end of the period, Flyr had twelve leased aircraft, vs. five at year end 2021, which explains the significant increase in non-current assets.

Total current assets at the end of the period were NOK 530.2 million, of which cash and cash equivalents were NOK 153.8 million. Included in cash and cash equivalents is NOK 48.9 million in restricted funds, held for guarantees to suppliers and lessors. Trade receivables increased by NOK 244.9 million since 31 December 2021, in line with increased activity levels. Increase in trade receivables is more or less offset by a similar increase in ticket liabilities.

Total equity at the end of the quarter was NOK -450.3 million, equaling an equity ratio of -18.2%, a reduction of 37.3 percentage points since year end 2021. In addition to the operating loss in the first 9 months of 2022, the equity is heavily affected by the unrealized currency losses from revaluation of lease liabilities denominated in USD. A total of NOK 334.7 million has been recognized in losses in 2022.

Non-current liabilities of NOK 2,002.5 million are primarily related to aircraft leases.

Current liabilities amounted to NOK 927.9 million, of which NOK 287.1 million are lease commitments falling due within 12 months from the balance sheet date. Remaining current liabilities are related to ticket liabilities, trade liabilities and accruals and provisions. Total current liabilities have increased by NOK 678.4 million since the end of 2021, both due to increases in aircraft leases and general increased activity levels with more aircraft in production.

Total interest-bearing debt, being lease liabilities, was NOK 2,259.7 at the end of September 2022, an increase of NOK 1,730.2 million since year end 2021.

Risks and uncertainties

Flyr is exposed to several 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 instability in general macro-economic conditions. Customer demand for air travel in general, as well as external factors affecting the oil price is uncertain and challenging to predict.

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

According 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 may impact company earnings.

For more detailed information about risk factors, please see the Information Document dated 26 February 2021 and Prospectus dated 6 January 2022, as well as the annual financial statements for 2021, all available at www.flyr.com/reports-and-presentations.

Outlook

The challenging macro-economic situation contributes to lower demand for travel. In addition, the fuel price continues to impact the industry. Flyr is therefore taking important steps to reduce cash burn during the challenging winter season ahead. The Company is pleased with the overall demand on routes to European holiday destinations and will continue to offer these through the winter. However, domestic routes in Norway will be reduced to a minimum and the route offering will gradually increase during the spring and summer of 2023.

From November to March, Flyr will operate 5-6 aircraft on routes to several popular European destinations, including Alicante, Malaga, Las Palmas, Barcelona, Roma, Paris, Nice, Berlin and Brussels. The Company will also offer flights from Oslo to Bergen and Trondheim, as well as "Christmas Routes" between several cities in Norway in December.

While the Company's routes to European holiday destinations have been very well received and performed well, it has taken longer than expected to build loyalty among business travelers on domestic routes in Norway, where traditional carriers maintain large market shares. Development of solutions

for distribution through travel agencies, where the majority of business travelers book their flights, has also taken too long.

In the coming months, Flyr will continuously evaluate the demand. In a situation where demand picks up faster than anticipated, Flyr will be able to ramp-up and increase its route offering.

We already have routes for sale for summer 2023 to popular summer destinations such as Rome, Athens, Barcelona, Madrid, Nice, Mallorca, Porto, Paris, Alicante, Malaga, Las Palmas, and Berlin. More routes will be launched for sale in the coming months.

Flyr will going forward have an increased focus on the charter and wetlease market and are working on securing both production on shorter and longer term. This will come in addition to the focus on our own production.

Unit cost going forward will depend on number of aircraft in production.

Going concern

Management is continuously evaluating the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, all available information for the future is taken into account. Due to the uncertain macro-economic situation in the upcoming challenging winter season, as well as the lasting high jet fuel prices, current business plan scenarios and financial forecasts show that the liquidity situation on medium to long term basis is under pressure. Hence, assessments at the balance sheet date, 30 September 2022, concluded that the Company's ability to continue as a going concern, without any actions taken, might be uncertain.

The Company has no interest-bearing debt with credit institutions and no covenant requirements. Hence, there is no risk that non-current liabilities will fall due in other periods than agreed in the original payment schedules. The going concern uncertainty is tied to the Company's ability to pay its lease liabilities and other liabilities arising from ordinary operations.

Management has evaluated that there currently is a significant macro-economic uncertainty with consumer spending expected to decrease during the winter due to general cost inflation and increased interest rates. This is expected to lead to reduced demand for air travel.

Analysis shows that demand for Flyr's domestic routes has fallen considerably. To build loyalty amongst business travelers has taken longer than expected and solutions for distribution through travel agencies has taken too long. Based on this, future demand for Flyr's domestic routes is uncertain.

Based on future price curves management is expecting jet-fuel prices to remain high in the short and medium terms. Fuel cost is the most significant cost item for Flyr, in Q3 it accounted for 39% of total cost. A lasting high jet-fuel price will contribute negatively to the liquidity situation.

Management is expecting NOK to remain weak against USD. As significant cost items, like fuel cost and leasing liabilities, are denominated in USD this will contribute negatively to the liquidity situation.

As a consequence of all factors mentioned above, management and the Board of Directors have initiated processes to help solve this situation:

- To reduce cash burn during the coming winter, the Company will adjust its route offering, first and foremost by reducing domestic routes in Norway to a minimum. This will lead to furlough of about 50 percent of the work force and in total these actions are expected to reduce cash burn during the winter with about NOK 400 million
- To help strengthen the liquidity position immediately the Company has engaged Arctic Securities AS, Carnegie AS and SpareBank 1 Markets AS as joint bookrunners to advise on and effect a contemplated private placement with gross proceeds of NOK 430 million, with a subsequent repair offering raising gross proceeds of up to NOK 100 million

- In the longer term, the Company aims to implement a flexible business model and strategy which adjust supply in line with seasonal demand, by
 - o Ramping-up own route network ahead of European summer
 - o Reduce own route network during winter to preserve cash and free up capacity for wet lease operations in other parts of the world

Based on management expectations, the revised business plan and updated financial forecasts, these measures taken will be sufficient for the Company to make it through the challenging winter season ahead.

Approaching the summer of 2023 and onwards, management expects the market to pick-up again and all factors affecting the liquidity situation negatively in the short run will normalize. From June 2023 and onwards, the latest financial forecasts show that the EBITDAR margin is expected to be positive.

These financial statements are therefore prepared under the going concern assumption.

Oslo, November 2022

Board of Directors
Flyr AS

Condensed Interim Financial Statements

Income statement and comprehensive income

Unaudited

(1,000 NOK)	Note	Q3 2022	Q3 2021	YTD 30.09.2022	YTD 30.09.2021	Full year 2021
Passenger revenue		583,988	38,974	979,087	39,223	121,979
Ancillary passenger revenue		26,281	635	46,040	636	3,960
Other revenue		133	0	6,311	0	0
Total operating revenue		610,402	39,609	1,031,439	39,859	125,939
Personnel expenses		101,761	44,758	220,705	75,666	129,252
Aviation fuel		331,633	46,724	639,523	47,053	115,842
Airport and ATC charges		91,424	17,789	180,001	17,855	42,113
Handling charges		51,754	11,554	106,866	11,605	28,978
Technical maintenance expenses		88,048	15,107	170,986	17,217	43,561
Other operating expenses		113,177	46,427	287,142	89,884	147,975
Total operating expenses excl depreciation		777,798	182,360	1,605,223	259,281	507,721
Operating profit/(loss) excl lease, depreciation and amortization (EBITDAR)		-167,396	-142,751	-573,785	-219,422	-381,782
Depreciation and amortization	3	64,323	12,742	149,691	17,238	38,214
Operating profit/(loss) (EBIT)		-231,719	-155,493	-723,475	-236,660	-419,996
Net financial items	3	-221,161	-6,839	-372,792	-13,062	-17,049
Profit/(loss) before taxes (EBT)		-452,881	-162,332	-1,096,267	-249,722	-437,045
Taxes		0	0	0	0	0
Net profit/(loss)		-452,881	-162,332	-1,096,267	-249,722	-437,045
Other comprehensive income		0	0	0	0	0
Total comprehensive income		-452,881	-162,332	-1,096,267	-249,722	-437,045
Earnings per share (NOK) - basic and diluted		-0.72	-1.08	-2.21	-2.00	-3.30
Number of shares outstanding:						
At the end of the period - basic and diluted		633,019,667	150,000,000	633,019,667	150,000,000	150,000,000
Average - basic and diluted		633,019,667	150,000,000	496,350,509	124,945,055	132,012,839

Statement of financial position

Unaudited

(1,000 NOK)	Note	30.09.2022	30.09.2021	31.12.2021
Assets				
Intangible assets		49,252	27,144	34,574
Right of Use assets	3	1,849,134	344,518	511,813
Other fixed assets		8,451	5,341	8,880
Deposits		43,038	17,120	21,123
Investment in subsidiaries		39	39	39
Total non-current assets		1,949,913	394,162	576,429
Trade receivables		277,002	29,407	32,070
Inventory		6,582	3,353	5,288
Other current assets		92,857	37,627	35,126
Cash and cash equivalents		153,771	362,544	209,731
Total current assets		530,211	432,932	282,215
Total assets		2,480,125	827,094	858,644
Equity and liabilities				
Share capital		1,266	300	300
Other paid in capital		1,091,221	610,130	610,130
Retained earnings		-1,542,778	-259,188	-446,511
Total equity		-450,292	351,242	163,919
Non-current lease liabilities	3	1,972,456	300,053	433,818
Provisions		30,054	0	11,373
Total non-current liabilities		2,002,510	300,053	445,191
Ticket liabilities		287,137	31,227	32,704
Current lease liabilities	3	287,266	56,686	95,746
Trade liabilities		115,831	44,034	51,070
Other current liabilities		237,672	43,852	70,014
Total current liabilities		927,906	175,799	249,534
Total equity and liabilities		2,480,125	827,094	858,644

Statement of changes in equity

Unaudited

(1,000 NOK)	Note	YTD 30.09 2022	YTD 30.09 2021	Full year 2021
Equity - beginning of period		163,919	15,564	15,564
Total comprehensive income for the period		-1,096,267	-249,722	-437,045
Share issue		482,057	585,400	585,400
Equity - end of period		-450,292	351,242	163,919

Cash flow statement

Unaudited

(1,000 NOK)	Note	Q3 2022	Q3 2021	YTD 30.09 2022	YTD 30.09 2021	Full year 2021
EBT		-452,881	-162,166	-1,096,267	-249,722	-437,045
Paid tax		0	0	0	0	0
Depreciation and amortization		64,323	12,742	149,691	17,238	38,214
Changes in air traffic settlement liabilities		-185,919	22,875	251,990	30,550	32,704
Changes in receivables		159,285	-50,386	-302,663	-65,121	-65,283
Changes in current liabilities		107,940	53,556	246,546	80,073	125,742
Changes in inventory		-29	-3,353	-1,293	-3,353	-5,288
Net interests and currency gains and losses		220,811	5,959	371,662	12,159	14,183
Net cash flow from operating activities		-86,470	-120,773	-380,335	-178,177	-296,773
Deposits paid		-6,272	-8,578	-19,577	-17,120	-21,123
Investment in tangible assets		-69	-2,945	-1,452	-5,315	-9,331
Investment in intangible assets		-4,206	-7,679	-18,061	-23,318	-31,916
Cash flow used in investing activities		-10,547	-19,203	-39,090	-45,754	-62,370
Proceeds from share issues (-issuance costs)		-5,245	0	482,057	585,400	585,400
Net interest paid		-17,744	-1,992	-37,955	-2,075	-5,035
Principal payments leases		-32,742	-10,335	-80,637	-10,690	-25,332
Net cash flow from financing activities		-55,731	-12,327	363,466	572,635	555,034
Net change in cash and cash equivalents		-152,748	-152,302	-55,960	348,704	195,891
Cash and cash equivalents at beginning of period		306,519	514,847	209,731	13,840	13,840
Cash and cash equivalents at end of period		153,771	362,544	153,771	362,544	209,731

Selected notes to the interim financial statements

Note 1. Basis of preparation of quarter report

1.1. Basis for statement

The condensed interim financial statements comprise Flyr AS, a limited liability company incorporated in Norway. The report is prepared in accordance with IAS 34 and with the rules and regulations of Oslo Stock Exchange. The figures are unaudited and 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 2021, available at www.flyr.com/reports-and-presentations.

The condensed interim financial report has been authorized for publication on 3 November 2022.

1.2. Going concern

Management is continuously evaluating the Company's ability to continue as a going concern. In assessing whether the going concern assumption is appropriate, all available information for the future is taken into account. Due to the uncertain macro-economic situation in the upcoming challenging winter season, as well as the lasting high jet fuel prices, current business plan scenarios and financial forecasts show that the liquidity situation on medium to long term basis is under pressure. Hence, assessments at the balance sheet date, 30 September 2022, concluded that the Company's ability to continue as a going concern, without any actions taken, might be uncertain.

The Company has no interest-bearing debt with credit institutions and no covenant requirements. Hence, there is no risk that non-current liabilities will fall due in other periods than agreed in the original payment schedules. The going concern uncertainty is tied to the Company's ability to pay its lease liabilities and other liabilities arising from ordinary operations.

Management has evaluated that there currently is a significant macro-economic

uncertainty with consumer spending expected to decrease during the winter due to general cost inflation and increased interest rates. This is expected to lead to reduced demand for air travel.

Analysis shows that demand for Flyr's domestic routes has fallen considerably. To build loyalty amongst business travelers has taken longer than expected and solutions for distribution through travel agencies has taken too long. Based on this, future demand for Flyr's domestic routes is uncertain.

Based on future price curves management is expecting jet-fuel prices to remain high in the short and medium terms. Fuel cost is the most significant cost item for Flyr, in Q3 it accounted for 39% of total cost. A lasting high jet-fuel price will contribute negatively to the liquidity situation.

Management is expecting NOK to remain weak against USD. As significant cost items, like fuel cost and leasing liabilities, are denominated in USD this will contribute negatively to the liquidity situation.

As a consequence of all factors mentioned above, management and the Board of Directors have initiated processes to help solve this situation:

- To reduce cash burn during the coming winter, the Company will adjust its route offering, first and foremost by reducing domestic routes in Norway to a minimum. This will lead to furlough of about 50 percent of the work force and in total these actions are expected to reduce cash burn during the winter with about NOK 400 million
- To help strengthen the liquidity position immediately the Company has engaged Arctic Securities AS, Carnegie AS and SpareBank 1 Markets AS as joint bookrunners to advise on and effect a contemplated private

placement with gross proceeds of NOK 430 million, with a subsequent repair offering raising gross proceeds of up to NOK 100 million

- In the longer term, the Company aims to implement a flexible business model and strategy which adjust supply in line with seasonal demand, by
 - o Ramping-up own route network ahead of European summer
 - o Reduce own route network during winter to preserve cash and free up capacity for wet lease operations in other parts of the world

Based on management expectations, the revised business plan and updated financial forecasts, these measures taken will be sufficient for the Company to make it through the challenging winter season ahead.

Approaching the summer of 2023 and onwards, management expects the market to pick-up again and all factors affecting the liquidity situation negatively in the short run will normalize. From June 2023 and onwards, the latest financial forecasts show that the EBITDAR margin is expected to be positive.

These financial statements are therefore prepared under the going concern assumption.

1.3. Accounting principles

The accounting policies applied by the company in these condensed financial statements are the same as those applied by the company in its financial statements for the year ended 31 December 2021.

2. Judgements, estimates and assumptions

The preparation of condensed interim financial statements in accordance with IFRS require management to make judgements, estimates and assumptions which 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 2021.

The Company's assessment as at 30 September 2022, whether there is any indication that assets may be impaired concluded that such indication exists. Hence, the entity has estimated the recoverable amount of its assets. This exercise concluded that the recoverable amount of the cash generating unit exceed its carrying value at the balance sheet date.

3. Lease agreements

Right of use assets

Unaudited

<i>(1,000 NOK)</i>	Aircraft	Other	Total
Cost 1 January 2022	465,693	81,461	547,154
Additions 2022	1,481,548	199	1,481,747
Cost 30 September 2022	1,947,241	81,660	2,028,901
Accumulated depreciation 1 January 2022	29,581	5,760	35,341
Depreciation 2022	136,238	8,189	144,426
Accumulated depreciation 30 September 2022	165,819	13,949	179,767
Carrying value 30 September 2022	1,781,423	67,711	1,849,134

Useful life	6-9 years	2-8 years
Depreciation method	Linear	Linear

Leasing liabilities

Unaudited

<i>(1,000 NOK)</i>	30.09.2022
Liabilities 1 January 2022	529,564
Additions	1,470,576
Downpayments	-80,636
Interest payments	-37,955
Interest expense	37,955
Effect of currency revaluation	340,219
Total liabilities 30 September 2022	2,259,722
Non-current lease liabilities	1,972,456
Current lease liabilities	287,266

Maturity profile for interest bearing liabilities

The below schedule shows the maturity dates for nominal amounts of lease liabilities in NOK on 30 September 2022.

Unaudited

<i>(1,000 NOK)</i>	
< 1year	317,853
1-2 year	341,725
2-5 year	1,174,075
> 5 year	1,005,079
Total interest bearing liabilities	2,838,733

4. Related parties

There have been no changes during the first half year of 2022 in related parties compared to the description in the Annual Report for 2021. There have been no significant transactions with related parties in 2022.

5. Shareholder information

The 20 largest shareholders per 1 November 2022:

Shareholder	No.shares	% of total shares
OJADA AS	53,815,719	8.5 %
STADSSALG AS	36,000,000	5.7 %
SKANDINAViska ENSKILDA BANKEN AB	29,700,000	4.7 %
NORDNET LIVSFORSIKRING AS	23,845,822	3.8 %
DIVA DUGNAD AS	22,424,165	3.5 %
TELLEF ORMESTAD	20,606,598	3.3 %
KULTA INVEST AS	20,059,898	3.2 %
AVANZA BANK AB	8,903,123	1.4 %
NORDNET BANK AB	7,641,055	1.2 %
CLEMCO HOLDING INVEST AS	7,000,000	1.1 %
MP PENSJON PK	5,314,337	0.8 %
VILICO AS	4,000,358	0.6 %
HENNING HOSTAD	3,000,000	0.5 %
JARLE LINTHO FOSS	3,000,000	0.5 %
ODD-INGAR WIDNES	3,000,000	0.5 %
INRO HOLDING AS	2,700,000	0.4 %
TANNREG AS	2,323,653	0.4 %
BARCLAYS CAPITAL SEC. LTD FIRM	2,279,013	0.4 %
AS JEGARD	2,200,846	0.3 %
VALSØ HOLDING AS	2,146,024	0.3 %
Top 20 shareholders	259,960,611	41.1 %
Total shares outstanding	633,019,667	100.0 %

6. Events after reporting date

- On 5 October 2022 the Company announced that it is taking important steps to reduce cash burn to prepare the Company for the challenging winter season ahead. Several popular European destinations remain on offer, while domestic routes in Norway will be reduced to a minimum
- On 3 November 2022 the Company announced that it has engaged Arctic Securities AS, Carnegie AS and SpareBank 1 Markets AS as joint bookrunners to advise on and effect a contemplated private placement of new ordinary shares in the Company, raising gross proceeds of NOK 430 million. The subscription price per new share in the private placement (the "Offer Price") will be a fixed price of NOK 0.01. Subject to, inter alia, completion of the private placement, approval by the EGM and prevailing market price of the Company's shares, the Board will carry out a subsequent offering raising gross proceeds of up to NOK 100 million at the same price per share as the Offer Price.

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.
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
Nedre Vollgate 5
0158 Oslo
Org. No: 925 566 004

www.flyr.com

Board of directors

Erik Braathen (Chair)
Tord Meling
Paal C. Wollan
Per Erik Åkerman

Management

Tonje Wikstrøm Frislid (Chief Executive Officer)
Brede G. Huser (Chief Financial Officer)
Thomas Ramdahl (Chief Commercial Officer)
Asgeir Nyseth (Chief Operating Officer)
Alf Sagen (Chief Information Officer)
Frode Berg (Chief Legal & Strategy Officer)
Lasse Sandaker-Nielsen (Chief Corporate Affairs Officer)
Bjørn Erik Barman-Jenssen (Chief Ground Operations Officer)

Investor relations

Brede Huser, CFO
e-mail:investors@flyr.com
Phone: +47 991 69 974

www.flyr.com/investors

Financial Calendar

Traffic figures for November will be released on 7 December 2022