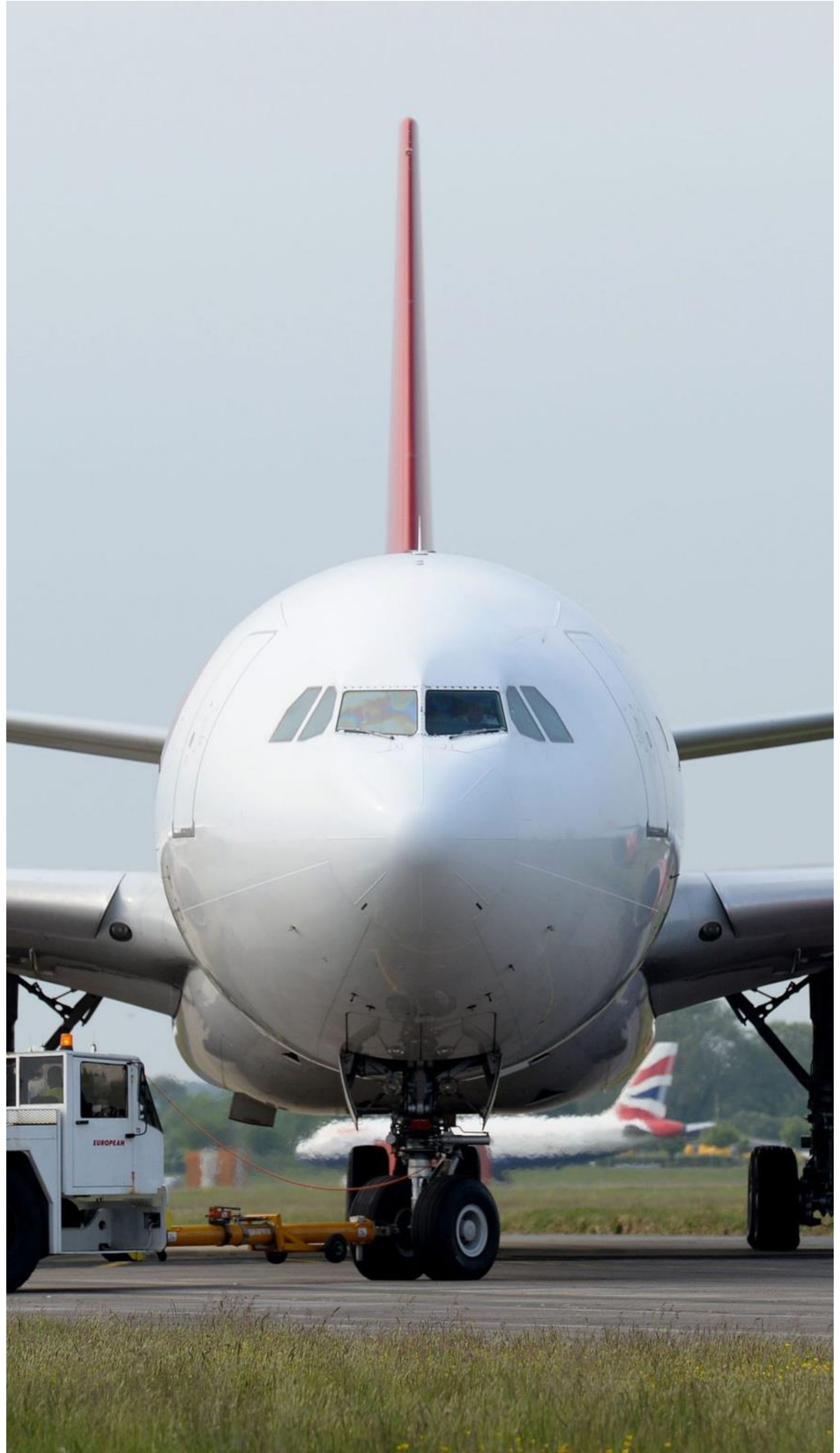

Q4 2024 Investor Update

Priority 1 Issuer Logistics DAC

28th February 2025

PRIORITY | 1

Key Milestones

Secured Financing in Q4 2024

Proceeds used to refinance existing debt, acquire 100% of European Cargo Limited and for transforming the remaining fleet into cargo aircraft.

Diversified Customer Base

ECL has executed contracts with additional customers, extended our launch customer's contracts through year-end 2025, and increased pricing to reflect current market rates.

Established Aircraft Leasing Team

P1 has installed an industry leading aircraft leasing team focused on growing the current fleet and delivering highly resilient maintenance planning. This has been transformational in securing worldwide slots.

Focus on Eastbound Load Factors

Teams established in UK, Middle East & Asia focused on increasing eastbound volumes of Perishable products. Our initial response has seen very strong demand.

Management Overview

The fourth quarter marked a new period for Priority 1 Logistics ("P1"). Successfully completing the $230mm financing set in motion important changes to the group which consists of three operating entities: European Cargo Limited ("ECL"), Priority 1 Leasing and Perishable Center Nord AS ("PCN"). Given the short period of time (November 19th and December 31st), both PCN and Priority 1 Leasing had minimal impact on the business. ECL drove most of the revenues ($20.2m) and costs for the business. ECL grew in 4th quarter with an increase in total number of aircraft and the number of flights. Rotations increased 71% along with Block hours of 47% compared to the same period of 2023.

In line with the overall cargo market, and due to the seasonal lull, flying during the fourth quarter was reduced compared to Q3 2024. However, during the period, the company grew revenue 79% year-over-year. From the end of November, we increased our maintenance throughput on the A340-600 to take advantage of the seasonal Christmas and Chinese New Year lows which will provide ECL with 5 operational aircraft in the second quarter 2025. This represents capacity growth of 67% vs the same period last year.

Maintenance and Repair Organizations, strained by the continued OEM delays for deliveries of new aircraft, caused delays in the 2025 maintenance plan for ECL. Priority 1 Leasing has begun to work closely with ECL accelerating and significantly improving the time for repair and the quality of the maintenance providers for the upcoming year, despite the industry challenges. ECL management changes and management upgrades throughout the organization added cost to the Group, but these changes will drive unit cost reduction in 2025. Coupled with the acceleration of airplanes flying, management expects to deliver 2025 results in line with expectations.

ECL has renegotiated all contracts with its launch customer, added a second customer and secured access to the eastbound capacity to support the P1 perishable business.

The company began the set up of perishable logistics infrastructure in the UK and China to address the low utilization of eastbound flights. P1 has secured a new perishable customer with the first flight scheduled for the first quarter and is expected to continuously scale to support additional revenue not anticipated in the 2025 model.

*Interim results based off period of 19 November to 31 December 2024 unless otherwise stated

Financial Performance

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Interim Financial Results – Period ending 31 Dec 24

Revenue

Total revenue for the group for the shortened six-week period of Quarter 4 totaled $20.2m, representing a 40% increase from prior year period showing strong growth in the business. The majority of this was the increase in block hours and rotations compared to the previous period, reflecting an increased aircraft availability and demand, resulting in block hours rising to 1,623 (+47%) as well as a 71% increase in rotations in the period.

Although the year-on-year figures are positive, the last two weeks of Quarter 4 2024 does reflect a reduced flying schedule due to the seasonality of the business, where 9 less flights were flown compared to the two weeks prior. This is caused because of high demand prior to the Christmas period from both consumers and businesses of E-commerce which ultimately results in a tail off post-Christmas.

The revenue contribution of Perishable Center Nord (PCN) was minimal in the quarter as was previous years and will not look to grow until fuel pricing at Evenes Airport comes in line with the other airports in Norway of which discussions are progressing with a date of 1 July set to determine future.

Specifically, in comparing European Cargo's (ECL) full Q4 revenue versus prior year there was a 79% increase resulting in $21.5m additional revenue for the quarter. Primarily this again is down to additional aircraft availability, utilizing the aircraft more to generate extra block hours and therefore billable rotations. This was in line with expectations of the business.

Gross Profit

Gross profit amounted to $6.1m for the period, an increase of $9.9m from 2023. A major contributor to this other than revenue was the decrease in fuel prices as well as better flight planning using technology to assist in routing and fuel usage.

For ECL there was an increase of $8.7m in the year-on-year quarter performance which represents a 128% rise from 2023.

EBITDA

EBITDA for the period was negative at ($2.2m), which was comparable to 2023 however, there were several one-off costs associated with closing the year end which would ordinarily be spread across the full period including audits and professional services at the Irish companies in order to close the period. Bonus payments as well as the hiring of new staff to provide a platform to grow the operating business at ECL.

As anticipated, we have seen operating expenses increase year-on-year with more operational aircraft and therefore more pilots, engineers and related line maintenance to deal with a larger fleet and the operations that will come. This recruitment along with the required training puts ECL in a strong position to take advantage of its commercial opportunities identified for 2025 and beyond.

ECL vs Prior Year

ECL's EBITDA for Quarter 4 was $949k which is a 258% uplift (see Fig.1) on the previous year and shows ECL becoming profitable for the first time since operations were halted in 2022 to complete the Supplemental Type Certificate (STC).

This marks a significant step in the progress of the business.

Fig 1. ECL Year on Year comparison

$000's	Q4-24	Q4-23	$ Delta	% Delta
Revenue	48,697	27,201	21,496	79%
Cost of Sales	(33,213)	(20,399)	(12,814)	63%
Gross Profit	15,484	6,802	8,682	128%
Gross Profit %	31.8%	25.0%	6.8%	-
Operating Costs	(14,535)	(8,440)	(6,095)	72%
EBITDA	949	(1,638)	2,588	258%

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Financial Performance

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UNAUDITED

Interim Financial Results – Period ending 31 Dec 24

Extraordinary Items

As part of the step plan in which there was a tax sequence in the order of how ECL was purchased, there was a number of one-off items that needed to be booked on the Income Statement that may otherwise be deemed to be part of the opening balances.

These items include a $2.8m extinguishment of ECL debt related to the previous arrangement and was used to pay off these loans early, a $102k stamp duty fee for the purchase of ECL shares from EAL.

Financial Items

During the period financial items amounted to net expenses of $6.8m. The majority of which is related to the accrued interest on the bond along with the financing fee cited above.

Taxation

At this time there is no expectation to pay any material tax due to the carried forward losses at both ECL and PCN.

Fixed Assets

Aircraft and engine assets that were transferred from ECL to Priority 1 Leasing are currently shown at cost on the consolidated opening balance sheet. On receipt of the updated appraisals due to the bondholder by 19 May together with our own in-depth review of all the assets, management intend to revalue all the assets up to current market values in which will show a significant improvement to the balance sheet prior to the close of the audit.

Depreciation

Accounting policy in relation to depreciation will also be updated once the market values are known and expected life of the assets are clearly identified given availability of engines and spares.

Goodwill

Goodwill presented is $84.7m, however once the assets are revalued to market rate then the expectation is that Goodwill would be eliminated.

Cash Flow

During the period, the net cash flows from operating activities totaled $2.6m primarily driven by the increase in trade and other payables.

Negative cash flow from investing activities of $62m is directly related to the purchase of ECL and PCN as well as tangible assets from other sources.

Positive cash flow from financing activities of $109m is mainly driven by issuing of new bonds which is offset by the paying down of ECL debt after acquisition and deal related expenses.

Working Capital

Working capital is highly influenced by the timing of payments from customers and invoicing and payments to our suppliers which is amplified by the opening balance sheet being mid-month. Payables has increased in part due to the reduction in payment runs and normal cash management during the Christmas period. Further, we have $0.6m of deferred revenue which both increases receivables and other payables. Finally, the accrual of special items as previously noted has led to an increase in the payables balance

*Interim results based off period of 19 November to 31 December 2024 unless otherwise stated

Income Statement

PRIORITY 1 ISSUER LOGISTICS DAC AND SUBSIDIARIES

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Interim Financial Results – Period ending 31 Dec 24

	From 19-Nov-24 to 31-Dec-24 USD '000
Revenue	20,210
Cost of sales	(14,084)
Gross profit	**6,126**
Operating expenses	(10,472)
Loss from operating activities	**(4,346)**
Finance income	139
Finance expense	(6,768)
	(6,629)
Loss before taxation	**(10,975)**
Taxation	-
Loss during the financial period	**(10,975)**

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Balance Sheet

UNAUDITED

Interim Financial Results – Period ending 31 Dec 24

PRIORITY 1 ISSUER LOGISTICS DAC AND SUBSIDIARIES

	USD '000
Non-current assets	
Intangible assets	
Development costs	5,461
Goodwill	84,716
	90,177
Tangible assets	
Aircraft and engines	76,508
Right of use assets	9,969
Other tangible assets	1,346
	87,823
Total non-current assets	178,000
Current assets	
Cash and cash equivalents	
Cash at bank	49,576
	49,576
Trade and other receivables	
Loans receivable	-
Lease receivables	-
Trade receivables	1,341
Amounts owed by group undertakings	1,704
Other receivables	857
	3,902
Inventories	
Spares and components	10,219
	10,219
Prepayments and other assets	
Prepayments	1,027
Other assets	-
	1,027
Total current assets	64,724
TOTAL ASSETS	**242,724**

	USD '000
Non-current liabilities	
Loans and borrowings	
Secured bonds	230,000
Capitalised issue costs	(12,767)
	217,233
Trade and other creditors	
Lease liabilities	10,330
	10,330
Current liabilities	
Trade and other creditors	
Amounts owed to group undertakings	1,384
Customer deposits	-
Interest payable on secured bonds	3,388
Other creditors	1,085
Tax payables	40
Trade creditors and accruals	14,220
Unearned revenue	6,045
	26,162
TOTAL LIABILITIES	**253,725**
Equity attributable to equity holders	
Capital contributions	8
Foreign exchange reserves	(34)
Retained earnings	(10,975)
TOTAL EQUITY	**(11,001)**
TOTAL LIABILITIES AND EQUITY	**242,724**

*Interim results based off period of 19 November to 31 December 2024 unless otherwise stated

Cash Flow

PRIORITY 1 ISSUER LOGISTICS DAC AND SUBSIDIARIES

PRIORITY | 1

UNAUDITED

Interim Financial Results – Period ending 31 Dec 24

	31-Dec-24 USD '000
Loss before taxation	(10,975)
Adjustments for:	-
Depreciation	1,921
Amortisation	234
Interest expense on bonds	3,388
Settlement fee	2,811
Interest expense on lease liabilities	156
Issue cost amortisation	403
Other interest	10
Bank interest income	(6)
Operating profit before working capital changes	(2,058)
Increase in trade and other receivables	(1,104)
Increase in inventories	(331)
Decrease in prepayments and other assets	1,278
Increase in trade and other payables	4,808
Cash generated from operations	2,593
Interest income received	6
Net cash flows from operating activities	2,599

Cash flows from investing activities	
Acquisition of tangible assets	(19,754)
Acquisition of subsidiaries	(41,750)
Acquisition of other intangible assets	(156)
Net cash flows from investing activities	(61,660)
Cash flows from financing activities	
Proceeds from loans and borrowings	230,000
Repayment of loans and borrowings	(107,104)
Transaction costs paid	(11,315)
Settlement fee paid	(2,811)
Net cash flows from financing activities	108,770
Net increase in cash and cash equivalents	49,709
Foreign exchange	(133)
Cash and cash equivalents at 31 December	49,576

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Reporting Calendar

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2025

28th Feb 2025

Un-audited 2024 – detailing 6 weeks from issuance of Bond

Investor call set for:
08:00AM EST Tuesday, March 4th, 2025
Details on our investor website:
investors.priority1holdings.com

20th March 2025

Robert Halder, President, and Jason Holt, ECL CEO, presenting at the Nordic Corporate Bond Conference in Stockholm

May 2025

Q1 Update & Investor Call

Jun 2025

Audited 2024 Accounts available

Aug 2025

Q2 Update & Investor Call

Nov 2025

Q3 Update & Investor Call

2026

Thank you

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