

 **NORSE**

**2021**

**Annual Report**



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## Letter from the CEO

Dear Shareholders,

In March 2021 we launched Norse Atlantic Airways with the strong belief that there is a need for an airline that can offer travelers affordable and direct flights between Europe and the U.S. Many have said that starting an airline during a pandemic is crazy, but I strongly believe that timing has never been better. First of all, we managed to secure 15 modern, more environmentally friendly and fuel efficient Boeing 787 Dreamliners on long-term leases at historically favorable prices and cash flows. We also managed to attract highly competent and experienced professionals to build our brand-new airline from scratch. And not least, the pent-up demand for international travel will attract scores of customers to our affordable flights. However, due to the tragedy unfolding in Ukraine, resulting in soaring oil prices and potentially lower demand in 2022 for international travel, our entry to the market will happen even more cautiously.

Our vision is to be “The Explorer’s Airline.” Inspired by the Norsemen and Norsewomen who travelled and explored the world with their state-of-the art longships, Norse Atlantic Airways will give people the opportunity to explore other continents by offering affordable flights on board modern and more comfortable Boeing 787 Dreamliners. Our key strengths will be our value for money offering to our customers, our Norse culture of being inclusive, showing kindness and taking ownership, as well as our low cost base. Our key markets will be the U.S. and Europe.

The tragedy unfolding in Ukraine creates uncertainties within international air transport that we as a responsible company take seriously. Norse is in a unique position as we have yet not started flying, which gives us the advantage to enter the market cautiously in line with demand and quickly adapt to unforeseen events. A gradual approach where ramp-up is exclusively driven by demand, will enable us to preserve our strong, debt-free balance sheet and cost base.

Norse intends to commence flights in June, flying between Norway and select destinations in the U.S., and we plan to add other European destinations, such as Paris and London as soon as possible. We were recently awarded important slots at London Gatwick Airport, which will give us access to one of the most attractive markets in Europe.

We have the necessary flexibility to quickly adapt to unforeseen events and increase activity with more aircraft and affordable flights to exciting destinations as soon as the market



demand allows. A highly motivated Team Norse and the fact that we currently only pay for our aircraft when they are in operation also gives us a competitive advantage.

The current global situation makes it challenging to predict the demand for transatlantic travel. However, we strongly believe that the demand will bounce-back with full force because people will want to explore new destinations, visit friends and family and travel for business. Norse will be there to offer attractive and affordable flights on our more environmentally friendly and fuel-efficient Boeing 787 Dreamliners to both leisure and cost-conscious business travelers.

I would like to thank all our shareholders, colleagues, union partners, authorities, travel and tourism organizations, travel organizations as well as our suppliers for the great support we have received in our build-up phase. I look forward to our continued collaboration and the commercial launch of our airline this year.

Welcome on board!

Sincerely,

**Bjørn Tore Larsen**

**CEO and Founder**



## Board of Directors' Report

### 1. Headlines 2021

- Norse Atlantic Airways established
- USD 171.5 million equity raised and successful listing on Euronext Growth Oslo
- Secured 15 modern Boeing 787 Dreamliners on long-term leases at favourable pricing and cash flows
- First aircraft delivered to Norse in December 2021 and eight received post-period end; remaining six aircraft expected delivered to Norse during first half of 2022
- Entered collective agreements with pilot unions in the UK and Norway, and pre-hire agreements with the Association of Flight Attendants in the US
- Norse received Air Operator's Certificate (AOC) in Norway
- Approval from the US Department of Transport (DOT) for transatlantic flights received post-period end

Norse Atlantic ASA ("Norse", "Norse Atlantic Airways" or the "Company") was incorporated on 01 February 2021 by its founder Bjørn Tore Larsen, who is also the CEO and major shareholder of Norse, with the aim of becoming a new affordable long-haul airline that will serve the transatlantic market with a fleet of modern, fuel-efficient and more environmentally friendly Boeing 787 Dreamliners. The first flights are expected to take off in Q2 2022.

Norse's principal activities during 2021 were start-up activities in order to prepare the airline for start of operations in 2022, including securing equity financing, securing a fleet of modern wide-bodied aircraft, appointing highly-qualified, competent and experienced personnel, securing AOC and DOT permits, and other activities to prepare the Company for its expected first flight in Q2 2022.

### 2. Business strategy

Norse's vision is to be "The Explorer's Airline." Inspired by the Norsemen and Norsewomen who travelled and explored the world with their state-of-the art longships, Norse Atlantic Airways will give people the opportunity to explore other continents by offering affordable flights on board modern and more environmentally friendly Boeing 787 Dreamliners.

The Company's strengths and strategy is focused on giving customers value, the Norse culture, and the Company's low cost base.

#### 2.1. Customer value

Norse will offer a high-value product to customers by providing affordable fares to exciting destinations and great service onboard modern and more fuel-efficient Dreamliners, whether traveling for business or pleasure. Norse will offer point-to-point travel to and from major



cities in Europe and the US. The overriding goal is always to offer affordable fares for the Company's explorers.

## **2.2. Norse culture**

The Company culture – Team Norse – will be a critical success factor. Norse is developing a great team of passionate people who work together to deliver the best experience to customers. All employees will be directly employed by the airline. The Company emphasizes a fruitful employer-employee relationship and has entered into agreements with unions in the US, UK and Norway.

The Norse values – Inclusive, Ownership and Kindness – have been created by the employees for the employees.

## **2.3. Low cost base**

Norse has a low cost base business model and approach. Norse have secured economical aircraft at attractive rates and payment terms, allowing the Company a flexible implementation during start-up of its operation, with Norse only paying on a “power by the hour” basis at the outset. The Company aims to have highly qualified staff – including pilots, cabin crew, and administrative personnel – but always a lean organization. Starting an airline in 2021 enables Norse an unprecedented opportunity to establish a best-practice and cost-efficient airline without prior financial restraints.

The Company has no debt or obligations, apart from the leases with favourable and flexible terms, and is fully financed by equity.

## **3. Aircraft leases**

On 29 March 2021 the Company entered into an agreement for the lease of nine Boeing Dreamliner aircraft from AerCap Holdings NV, consisting of six Boeing 787-9s and three Boeing 787-8 aircraft (the “AerCap Leases”). The lease terms are approximately 8 years for the 787-8 aircraft and approximately 12 years for the 787-9 aircraft, measured from the inception date. Under the terms of the AerCap Leases the Company has paid a total lease deposit of USD 8.4 million.

On 2 August 2021 the Company entered into an agreement for the lease of six Boeing Dreamliner 787-9 aircraft from BOC Aviation Ltd (the “BOCA Leases”). The lease terms are approximately 16 years per aircraft, measured from the aircraft delivery date. Under the terms of the BOCA Leases the Company has paid a total lease deposit of USD 12 million.

On 20 December 2021 the Company took delivery of its first aircraft and post-period end a further eight aircraft have been delivered. The remaining six aircraft are expected to be delivered to Norse during the first half of 2022.

## **4. Financial review**

The Company was established in 2021 and so for the period from incorporation on 01 February 2021 to 31 December 2021 (the “Period”) no comparative information is available.

### **4.1. Cash flow**

Norse raised USD 171.5 million in gross equity proceeds, net USD 163.6 million after issue costs, which is expected to finance the Company during its start-up period and well into production after take-off of its first flight. During the Period Norse paid USD 20.4 million for lease deposits for 15 aircraft. The deposits are refundable to the Company at expiration of the aircraft leases. The Company invested a total of USD 2.4 million in aircraft preparation investments, consisting mainly of livery and aircraft surveys. A total of USD 1.0 million was invested in other non-current assets, of which USD 0.8 million related to IT architecture investments and USD 0.2 million office equipment. Net cash outflow from operating activities was USD 6.2 million, including a positive working capital movement of USD 1.3 million. Norse had no revenue income in 2021 as it was in an early start-up phase and its first revenues are expected to be recognized on its first flight, estimated for Q2 2022.

At 31 December 2021 Norse Atlantic Airways held USD 134.3 million of cash and cash equivalents.

### **4.2. Balance sheet**

Norse had gross assets of USD 277.0 million at the Period end, consisting of non-current assets of USD 142.0 million and current assets of USD 135.0 million. Current assets consist mainly of USD 134.3 million on cash and cash equivalents. Non-current assets consist mainly of a right-to-use (“ROU”) lease asset of USD 120.0 million and USD 18.7 million in aircraft lease deposits. The ROU lease asset relates to the one aircraft that was delivered to Norse during the Period and the lease deposits totalling USD 18.7 million relate to the remaining 14 aircraft that Norse had not taken delivery of at the Period end.

The Company’s book equity value was USD 156.4 million at 31 December 2021, while total liabilities were USD 120.6 million. Non-current liabilities were USD 118.2 million, consisting of USD 115.2 million in lease liabilities and a provision of USD 3.0 million. The lease liabilities relate mainly to the aircraft delivered in December 2021 and the provision is the estimate of redelivery costs for the same aircraft at the end of the lease. The Company had current

liabilities of USD 2.4 million, of which USD 2.1 million were for trade and other payables and USD 0.3 million was for the current portion of lease liabilities.

### **4.3. Income statement**

As expected, Norse had no revenue income in 2021 as it was in an early start-up phase and its first revenues are expected to be recognized on its first flight, estimated for Q2 2022. Total operating costs were USD 8.0 million, of which USD 4.5 million were personnel costs, USD 2.6 million general and administrative costs, USD 0.6 million aircraft related expenses and USD 0.3 million in depreciation and amortization. Net finance income was USD 0.8 million, driven mainly by foreign exchange gains on deposits held in non-USD currencies.

The Company recorded a net loss for the Period of USD 7.2 million. The Board of Directors' propose that the net loss is transferred to retained earnings.

### **4.4. Going concern**

The financial statements have been prepared on the assumption of going concern.

### **4.5. Parent company's unconsolidated financial statements**

Norse Atlantic ASA (the "Parent") is a holding company and the parent company of the Norse Atlantic Airways group of companies ("Norse") comprising Norse Atlantic ASA and its underlying subsidiaries. In addition to owning the subsidiaries, the Company enters into aircraft leases with external lessors and subleases the aircraft to its subsidiaries.

The Parent raised USD 171.5 million in gross equity proceeds, net USD 163.6 million after issue costs, which is to be used to finance the Parent and its subsidiaries. During the Period the Parent made equity investments in subsidiaries totalling USD 35.1 million, paid USD 20.4 million for aircraft lease deposits and USD 2.2 million in aircraft preparation investments. The Parent's net cash outflow from operating activities was USD 1.0 million, including USD 0.3 million positive working capital movements.

Gross assets of the Parent at 31 December 2021 were USD 282.5 million. Non-current assets were USD 175.5 million, consisting of USD 119.5 million in lease receivable from subsidiaries, USD 35.1 million equity investments in subsidiaries, USD 18.7 million aircraft lease deposits and USD 2.2 million in aircraft preparation investments. The USD 119.5 million lease receivable from subsidiaries relates to the aircraft delivered to the Parent in December 2021, which the Parent immediately sub-leased to a subsidiary on the same terms.

The Parent held USD 105.8 million in cash and cash equivalents at 31 December 2021.

The Parent's book equity value was USD 163.2 million at 31 December 2021, while total liabilities were USD 119.3 million. Non-current liabilities were USD 117.9 million, consisting of USD 114.9 million in lease liabilities and a provision of USD 3.0 million. The lease liabilities



relates to the aircraft delivered in December 2021 and the provision is the estimate of redelivery costs for the same aircraft at the end of the lease. The Company had current liabilities of USD 1.4 million, of which USD 1.2 million were for trade and other payables and USD 0.2 million was for the current portion of lease liabilities.

## **5. Events post-period end**

### **5.1. Delivery of aircraft**

Subsequent to the end of the Period Norse has taken delivery of a further eight aircraft.

### **5.2. Approval from the USA Department of Transportation**

On 14 January 2022 the United States Department of Transportation (USDOT) approved Norse Atlantic Airways' application for the operation of flights between Norway/The European Union and the United States.

### **5.3. Purchase of Treasury Inflation-Protected Securities**

On 23 February 2022 the Company purchased USD 25 million of US Treasury Inflation-Protected Securities in order to reduce the Company's exposure to inflation risk.

### **5.4. Changes in Key Management**

On 23 February 2022 the Company strengthened its leadership team by appointing Ben Boiling as Chief Financial Officer and James Lightbourn as Chief Strategy and Investment Officer.

### **5.5. London Gatwick slots**

On 15 March 2022 the Company announced it had been allocated slots by the slot coordinator, at no cost to Norse.

## **6. Financial risk**

The Company does not have any interest-bearing debt and at 31 December 2021. Norse's principal financial assets are cash deposits held with the banks. The Company's primary financial risks relate to market risk, credit risk and liquidity risk.

The table below shows the carrying value of Norse's financial assets and liabilities.

| <i>(in thousands of USD)</i>              | <b>31-Dec-21</b> |
|-------------------------------------------|------------------|
| <b><i>Financial assets</i></b>            |                  |
| Cash and cash equivalents                 | 134,252          |
| Aircraft lease deposits                   | 18,706           |
| Trade and other receivables               | 707              |
| <b><i>Total financial assets</i></b>      | <b>153,665</b>   |
| <b><i>Financial liabilities</i></b>       |                  |
| Trade and other payables                  | 2,051            |
| <b><i>Total financial liabilities</i></b> | <b>2,051</b>     |
| <b>Total net financial assets</b>         | <b>151,614</b>   |

## 6.1. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in financial loss to Norse. Norse Atlantic Airways is exposed to credit risk primarily from cash held at bank and aircraft lease deposits. The Company manages its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2021 all of Norse's cash and cash equivalents were held with Nordea Bank. Norse manages its counterparty risk relating to aircraft lease deposits by entering leases with internationally renowned aircraft lessors. At 31 December 2021 Norse had deposits with AerCap Holdings NV and BOC Aviation Ltd.

## 6.2. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates primarily relates to its cash and cash equivalents held in foreign currencies. As at 31 December 2021 37% of the Company's cash and cash equivalents are held in foreign currencies, of which 32% is held in Norwegian Kroner ("NOK"). A change in the NOK:USD exchange rate by 5% would result in a gain or loss of approximately USD 2 million being recognized in the Company's statement of comprehensive income.

## 6.3. Liquidity risk

At this start-up phase, the objective of the Company's liquidity risk management is to ensure that the Company maintains sufficient cash balance to prepare the Company ready for its operations and take it well into its operational phase. The Company's senior management closely monitors the movement in the Company's liquidity position on a weekly basis.

The following table shows the maturity profile of the Company's financial liabilities as at 31 December 2021 based on the contractual payment terms. The amounts disclosed below are undiscounted cash flows.

| <i>(In thousands of USD)</i>   | Within 6 months | 6-12 months | 1-2 years     | 3-5 years     | More than 5 years | Total          |
|--------------------------------|-----------------|-------------|---------------|---------------|-------------------|----------------|
| Aircraft lease payments        | -               | 247         | 16,680        | 25,020        | 83,131            | 125,078        |
| Other lease payments           | 33              | 66          | 317           | -             | -                 | 416            |
| Trade and other payables       | 2,051           | -           | -             | -             | -                 | 2,051          |
| <b>Total as at 31-Dec-2021</b> | <b>2,084</b>    | <b>313</b>  | <b>16,997</b> | <b>25,020</b> | <b>83,131</b>     | <b>127,545</b> |

#### 6.4. Price risk

Since the Company will not commence flights until 2022, then Norse had no expenses related to jet fuel. Jet fuel will become a significant expense for the Company once Norse starts flights. The market price of jet fuel has increased significantly since Norse was established in early 2021, and particularly recently as a consequence of the tragic events unfolding in Ukraine. As of the date of this report the Company has not entered any fuel hedges.

## 7. People and the organization

Norse Atlantic Airways is a public limited company listed on the Euronext Growth Oslo and is a company incorporated under the laws of Norway. Its registered office is Fløyveien 14, 4838 Arendal, Norway. The Company has wholly owned subsidiaries in Norway, the UK and the USA. Norse's headquarters is located in Arendal, Norway, and has offices in Fort Lauderdale, USA, and London Gatwick, UK, as well as an aircraft maintenance competence satellite at Oslo Gardermoen, Norway.

The average number of Norse employees during the Period was 23, of which 6 were female, and at the end of the Period the Company had 68 employees, of which 18 were female. As at 31 December 2021 5 of Norse's employees were temporary and the Company had one part-time employee, of which two are and one is female, respectively. Norse's Board of Directors consists of three members, one of which is female.

Norse is committed to being known by employees as a 'great place to work' and to maintaining a people culture that is open and fair. The Company aims to provide a workplace with equal opportunities and to prevent discrimination on any basis. Norse believes that being a global and sustainable organization requires people with a global mindset, and a diverse workforce is part of that. Applicants are assessed based on experience, qualifications and skills required



for the job. Norse does not employ based on gender and does not discriminate in relation to pay or any employment matters on that or any other basis.

Norse has Directors and Officers (D&O) insurance that covers board members and executive of the Company, including in subsidiaries.

## **8. Working environment**

During 2021 the working environment has been predominantly office-based at Norse's offices in the US, UK and Norway. Following delivery of the first aircraft to Norse in December 2021 work by Norse employees has also been related to the aircraft. The working environment is expected to change for Norse employees in 2022 once the Company commences operations, which will require the Company's pilots and cabin crew to work on the aircraft.

During 2021 the Company's office were temporarily closed due to local restrictions following the Covid pandemic, during which employees worked from home. Apart from a small amount of sick leave due to Covid, no employees reported sick leave in 2021. There were no known accidents or injuries in the workplace in 2021.

## **9. Corporate social responsibility**

Norse is committed to being a model corporate citizen, operating in accordance with responsible, ethical, sustainable and sound business principles. Norse has respect for people, the environment and society. Norse has zero tolerance for unethical practices, such as bribery and corruption, and as the Company moves towards commencement of operations in 2022 it is updating practices and policies around anti-bribery and anti-corruption policies. Since 2021 is the year of establishing the Company and operations will not commence until Q2 2022 then Norse will continue to develop its Corporate Social Responsibility ("CSR") policies and targets through 2022.

Please refer to Norse's CSR contained within the Annual Report for more information.

## **10. Outlook**

The tragedy unfolding in Ukraine creates uncertainties within international air transport, though the full consequences to Norse are as yet unknown. Fuel price has increased and this may lead to higher fuel costs in the future for all airlines, including Norse. The closure of





Russian airspace may reduce the offering to European travellers eastwards and could lead to even more people travelling from Europe to the US, while may also reduce the number of overall travellers on Norse's planned network due to uncertainty. The airspace closure may lead to further transatlantic competition if airlines adjust their network correspondingly. The current market situation is heavily impacted by this tragic event and to ensure that the Company enters the market at the right time, Norse has adjusted its launch of ticket sales and initial route offering; the company plans ticket sales to commence in April and first flight is expected to be in June 2022.

Norse has received great support in its build-up phase, including from authorities, travel and tourism organizations and future customers. As the impacts of the Covid pandemic are decreasing then it is expected many people will start to explore the world again. The Company is on track for its first flight during Q2 2022.

**Terje Bodin Larsen**  
Chairman

(Signed electronically)

**Bjørn Kjos**  
Board member

(Signed electronically)

**Aase Mikkelsen**  
Board member

(Signed electronically)

**Bjørn Tore Larsen**  
CEO

(Signed electronically)

Arendal, 16 March 2021



## Corporate Social Responsibility

### Corporate Responsibility

*“Norse is a people company. We take care of our customers, our colleagues and our community.”* - Bjørn Tore Larsen, Chief Executive Officer and Founder

Norse is committed to being a good corporate citizen. We will lead by example, operating in accordance with responsible, ethical, sustainable and sound business principles, with respect for people, the environment and society. The Norse vision is to be the Explorer's airline. To achieve that vision, we are building a high-performance culture and creating an environment where we value diversity. Diversity makes the organization richer and stronger, and all colleagues shall feel a sense of belonging.

Our affordable direct flights will stimulate travel and bring people, cultures, communities and economies together. By providing affordable travel Norse will make travel available for more people on both sides of the Atlantic, boost local tourism, create new jobs, drive economic growth and progress.

A growing population in an increasingly globalized world will lead to more mobility and increased need for air travel. Norse acknowledges its responsibilities as a new entrant. We will take action to reduce emissions per passenger to make aviation more environmentally friendly, in line with the European Union's goal to achieve net zero CO2 aviation in Europe by 2050. Further, Norse will be incorporating the Ten Principles of the UN Global Compact. Norse's Boeing Dreamliners are modern and more fuel efficient; combined with our cabin layout we will be able to offer the lowest environmental footprint per seat than other transatlantic airlines.

### Employees

We believe that if we take care of our people, our people will take care of the business. Passionate and empowered colleagues make great ambassadors, which has a positive impact on our customers, our communities and our business. All our employees are directly employed by the company, and we encourage union representation as we believe that contributes to a fruitful employee-employer relationship. Our unique Norse culture aims to empower all employees to utilize their unique perspectives, skills, and experiences to the benefit of our customers, shareholders and work environment.

To guide us in our journey towards becoming the Explorer's Airline, Team Norse has together identified three core values that we will live and breathe and that will give us a competitive advantage. Our values are Inclusive, Ownership and Kindness.



By being inclusive, we contribute towards the goal that everyone shall recognize the feeling of belonging, supported by involvement and transparent communication. This way our colleagues will feel recognized and empowered, while boosting their self-esteem.

By taking ownership and personal responsibility for the success and delivery of our targets, we ensure that we exceed our goals and drive profitability through maximizing revenue and cost-control.

By showing kindness, we create an atmosphere where people are respected, valued, and free to be themselves so they can represent Norse with a genuine smile.

By living and breathing our values, working toward similar goals, building relationships, finding meaning and pride in the work that we do, we will deliver great customer experiences at competitive prices, onboard our comfortable and more environmentally friendly Dreamliners.

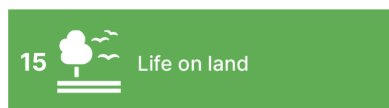
8  Decent work and economic growth



## Communities

Our affordable transatlantic flights bring people together. The communities where we live, work and visit are an essential part of what connects us. That's why we believe that cooperating and partnering with local organizations and authorities will benefit the communities with which we interact.

Our planes are named after the iconic national parks of our destination countries. Collaborating with national parks will be a key corporate responsibility initiative for us. Through the big windows of our head office in Arendal, Norway, we can see the beauty of Raet National Park; our U.S. office in Fort Lauderdale, Florida, is close to Everglades National Park. Our aim is to collaborate closely with these parks, including initiatives such as employee volunteering.

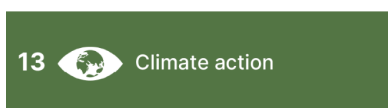


## Environmental Sustainability

Aviation represents about 2 percent of global emissions, and we will do our utmost to contribute to reducing our carbon impact while sustaining and creating jobs and economic growth. A modern fleet of Boeing 787 Dreamliners, optimizing fuel-efficiency as well as carbon offsets will contribute to reducing our overall carbon footprint. We will use sustainable aviation fuels when it becomes available at commercially sustainable volumes and prices.

We operate direct flights only, using the most modern and carbon-efficient fleet of Boeing 787 Dreamliners. Our Dreamliners have more seats than the competition while still offering a great customer experience. That combination gives us best-in class carbon emissions per passenger on transatlantic flights. We will also be offering our customers the option to carbon offset their flights, thus contributing to reducing their total environmental footprint.

In addition, we will work diligently to eliminate waste generation through source reduction and recycling/reuse where possible. We also support legislation that provides incentives and funding for climate change, including sustainable aviation fuels.



## Consolidated Statement of Comprehensive Income

| <i>(in thousands of USD)</i>                                  | Notes | From 1-Feb to<br>31-Dec-21 |
|---------------------------------------------------------------|-------|----------------------------|
| <b>Revenue</b>                                                |       | -                          |
| <b>Operating expenses</b>                                     |       |                            |
| Aircraft related expenses                                     |       | (554)                      |
| Personnel expenses                                            | 8     | (4,471)                    |
| General and administrative costs                              |       | (2,606)                    |
| Depreciation and amortisation                                 |       | (331)                      |
| <b>Total Operating expenses</b>                               |       | <b>(7,962)</b>             |
| <b>Operating profit/(loss)</b>                                |       | <b>(7,962)</b>             |
| Interest income                                               |       | 62                         |
| Other financial income/(expense)                              | 9     | 709                        |
| <b>Profit/(loss) before tax</b>                               |       | <b>(7,190)</b>             |
| Income tax                                                    | 10    | -                          |
| <b>Profit/(loss) after tax and total comprehensive income</b> |       | <b>(7,190)</b>             |
| <b>Earning per share to equity shareholders (in USD)</b>      |       |                            |
| Basic and Diluted                                             | 11    | (0.11)                     |



## Consolidated Statement of Financial Position

| <i>(in thousands of USD)</i>         | Notes | 31-Dec-21      |
|--------------------------------------|-------|----------------|
| <b>Non-current assets</b>            |       |                |
| Right-of-use assets                  | 4     | 119,963        |
| Aircraft preparation investments     | 4     | 2,367          |
| Aircraft lease deposits              | 4     | 18,706         |
| Intangible assets                    |       | 796            |
| Other Property, plant & equipment    |       | 159            |
| <b>Total non-current assets</b>      |       | <b>141,991</b> |
| <b>Current assets</b>                |       |                |
| Trade and other receivables          |       | 707            |
| Cash and cash equivalents            | 5     | 134,252        |
| <b>Total current assets</b>          |       | <b>134,959</b> |
| <b>Total assets</b>                  |       | <b>276,950</b> |
| <b>Equity and liabilities</b>        |       |                |
| <b>Equity</b>                        |       |                |
| Share capital                        | 6     | 27,489         |
| Share premium                        | 6     | 136,091        |
| Retained earnings                    |       | (7,190)        |
| <b>Total equity</b>                  |       | <b>156,390</b> |
| <b>Non-current liabilities</b>       |       |                |
| Lease liabilities                    | 4     | 115,181        |
| Provisions                           | 4     | 3,015          |
| <b>Total non-current liabilities</b> |       | <b>118,195</b> |
| <b>Current liabilities</b>           |       |                |
| Lease liabilities                    | 4     | 314            |
| Trade and other payables             |       | 2,051          |
| <b>Total current liabilities</b>     |       | <b>2,365</b>   |
| <b>Total equity and liabilities</b>  |       | <b>276,950</b> |

## Consolidated Statement of Cashflows

| <i>(in thousands of USD)</i>                                     | Notes | From 1-Feb to<br>31-Dec-21 |
|------------------------------------------------------------------|-------|----------------------------|
| <b>Cash flows from operating activities</b>                      |       |                            |
| Profit/(loss) for the period                                     |       | (7,190)                    |
| <i>Adjustments for items not affecting operating cash flows:</i> |       |                            |
| Depreciation and amortisation                                    |       | 331                        |
| Net financial items                                              |       | (697)                      |
| <b>Net operating cash flows before working capital movements</b> |       | <b>(7,556)</b>             |
| Working capital movements                                        |       | 1,344                      |
| <b>Net cash flows from operating activities</b>                  |       | <b>(6,212)</b>             |
| <b>Cash flows from investing activities</b>                      |       |                            |
| Aircraft deposits paid                                           | 4     | (20,400)                   |
| Aircraft preparation investments                                 |       | (2,416)                    |
| Other investments                                                |       | (962)                      |
| <b>Net cash flows from investing activities</b>                  |       | <b>(23,778)</b>            |
| <b>Cash flows from financing activities</b>                      |       |                            |
| Net proceeds from share issue                                    | 6     | 163,580                    |
| Lease payments                                                   | 4     | (66)                       |
| Interest paid                                                    |       | (12)                       |
| <b>Net cash flows from financing activities</b>                  |       | <b>163,502</b>             |
| Effect of foreign currency revaluation on cash                   |       | 740                        |
| <b>Net increase in cash and cash equivalents</b>                 |       | <b>134,252</b>             |
| Cash and cash equivalents at the beginning of the period         |       | -                          |
| <b>Cash and cash equivalents at the end of the period</b>        |       | <b>134,252</b>             |

## Consolidated Statement of Changes in Equity

(in USD thousands except for number of shares)

|                                                        | Number of<br>shares | Issued<br>share<br>capital | Share<br>premiu<br>m | Retaine<br>d<br>earnin<br>g<br>s | Total<br>equity |
|--------------------------------------------------------|---------------------|----------------------------|----------------------|----------------------------------|-----------------|
| <b>Shares issued on the date of incorporation</b>      |                     |                            |                      |                                  |                 |
| 1 February 2021 at USD 11.63 (NOK 100) per share       | 300,000             | 3,489                      | -                    | -                                | 3,489           |
| <b>Changes in share capital</b>                        |                     |                            |                      |                                  |                 |
| 14 March 2021 share split                              | 2,700,000           | -                          | -                    | -                                | -               |
| 14 March 2021 reduction of nominal value               |                     | (2,443)                    | 2,443                | -                                | -               |
| 14 March 2021 equity issue USD 1.18 (NOK 10) per share | 7,000,000           | 2,485                      | 5,797                | -                                | 8,282           |
| 8 April 2021 equity issue USD 2.36 (NOK 20) per share  | 63,750,000          | 22,531                     | 127,677              | -                                | 150,209         |
| Transaction costs                                      |                     | -                          | (7,894)              | -                                | (7,894)         |
| 12 May 2021 equity issue USD 2.42 (NOK 20) per share   | 3,934,314           | 1,427                      | 8,084                | -                                | 9,510           |
| Transaction costs                                      |                     | -                          | (16)                 | -                                | (16)            |
| Total comprehensive income for the period              |                     | -                          | -                    | (7,190)                          | (7,190)         |
| <b>Balance at 31-Dec-21</b>                            | <b>77,684,314</b>   | <b>27,489</b>              | <b>136,091</b>       | <b>(7,190)</b>                   | <b>156,390</b>  |

# Notes to the Consolidated Financial Statements

## 1. General information

The consolidated financial statements of Norse Atlantic ASA (“Norse”, “Norse Atlantic Airways” or the “Company”) for the period from 01 February 2021 to 31 December 2021 (the “Period”) were authorized for issue in accordance with a resolution of the Board of Directors passed on 16 March 2022.

Norse Atlantic Airways is a public limited company listed on the Euronext Growth Oslo. The Company was incorporated on 1 February 2021 under the laws of Norway and its registered office is Fløyveien 14, 4838 Arendal, Norway. The Company has wholly owned subsidiaries in Norway, the UK and the USA.

Norse is a new affordable long-haul airline established in 2021 and will serve the transatlantic market with a fleet of modern, fuel-efficient and more environmentally friendly Boeing 787 Dreamliners. The first flights are expected to take off in Q2 2022.

## 2. Basis of preparation and significant accounting policies

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union and in accordance with Norwegian Accounting Act §3-9. These consolidated financial statements have been prepared on a historical cost basis with some exceptions, as detailed in the accounting policies below. The consolidated financial statements are presented in USD and all values are rounded to the nearest thousand (USD 000) except where otherwise indicated.

These financial statements have been prepared based on the assumption of going concern. The Company was incorporated on 01 February 2021 and therefore, no comparative information is available for the period ended 31 December 2021.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. They have all been applied consistently throughout the period.

### 2.1. Consolidation

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the

Company. Inter-company transactions, balances and unrealized gains on transactions between companies are eliminated on consolidation.

## **2.2. Leases**

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use (“ROU”) asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The lease liability is presented as a separate line in the consolidated statement of financial position. All variable lease payments, that are payable based on actual utilization of the underlying asset, are excluded from the calculation of lease liability. All variable lease payments are expensed to the statement of comprehensive income during the period to which such variable payments relate to.

The ROU assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day *less* any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Company incurs an obligation for costs to return the underlying assets to the lessee at specific condition required by the terms of the lease, a provision is recognised and measured under IAS 37. To the extent such costs relate to a ROU asset, the costs are included in the related ROU asset, unless those costs are incurred to produce inventories.

ROU assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Company expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Company applies IAS 36 to determine whether a ROU

is impaired and accounts for any identified impairment loss in its consolidated statement of comprehensive income.

### **2.3. Revenue recognition**

Revenue is recognized when a contractual performance obligation is satisfied by transferring a promised goods or service to a customer. The Company is in a start-up phase and has not yet commenced revenue generating operations. The Company expects to start generating revenue in 2022, when it starts its first flight.

### **2.4. Foreign currency translation**

The functional and presentational currency of the Company is United States dollars (USD).

Income and expenses denominated in foreign currencies are translated into USD at the exchange rates prevailing at the dates of the transactions. Exchange gains and losses resulting from settlement of such transactions as well as from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as *Other financials income/(expense)*.

### **2.5. Financial assets and liabilities**

Financial assets and liabilities are recognized when the Company becomes party to the contractual obligations of the instrument and are initially recognized at fair value, except trade receivables that are measured at transaction price if the trade receivables do not contain a significant financing component. Subsequent to initial measurement, financial assets and liabilities are classified as per below.

#### ***Financial assets and liabilities measured at fair value through profit or loss***

This includes the financial assets and liabilities measured at fair value upon initial recognition with change in fair value recognized through the consolidated income statement. Subsequent to initial recognition, financial assets and liabilities in this category are measured at fair value at the end of each reporting period with unrealized gains and losses being recognized through profit or loss.

As at 31 December 2021 the Company does not have any financial liabilities that are measured at fair value through profit or loss.

#### ***Financial assets and liabilities measured at amortized cost***

This category is the most relevant for the Company and includes lease liabilities, trade payables and other financial assets and liabilities with fixed or determinable payments that are not quoted in an active market. Financial assets and liabilities in this category are initially



recognized at fair value, net of directly attributable transaction costs. After initial measurement financial assets and liabilities in this category are subsequently carried at amortized cost using the effective interest rate (EIR) method, less any allowance for impairment. The EIR amortization is included in finance income for receivables and finance cost for borrowings. Losses arising from impairment of accounts receivable are recognized in operating expenses.

## **2.6. Segment reporting**

The Company's is in a start-up phase and its chief operating decision maker currently reviews the Company's activities on a consolidated basis as one operating segment.

## **2.7. Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For diluted earnings per share, diluted potential ordinary shares are determined independently for each period presented. When the number of ordinary shares outstanding changes (e.g. share split) the weighted average number of ordinary shares outstanding during all periods presented is adjusted retrospectively.

## **2.8. Consolidated statement of cash flows**

The Company's consolidated statement of cash flows is prepared using the indirect method. Cash flows from operating activities are incorporated as a part of the cash flow statement and the cash flows are divided into operating activities, investing activities and financing activities. In the cash flow statement, the net profit is adjusted for non-cash items, such as depreciation and non-cash movements in accounts payable and receivables. Any cash flows that have been recorded as part of the net profit but which are investing or financing in nature are removed from operating cash flows and presented as part of investing or financing cash flows.

## **2.9. Income tax**

The income tax expenses consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities, with the exception of:

- temporary differences linked to goodwill that are not tax deductible

- temporary differences related to investments in subsidiaries, associates or joint ventures when the Company controls when the temporary differences are to be reversed and this is not expected to take place in the foreseeable future.

Deferred tax assets are recognised when it is probable that the Company will have a sufficient profit for tax purposes in subsequent periods to utilise the tax asset. The Company recognises previously unrecognised deferred tax assets to the extent it has become probable that the company can utilise the deferred tax asset. Similarly, the Company will reduce a deferred tax asset to the extent that the Company no longer regards it as probable that it can utilise the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates applicable to the companies within the Norse group where temporary differences have arisen.

Deferred tax and deferred tax assets are recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the consolidated statement of financial position.

Taxes payable and deferred taxes are recognised directly in equity to the extent that they relate to equity transactions.

## **2.10. Critical accounting estimates and judgments**

Preparation of the Company's consolidated financial statements requires management and the board to make estimates, judgments and assumptions that affect the reported amount of revenue, expenses, assets and liabilities, as well as the accompanying disclosures. Uncertainty about these estimates, judgments and assumptions could result in outcomes that require a material adjustment to the carrying amounts of assets or liabilities in future periods.

### ***Judgments***

As at 31 December 2021 the Company had entered into agreements for the lease of fifteen aircraft. The inception date of the leases for all aircraft has occurred, being the date of entering into the lease agreements. However, it is the Company's judgment that the leases do not commence until the underlying aircraft in the lease is under the control of the Company. As at 31 December 2021, only one aircraft has been delivered to the Company and, thus, the lease has commenced for one aircraft at the period end. The remaining fourteen aircraft are scheduled to be delivered to the Company by end of Q2 2022 and the leases are expected to commence on the delivery dates when the Company takes control of each aircraft.

### *Estimates*

As per the terms of aircraft lease agreements, the Company is obliged to redeliver the aircraft to the lessors at the expiry of the lease term in certain redelivery condition as prescribed in the lease agreements. For the purpose of the initial measurement of the ROU asset, the Company has made an estimate of such restoration and return costs.

Restoration and return provisions arising on the commencement of a lease are recognised as a provision with a corresponding amount recognised as part of the ROU asset. Any change in estimation relating to such costs are reflected in the ROU asset. Maintenance and return provisions that occur through usage or through the passage of time are recognised with a corresponding amount recorded over time in the income statement.

## **3. Financial risk**

As at 31 December 2021, the Company does not have any interest-bearing debt. As at the yearend, the Company's principal financial assets are its cash deposits held with the banks. The Company's key financial risks are described below.

### **3.1. Foreign currency risk**

The Company's exposure to the risk of changes in foreign exchange rates primarily relates to its cash and cash equivalents held in foreign currencies.

| <i>(In thousands of equivalent USD)</i>                           | <b>31-Dec-21</b> |
|-------------------------------------------------------------------|------------------|
| <b>Cash and cash equivalents held in foreign currencies</b>       |                  |
| NOK                                                               | 43,002           |
| GBP                                                               | 6,443            |
| EUR                                                               | 583              |
| <b>Total cash and cash equivalents held in foreign currencies</b> | <b>50,028</b>    |
| <i>Cash and cash equivalents held in USD</i>                      | <i>84,224</i>    |

As at 31 December 2021, 37% of the Company's cash and cash equivalents are held in foreign currencies of which 32% is held in Norwegian Kroner ("NOK"). A hypothetical change in the NOK:USD exchange rate by 5% would result in a gain or loss of approximately USD 2 million being recognized in the Company's statement of comprehensive income.

### **3.2. Liquidity risk**

At this start-up phase, the objective of the Company's liquidity risk management is to ensure that the Company maintains sufficient cash balance to prepare the Company ready for its

operations and take it well into its operational phase. The Company's senior management closely monitors the movement in the Company's liquidity position on a weekly basis.

The following table shows the maturity profile of the Company's financial liabilities as at 31 December 2021 based on the contractual payment terms. The amounts disclosed below are undiscounted cash flows.

| <i>(In thousands of USD)</i>   | Within 6 months | 6-12 months | 1-2 years     | 3-5 years     | More than 5 years | Total          |
|--------------------------------|-----------------|-------------|---------------|---------------|-------------------|----------------|
| Aircraft lease payments        | -               | 247         | 16,680        | 25,020        | 83,131            | 125,078        |
| Other lease payments           | 33              | 66          | 317           | -             | -                 | 416            |
| Trade and other payables       | 2,051           | -           | -             | -             | -                 | 2,051          |
| <b>Total as at 31-Dec-2021</b> | <b>2,084</b>    | <b>313</b>  | <b>16,997</b> | <b>25,020</b> | <b>83,131</b>     | <b>127,545</b> |

### 3.3. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk primarily from cash held at bank and aircraft lease deposits. The Company manages its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2021 all of Norse's cash and cash equivalents were held with Nordea Bank. The Company manages its counterparty risk relating to aircraft lease deposits by entering leases with internationally renowned aircraft lessors. At 31 December 2021 the Company had deposits with AerCap Holdings NV and BOC Aviation Ltd.

### 3.4. Capital management

At this start-up phase, the objective of the Company's liquidity risk management is to ensure that the Company maintains a sufficient cash balance to prepare the Company ready for its operations and take it well into its operational phase. The Company aims to have an appropriate split between debt and equity over time. The Company has initially been fully financed by equity. In addition to the equity raise in 2021, the Company has ensured access to aircraft by long-term leases at favourable pricing and payment terms. The liability for each aircraft lease is recognized on commencement of the lease.

## 4. Leases

### 4.1. Aircraft leases

On 29 March 2021 the Company entered into an agreement for the lease of nine Boeing Dreamliner aircraft from AerCap Holdings NV, consisting of six Boeing 787-9s and three Boeing 787-8 aircraft (the "AerCap Leases"). The lease terms are approximately 8 years for the 787-8 aircraft and approximately 12 years for the 787-9 aircraft, measured from the inception date. Under the terms of the AerCap Leases the Company has paid a total lease deposit of USD 8.4 million.

On 2 August 2021 the Company entered into an agreement for the lease of six Boeing Dreamliner aircraft from BOC Aviation Ltd (the "BOCA Leases"). The lease terms are approximately 16 years per aircraft, measured from the aircraft delivery date. Under the terms of the BOCA Leases the Company has paid a total lease deposit of USD 12 million.

On 20 December 2021, the Company took delivery of its first aircraft.

### 4.2. Right-of-use assets

*(In thousands of USD)*

|                                                 | Aircrafts      | Office premises | Total          |
|-------------------------------------------------|----------------|-----------------|----------------|
| <i>Initial measurement</i>                      |                |                 |                |
| Net present value of lease liabilities          | 115,085        | 440             | 115,525        |
| Provision for redelivery costs                  | 3,014          | -               | 3,014          |
| Initial direct costs                            | 49             | -               | 49             |
| Prepaid leases                                  | 1,698          | -               | 1,698          |
| <b>Right-of-use asset at lease commencement</b> | <b>119,846</b> | <b>440</b>      | <b>120,286</b> |
| Depreciation                                    | (246)          | (77)            | (323)          |
| <b>Balance as at 31-Dec-2021</b>                | <b>119,600</b> | <b>363</b>      | <b>119,963</b> |

### 4.3. Lease liabilities

*(In thousands of USD)*

|                                  | 31-Dec-21      |
|----------------------------------|----------------|
| Initial measurement              | 115,525        |
| Lease payments during the period | (66)           |
| Interest accrued                 | 47             |
| Interest paid                    | (12)           |
| <b>Balance as at 31-Dec-2021</b> | <b>115,495</b> |
| <i>Of which:</i>                 |                |
| Due within 12 months             | 314            |
| Due after 12 months              | 115,181        |

#### **4.4. Aircraft lease deposits**

The Company has paid security deposits for each aircraft that are refundable after redelivery of the respective aircraft once the individual lease expires or in the event of the lessor failing to deliver the aircraft to the Company. The nominal value of total deposits paid as at 31 December 2021 is USD 20.4 million. Up until the date of delivery of each aircraft by the lessors to Norse, the security deposits are refundable in full. Once each aircraft is delivered, the security deposit becomes refundable at the expiration of the respective lease. The Company has initially recorded the deposits at their nominal value. Upon delivery of each aircraft, the Company remeasures the relevant deposit to its fair value on the date of delivery and the difference between the fair value and the nominal value of the deposit is added to the right-of-use asset as *prepaid lease* (refer to Note 4.2 above). Subsequent to such measurement at fair value, the deposits are carried at amortized cost.

#### **4.5. Aircraft preparation investments**

The cost of preparing aircraft for delivery, including aircraft surveys and livery expenditure, are capitalized as initial direct costs and then allocated to the ROU asset as the Company takes delivery of each aircraft. As at 31 December 2021 the Company has capitalized USD 2.4 million of initial direct costs that will be allocated to the ROU assets related to the aircraft to be delivered in 2022.

#### **4.6. Other information related to leases**

As described under note *4.1 Aircraft leases*, the Group has entered into agreements to lease a total of fifteen aircraft, of which one has been delivered as at 31 December 2021. The Group's exposure to future cash outflows related to leases not yet commenced as at 31 December 2021 is approximately USD 1140.3 million.

During the first year from commencement of BOCA leases and first two years for AerCap leases, the Company is obligated to make variable lease payments based on the usage of the aircraft subject to each lease. The Group has not made any variable lease payments during the Period.

Refer to Note 3.2 *Liquidity risk* for the maturity profile of the lease liabilities disclosed under Note 4.3 above.

During the Period, the Group has expensed USD 53,000 towards short-term leases in its consolidated statement of comprehensive income.

## 5. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks.

| <i>(In thousands of equivalent USD)</i> | <b>31-Dec-21</b> |
|-----------------------------------------|------------------|
| USD                                     | 84,224           |
| NOK                                     | 43,002           |
| GBP                                     | 6,443            |
| EUR                                     | 583              |
| <b>Total cash and cash equivalents</b>  | <b>134,252</b>   |

## 6. Share capital

The Company has one class of ordinary shares and accounts for these shares as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a reduction from the gross proceeds from the issue of shares.

At 31 December 2021 the Company's authorized and issued number of shares are 77,684,314 shares, all with par value NOK 3 per share.

*(in USD thousands except for number of shares)*

|                                                        | <b>Number of shares</b> | <b>Issued share capital</b> | <b>Share premium</b> | <b>Total</b>   |
|--------------------------------------------------------|-------------------------|-----------------------------|----------------------|----------------|
| <b>Shares issued on the date of incorporation</b>      |                         |                             |                      |                |
| 1 February 2021 at USD 11.63 (NOK 100) per share       | 300,000                 | 3,489                       | -                    | 3,489          |
| <b>Changes in share capital</b>                        |                         |                             |                      |                |
| 14 March 2021 share split                              | 2,700,000               | -                           | -                    | -              |
| 14 March 2021 reduction of nominal value               |                         | (2,443)                     | 2,443                | -              |
| 14 March 2021 equity issue USD 1.18 (NOK 10) per share | 7,000,000               | 2,485                       | 5,797                | 8,282          |
| 8 April 2021 equity issue USD 2.36 (NOK 20) per share  | 63,750,000              | 22,531                      | 127,677              | 150,209        |
| Transaction costs                                      |                         | -                           | (7,894)              | (7,894)        |
| 12 May 2021 equity issue USD 2.42 (NOK 20) per share   | 3,934,314               | 1,427                       | 8,084                | 9,510          |
| Transaction costs                                      |                         | -                           | (16)                 | (16)           |
| <b>Balance at 31-Dec-21</b>                            | <b>77,684,314</b>       | <b>27,489</b>               | <b>136,091</b>       | <b>163,580</b> |



## 6.1. Largest shareholders

The Company's largest 20 shareholders as at 31 December 2021 were as follows:

| Name                               | Number of shares  | Ownership   | Voting rights |
|------------------------------------|-------------------|-------------|---------------|
| B.T Larsen & Co Limited            | 9,652,311         | 12%         | 12%           |
| Verdipapirfondet Delphi Nordic     | 5,245,341         | 7%          | 7%            |
| Verdipapirfondet DNB smb           | 4,951,279         | 6%          | 6%            |
| Skagen Vekst Verdipapirfond        | 4,635,038         | 6%          | 6%            |
| J.P. Morgan bank Luxembourg s.a.   | 3,375,000         | 4%          | 4%            |
| Kvantia AS                         | 3,099,884         | 4%          | 4%            |
| UBS AG                             | 2,831,489         | 4%          | 4%            |
| Verdipapirfondet Pareto Investment | 1,610,000         | 2%          | 2%            |
| Verdipapirfondet KLP Aksjenorge    | 1,400,000         | 2%          | 2%            |
| Goldman Sachs International        | 1,329,500         | 2%          | 2%            |
| Verdipapirfondet First Generator   | 1,200,000         | 2%          | 2%            |
| J.P. Morgan Bank Luxembourg s.a.   | 1,171,844         | 2%          | 2%            |
| Verdipapirfondet Delphi Kombinasjo | 1,057,718         | 1%          | 1%            |
| J.P. Morgan Securities Plc         | 1,001,216         | 1%          | 1%            |
| Verdipapirfondet Delphi Norge      | 1,000,000         | 1%          | 1%            |
| Brumm AS                           | 1,000,000         | 1%          | 1%            |
| HBK Holding AS                     | 1,000,000         | 1%          | 1%            |
| Skandinaviska Enskilda Banken AB   | 944,737           | 1%          | 1%            |
| Sparebank 1 Markets AS             | 939,334           | 1%          | 1%            |
| MP pensjon pk                      | 889,000           | 1%          | 1%            |
| Other shareholders                 | 29,350,623        | 38%         | 38%           |
| <b>Total number of shares</b>      | <b>77,684,314</b> | <b>100%</b> | <b>100%</b>   |

## 6.2. Shares held by Key Management and Board of Directors

Shares directly or indirectly held by members of the Boards of Directors and Executive Management as at 31 December 2021 were as follows:

|                         |                              | Number of shares |
|-------------------------|------------------------------|------------------|
| Terje Bodin Larsen      | Chair of the Board           | 100,000          |
| Bjørn Kjos              | Member of the Board          | 1,500,000        |
| Aase Kristine Mikkelsen | Member of the Board          | -                |
| Bjørn Tore Larsen       | Chief Executive Officer      | 9,652,311        |
| James Lightbourn        | Chief Financial Officer      | 100,000          |
| Thom Arne Norheim       | Chief Operational Officer    | -                |
| Kristin Berthelsen      | Chief Culture Officer        | 600              |
| Lasse Sandaker-Nielsen  | Chief Communications Officer | -                |
| Michael Scheurich       | Chief Legal Officer          | -                |
| Ted Hutchins            | Chief Information Officer    | -                |
| Andrew Hodges           | Chief Commercial Officer     | -                |

## 7. Financial assets and liabilities

Financial assets measured at amortized cost are as follows:

| <i>(in thousands of USD)</i>                    | <b>31-Dec-21</b> |
|-------------------------------------------------|------------------|
| Aircraft lease deposits                         | 18,706           |
| Trade and other receivables                     | 707              |
| Cash and cash equivalents                       | 134,252          |
| <b>Total financial assets at amortised cost</b> | <b>153,665</b>   |

Financial liabilities measured at amortized cost are as follows:

| <i>(in thousands of USD)</i>                         | <b>31-Dec-21</b> |
|------------------------------------------------------|------------------|
| Trade and other payables                             | 2,051            |
| <b>Total financial liabilities at amortised cost</b> | <b>2,051</b>     |

The fair value of aircraft lease deposits are estimated to be approximately USD 14 million. The fair value of cash and cash equivalents and trade receivables and payables approximate their carrying amounts due to the short-term maturities of these instruments.

## 8. Personnel expenses

| <i>(in thousands of USD)</i>                         | <b>From 1-Feb<br/>to<br/>31-Dec-21</b> |
|------------------------------------------------------|----------------------------------------|
| Salaries                                             | 2,821                                  |
| Social security costs                                | 389                                    |
| Costs related to pension scheme benefits             | 146                                    |
| Hired-in employees                                   | 608                                    |
| Other employee costs (employee travel expenses etc.) | 506                                    |
| <b>Total</b>                                         | <b>4,471</b>                           |

The average number of Norse employees during the Period was 23 and at the end of the Period the Company had 68 employees.

### 8.1. Pensions

During the period, the Company operated defined pension contribution plans in Norway and the UK. The defined pension contribution plans require the Company to pay premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. The Company has no further obligations once these premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Defined contribution plan in Norway comply with local Pension legislation.

## 9. Other financial income/(expense)

| <i>(in thousands of USD)</i>                   | From 1-Feb to<br>31-Dec-21 |
|------------------------------------------------|----------------------------|
| Foreign exchange gains                         | 940                        |
| Foreign exchange losses                        | (179)                      |
| Interest expense on leases (refer to note 4.3) | (47)                       |
| Other financial expenses                       | (5)                        |
| <b>Total</b>                                   | <b>709</b>                 |

## 10. Income tax

The Company's income tax expense for the period was as per below:

| <i>(in thousands of USD)</i>      | From 1-Feb to<br>31-Dec-21 |
|-----------------------------------|----------------------------|
| <b>Current tax:</b>               |                            |
| Tax payable                       | -                          |
| <b>Deferred tax</b>               |                            |
| Changes in deferred tax           | (3,011)                    |
| Deferred tax asset not recognized | 3,011                      |
| <b>Income tax expense</b>         | <b>-</b>                   |

No tax expense is included in other comprehensive income or directly in equity.

Below is a reconciliation of the effective rate of tax and the tax rate in Norway:

| <i>(in thousands of USD)</i>                   | From 1-Feb<br>to<br>31-Dec-21 |
|------------------------------------------------|-------------------------------|
| Pre-tax profit for the Period                  | (7,190)                       |
| Income taxes calculated at 22 %                | (1,582)                       |
| Deductible expenses related to equity issues   | (1,737)                       |
| Non-deductible expenses                        | 1                             |
| Other effects due to timing and exchange rates | 307                           |
| Deferred tax asset not recognized              | 3,011                         |
| <b>Income tax expense</b>                      | <b>-</b>                      |

The following table details net deferred tax liabilities/(assets) as at 31 December 2021:

| <i>(in thousands of USD)</i>                                                                  | 31-Dec-21      |
|-----------------------------------------------------------------------------------------------|----------------|
| <b>Deferred tax assets</b>                                                                    |                |
| Tangible assets                                                                               | 418            |
| Tax losses carried forward                                                                    | (3,429)        |
| <b>Net deferred tax liabilities (assets)</b>                                                  | <b>(3,011)</b> |
| <i>Of which recognized in the consolidated statement of financial position at the yearend</i> | -              |

The Company has not recognized any deferred tax assets during the Period. At this start-up phase, while the Company have not yet commenced revenue generating activities, it is not certain about the timing and amount of tax losses that may be utilized in the future.

## 11. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders for the period divided by the weighted average number of shares in issue during the same period. The Company has no potentially dilutive equity instruments in issue as at 31 December 2021.

| <i>(in USD thousands except for number of shares)</i> | From 1-Feb-21<br>to<br>31-Dec-21 |
|-------------------------------------------------------|----------------------------------|
| Profit/(loss) for the period                          | (7,190)                          |
| Weighted average number of shares outstanding         | 62,673,409                       |
| Basic and diluted EPS (in USD per share)              | (0.11)                           |

## 12. Related parties

### 12.1. Subsidiaries

This set of consolidated financial statements includes the financial statements of Norse Atlantic ASA and its subsidiaries, as follows:

| Name of the subsidiary       | Country of<br>incorporation | Equity interest as at<br>31-Dec-21 |
|------------------------------|-----------------------------|------------------------------------|
| Norse Atlantic Airways AS    | Norway                      | 100%                               |
| Norse Atlantic US Holding AS | Norway                      | 100%                               |
| Norse Atlantic USA LLC       | USA                         | 100%                               |
| Norse Atlantic UK Ltd        | UK                          | 100%                               |

### 12.2. Transactions with related parties

ADS Shipping Ltd ("ADS") is a group controlled by the Company's CEO, Bjørn Tore Larsen. During the Period Norse has received total income of USD 0.2 million for financial consulting services it has provided to ADS. During the early phase of the Company before Norse had employees, ADS provided financial consulting services to Norse for which Norse paid USD 0.1 million. Both these amounts have been reported in the Company's general and administrative expenses.

### 12.3. Remuneration to Key Management personnel

(in thousands of USD)

|                           |                                 | Employment<br>start date | Salaries   | Other<br>benefits | Total      | Defined<br>pension<br>contributions |
|---------------------------|---------------------------------|--------------------------|------------|-------------------|------------|-------------------------------------|
| Bjørn Tore Larsen         | Chief Executive Officer         | 01-Apr-21                | 162        | 3                 | 165        | 10                                  |
| James Lightbourn*         | Chief Financial Officer         | 15-Mar-21                | 169        | -                 | 169        | -                                   |
| Thom Arne Norheim         | Chief Operational Officer       | 01-Apr-21                | 131        | 2                 | 133        | 10                                  |
| Kristin Berthelsen        | Chief Culture Officer*          | 01-Sep-21                | 129        | -                 | 129        | -                                   |
| Lasse Sandaker-Nielsen    | Chief Communications<br>Officer | 01-Dec-21                | 13         | -                 | 13         | -                                   |
| Michael Scheurich         | Chief Legal Officer             | 15-Jun-21                | 97         | 1                 | 98         | 7                                   |
| Ted Hutchins              | Chief Information Officer*      | 26-Jul-21                | 131        | -                 | 131        | -                                   |
| Andrew Hodges             | Chief Commercial Officer        | 03-Nov-21                | 57         | -                 | 57         | 5                                   |
| <b>Total paid in 2021</b> |                                 |                          | <b>888</b> | <b>6</b>          | <b>894</b> | <b>32</b>                           |

*\*During 2021 these Key Personnel were employed under third party service agreements and consultancy fees paid to them are included in the figures above.*

As at 31 December 2021, none of the key management personnel are contractually entitled to any bonus.

### 12.4. Board remuneration

The total remuneration paid by the Company to its Board of Directors during the Period was as follows:

(in thousands of USD)

| Director                  | Date of<br>appointment | Date of<br>resignation | Board<br>remuneration<br>paid |
|---------------------------|------------------------|------------------------|-------------------------------|
| Terje Bodin Larsen        | 01-Feb-21              |                        | 32                            |
| Bjørn Kjos                | 12-Apr-21              |                        | 16                            |
| Aase Kristine Mikkelsen   | 12-Apr-21              |                        | 16                            |
| Dagfinn Andersen          | 11-Mar-21              | 12-Apr-21              | -                             |
| Ellen Hagen               | 11-Mar-21              | 12-Apr-21              | -                             |
| <b>Total paid in 2021</b> |                        |                        | <b>64</b>                     |

### 12.5. Auditor's remuneration

Total amount paid to the Company's auditors for audit and audit related services during the Period was NOK 395,000 (approximately USD 46,000).

## **13. Events after balance sheet date**

### **13.1. Delivery of aircraft**

After the balance sheet date and to the date of approval of these financial statements, Norse has taken delivery of eight additional aircraft.

### **13.2. Approval from the USA Department of Transportation**

On 14 January 2022 the United States Department of Transportation (USDOT) approved Norse Atlantic Airways' application for the operation of flights between Norway/The European Union and the United States.

### **13.3. Purchase of Treasury Inflation-Protected Securities**

On 23 February 2022 the Company purchased USD 25 million of US Treasury Inflation-Protected Securities in order to reduce the Company's exposure to inflation risk.

### **13.4. Changes in Key Management**

On 23 February 2022 the Company strengthened its leadership team by appointing Ben Boiling as Chief Financial Officer and James Lightbourn as Chief Strategy and Investment Officer.

### **13.5. London Gatwick slots**

On 15 March 2022 the Company announced it had been allocated slots by the slot coordinator, at no cost to Norse.

### **13.6. Situation in Ukraine**

The tragedy unfolding in Ukraine creates uncertainties within international air transport, though the full consequences to Norse are as yet unknown. Fuel price has increased and this may lead to higher fuel costs in the future for all airlines, including Norse. The closure of Russian airspace may reduce the offering to European travellers eastwards and could lead to even more people travelling from Europe to the US, while may also reduce the number of overall travellers on Norse's planned network due to uncertainty. The airspace closure may lead to further transatlantic competition if airlines adjust their network correspondingly. The current market situation is heavily impacted by this tragic event and to ensure that the Company enters the market at the right time, Norse has adjusted its launch of ticket sales and initial route offering; the company plans ticket sales to commence in April and first flight is expected to be in June 2022.



**Terje Bodin Larsen**  
Chairman

(Signed electronically)

**Bjørn Kjos**  
Board member

(Signed electronically)

**Aase Mikkelsen**  
Board member

(Signed electronically)

**Bjørn Tore Larsen**  
CEO

(Signed electronically)

Arendal, 16 March 2021



## Statement of Comprehensive Income

(Unconsolidated Parent company)

| <i>(in thousands of USD)</i>                                  | Notes | From 1-Feb to<br>31-Dec-21 |
|---------------------------------------------------------------|-------|----------------------------|
| <b>Revenue</b>                                                |       | -                          |
| <b>Operating expenses</b>                                     |       |                            |
| Personnel expenses                                            | 9     | (64)                       |
| General and administrative costs                              |       | (1,171)                    |
| <b>Total Operating expenses</b>                               |       | <b>(1,235)</b>             |
| <b>Operating profit/(loss)</b>                                |       | <b>(1,235)</b>             |
| Interest income                                               |       | 43                         |
| Other financial income/(expense)                              |       | 785                        |
| <b>Profit/(loss) before tax</b>                               |       | <b>(407)</b>               |
| Income tax                                                    | 7     | -                          |
| <b>Profit/(loss) after tax and total comprehensive income</b> |       | <b>(407)</b>               |
| <b>Earning per share to equity shareholders (in USD)</b>      |       |                            |
| Basic and Diluted                                             | 8     | (0.01)                     |

## Statement of Financial Position

(Unconsolidated Parent company)

| <i>(in thousands of USD)</i>         | Notes | 31-Dec-21      |
|--------------------------------------|-------|----------------|
| <b>Non-current assets</b>            |       |                |
| Lease receivable from subsidiaries   | 2     | 119,483        |
| Aircraft preparation investments     | 2     | 2,202          |
| Aircraft lease deposits              | 2     | 18,706         |
| Investment in subsidiaries           | 3     | 35,097         |
| <b>Total non-current assets</b>      |       | <b>175,488</b> |
| <b>Current assets</b>                |       |                |
| Trade and other receivables          |       | 485            |
| Lease receivable from subsidiaries   | 2     | 314            |
| Other receivable from subsidiaries   | 9     | 409            |
| Cash and cash equivalents            | 4     | 105,790        |
| <b>Total current assets</b>          |       | <b>106,998</b> |
| <b>Total assets</b>                  |       | <b>282,486</b> |
| <b>Equity and liabilities</b>        |       |                |
| <b>Equity</b>                        |       |                |
| Share capital                        | 5     | 27,489         |
| Share premium                        | 5     | 136,091        |
| Retained earnings                    |       | (407)          |
| <b>Total equity</b>                  |       | <b>163,173</b> |
| <b>Non-current liabilities</b>       |       |                |
| Lease liabilities                    | 2     | 114,905        |
| Provisions                           | 2     | 3,014          |
| <b>Total non-current liabilities</b> |       | <b>117,919</b> |
| <b>Current liabilities</b>           |       |                |
| Lease liabilities                    | 2     | 215            |
| Trade and other payables             |       | 1,178          |
| <b>Total current liabilities</b>     |       | <b>1,393</b>   |
| <b>Total equity and liabilities</b>  |       | <b>282,486</b> |

## Statement of Cashflows

(Unconsolidated Parent company)

| <i>(in thousands of USD)</i>                                     | Notes | From 1-Feb<br>to<br>31-Dec-21 |
|------------------------------------------------------------------|-------|-------------------------------|
| Profit/(loss) for the period                                     |       | (407)                         |
| <i>Adjustments for items not affecting operating cash flows:</i> |       |                               |
| Net financial items                                              |       | (828)                         |
| <b>Net operating cash flows before working capital movements</b> |       | <b>(1,235)</b>                |
| Working capital movements                                        |       | 284                           |
| <b>Net cash flows from operating activities</b>                  |       | <b>(951)</b>                  |
| Aircraft deposits paid                                           | 2     | (20,400)                      |
| Aircraft preparation investments                                 | 2     | (2,202)                       |
| Investment in subsidiaries                                       | 3     | (35,097)                      |
| <b>Net cash flows from investing activities</b>                  |       | <b>(57,699)</b>               |
| <b>Cash flows from financing activities</b>                      |       |                               |
| Net proceeds from share issue                                    | 5     | 163,580                       |
| <b>Net cash flows from financing activities</b>                  |       | <b>163,580</b>                |
| Effect of foreign currency revaluation on cash                   |       | 859                           |
| <b>Net increase in cash and cash equivalents</b>                 |       | <b>105,790</b>                |
| Cash and cash equivalents at the beginning of the period         |       | -                             |
| <b>Cash and cash equivalents at the end of the period</b>        |       | <b>105,790</b>                |

## Statement of Changes in Equity

(Unconsolidated Parent company)

(in USD thousands except for number of shares)

|                                                        | Number of<br>shares | Issued<br>share<br>capital | Share<br>premium | Retained<br>earnings | Total<br>equity |
|--------------------------------------------------------|---------------------|----------------------------|------------------|----------------------|-----------------|
| <b>Shares issued on the date of incorporation</b>      |                     |                            |                  |                      |                 |
| 1 February 2021 at USD 11.63 (NOK 100) per share       | 300,000             | 3,489                      | -                | -                    | 3,489           |
| <b>Changes in share capital</b>                        |                     |                            |                  |                      |                 |
| 14 March 2021 share split                              | 2,700,000           | -                          | -                | -                    | -               |
| 14 March 2021 reduction of nominal value               |                     | (2,443)                    | 2,443            | -                    | -               |
| 14 March 2021 equity issue USD 1.18 (NOK 10) per share | 7,000,000           | 2,485                      | 5,797            | -                    | 8,282           |
| 8 April 2021 equity issue USD 2.36 (NOK 20) per share  | 63,750,000          | 22,531                     | 127,677          | -                    | 150,209         |
| Transaction costs                                      |                     | -                          | (7,894)          | -                    | (7,894)         |
| 12 May 2021 equity issue USD 2.42 (NOK 20) per share   | 3,934,314           | 1,427                      | 8,084            | -                    | 9,510           |
| Transaction costs                                      |                     | -                          | (16)             | -                    | (16)            |
| Total comprehensive income for the period              |                     | -                          | -                | (407)                | (407)           |
| <b>Balance at 31-Dec-21</b>                            | <b>77,684,314</b>   | <b>27,489</b>              | <b>136,091</b>   | <b>(407)</b>         | <b>163,173</b>  |

## Notes to the Financial Statements

### 1. General information and significant accounting policies

Norse Atlantic ASA (the “Parent”) is a holding company and the parent company of the Norse Atlantic Airways group of companies (“Norse”) comprising Norse Atlantic ASA and its underlying subsidiaries. In addition to owning the subsidiaries, the Parent enters into aircraft leases with external lessors and subleases the aircraft to its subsidiaries. These financial statements of the Parent were authorized for issue in accordance with a resolution of the Board of Directors passed on 16 March 2022.

The Parent’s accounting principles are consistent with the accounting principles of Norse, as described in Note 2 of the Company’s consolidated financial statements for the period from 01 February to 31 December 2021 (the “Period”). Note disclosures for the Parent that are similar to the information available in the consolidated financial statements are not repeated in these financial statements. The Parent was incorporated on 01 February 2021 and therefore, no comparative information is available for the period ended 31 December 2021.

Shares in the subsidiaries are measured at cost. Receivables from and loans provided to the subsidiaries are carried at amortized cost after impairment for expected credit losses.

### 2. Aircraft leases and subleases

On 29 March 2021 the Parent entered into an agreement for the lease of nine Boeing Dreamliner aircraft from AerCap Holdings NV, consisting of six Boeing 787-9s and three Boeing 787-8 aircraft (the “AerCap Leases”). The lease terms are approximately 8 years for the 787-8 aircraft and approximately 12 years for the 787-9 aircraft, measured from the inception date. Under the terms of the AerCap Leases the Parent has paid a total lease deposit of USD 8.4 million.

On 2 August 2021 the Parent entered into an agreement for the lease of six Boeing Dreamliner aircraft from BOC Aviation Ltd (the “BOCA Leases”). The lease terms are approximately 16 years per aircraft, measured from the aircraft delivery date. Under the terms of the BOCA Leases the Parent has paid a total lease deposit of USD 12 million.

On 20 December 2021 the Parent took delivery of its first aircraft, under the BOCA Lease agreement. There is no minimum lease payable under BOCA Leases during the first year following the lease commencement date. Leases under BOCA lease agreements expire on the 16th anniversary of the delivery date of each aircraft.

On the lease commencement date, being the date of delivery of the aircraft, the Parent has entered into a back-to-back sublease agreement with one of its subsidiaries, Norse Atlantic Airways AS, the airline operating the aircraft. At the inception of the sublease, the Parent has recognized a receivable (financial asset) at an amount equal to its net investment in the lease.

The interest rate used to discount the cashflows in the sub-lease is the same as the interest rate implied in the corresponding external lease. For the duration of the sub-lease, the Parent will recognize finance income equal to the amounts and pattern of the Parent's finance costs from the corresponding external lease.

As at 31 December 2021 the Parent has recognized USD 119.8 million as *Lease receivable from subsidiaries* in its statement of financial position for the sublease entered into on 20 December 2021. No principal repayment towards the lease receivables have been received during the period ended 31 December 2021.

## 2.1. Lease liabilities to the external lessor

| <i>(In thousands of USD)</i>     | <b>31-Dec-21</b> |
|----------------------------------|------------------|
| Initial measurement              | 115,085          |
| Lease payments during the period | -                |
| Interest accrued                 | 35               |
| Interest paid                    | -                |
| <b>Balance as at 31-Dec-2021</b> | <b>115,120</b>   |
| <i>Of which:</i>                 |                  |
| Due within 12 months             | 215              |
| Due after 12 months              | 114,905          |

## 2.2. Aircraft lease deposits

The Parent has paid security deposits for each aircraft that are refundable after redelivery of the respective aircraft once the individual lease expires or in the event of the external lessor failing to deliver the aircraft to the Parent. The nominal value of total deposits paid as at 31 December 21 is USD 20.4 million. Up until the date of delivery of each aircraft by the external lessors to the Parent, the security deposits are refundable in full. Once each aircraft is delivered, the security deposit becomes refundable at the expiration of the respective lease. The Parent has initially recorded the deposits at their nominal value. Upon delivery of each aircraft, the Parent remeasures the relevant deposit to its fair value on the date of delivery and the difference between the fair value and the nominal value of the deposit is included in the Parent's net investment in the lease. Subsequent to such measurement at fair value, the deposits are carried at amortized cost.

### 2.3. Aircraft preparation investments

The cost of preparing aircraft for delivery, including aircraft surveys and livery expenditure are capitalized as initial direct costs and included in the net investment in the lease as the Parent takes delivery of each aircraft. As at 31 December 2021 the Parent has capitalized USD 2.2 million for initial direct costs that will be allocated to the aircraft to be delivered in 2022.

### 2.4. Provision for redelivery costs

As per the terms of external aircraft lease agreements, the Parent is obliged to redeliver the aircraft to the lessors at the expiry of the lease term in certain redelivery condition as prescribed in the lease agreements. As at 31 December 2021 the Parent has recognized a provision of USD 3.0 million in its statement of financial position towards such aircraft restoration and return costs.

### 2.5. Other information related to leases

As described under Note 2 above, the Parent has entered into agreements to lease a total of fifteen aircraft, of which one has been delivered as at 31 December 2021. The Parent's exposure to future cash outflows related to leases not yet commenced as at 31 December 2021 is approximately USD 1140.3 million.

During the first year from commencement of BOCA leases and first two years for AerCap leases, the Parent is obligated to make variable lease payments based on the usage of the aircraft subject to each lease. The Parent has not made any variable lease payments during the Period.

Refer to Note 10.2 *Liquidity risk* for the maturity profile of the lease liabilities disclosed under Note 2.1 above.

## 3. Investment in subsidiaries

The Parent's direct investment in subsidiaries as at 31 December 2021 is as follows:

*(in thousands of USD)*

| Name of the subsidiary                 | Country of incorporation | Equity interest as at 31-Dec-21* | Equity investment at cost |
|----------------------------------------|--------------------------|----------------------------------|---------------------------|
| Norse Atlantic Airways AS              | Norway                   | 100%                             | 29,690                    |
| Norse Atlantic US Holding AS           | Norway                   | 100%                             | 5                         |
| Norse Atlantic UK Ltd                  | UK                       | 100%                             | 5,402                     |
| <b>Total equity investment at cost</b> |                          |                                  | <b>35,097</b>             |

\*Voting rights are equivalent to shareholding for all companies.

As at 31 December 2021, the Parent also owns 100% of the share capital of Norse Atlantic USA LLC through its subsidiary, Norse Atlantic US Holding AS.

## 4. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks.

| <i>(In thousands of equivalent USD)</i> | 31-Dec-21      |
|-----------------------------------------|----------------|
| USD                                     | 83,995         |
| NOK                                     | 19,424         |
| GBP                                     | 2,101          |
| EUR                                     | 270            |
| <b>Total cash and cash equivalents</b>  | <b>105,790</b> |

## 5. Share capital

The Parent has one class of ordinary shares and accounts for these shares as equity. Incremental costs directly attributable to the issue of new shares are recorded in equity as a reduction from the gross proceeds from the issue of shares.

At 31 December 2021 the Parent's authorized and issued number of shares are 77,684,314 shares, all with par value NOK 3 per share.

*(in USD thousands except for number of shares)*

|                                                        | Number of<br>shares | Issued<br>share<br>capital | Share<br>premium | Total          |
|--------------------------------------------------------|---------------------|----------------------------|------------------|----------------|
| <b>Shares issued on the date of incorporation</b>      |                     |                            |                  |                |
| 1 February 2021 at USD 11.63 (NOK 100) per share       | 300,000             | 3,489                      | -                | 3,489          |
| <b>Changes in share capital</b>                        |                     |                            |                  |                |
| 14 March 2021 share split                              | 2,700,000           | -                          | -                | -              |
| 14 March 2021 reduction of nominal value               |                     | (2,443)                    | 2,443            | -              |
| 14 March 2021 equity issue USD 1.18 (NOK 10) per share | 7,000,000           | 2,485                      | 5,797            | 8,282          |
| 8 April 2021 equity issue USD 2.36 (NOK 20) per share  | 63,750,000          | 22,531                     | 127,677          | 150,209        |
| Transaction costs                                      |                     | -                          | (7,894)          | (7,894)        |
| 12 May 2021 equity issue USD 2.42 (NOK 20) per share   | 3,934,314           | 1,427                      | 8,084            | 9,510          |
| Transaction costs                                      |                     | -                          | (16)             | (16)           |
| <b>Balance at 31-Dec-21</b>                            | <b>77,684,314</b>   | <b>27,489</b>              | <b>136,091</b>   | <b>163,580</b> |



## 5.1. Largest shareholders

The Parent's largest 20 shareholders as at 31 December 2021 were as follows:

| Name                               | Number of shares  | Ownership   | Voting rights |
|------------------------------------|-------------------|-------------|---------------|
| B.T Larsen & Co Limited            | 9,652,311         | 12%         | 12%           |
| Verdipapirfondet Delphi Nordic     | 5,245,341         | 7%          | 7%            |
| Verdipapirfondet DNB smb           | 4,951,279         | 6%          | 6%            |
| Skagen Vekst Verdipapirfond        | 4,635,038         | 6%          | 6%            |
| J.P. Morgan bank Luxembourg s.a.   | 3,375,000         | 4%          | 4%            |
| Kvantia AS                         | 3,099,884         | 4%          | 4%            |
| UBS AG                             | 2,831,489         | 4%          | 4%            |
| Verdipapirfondet Pareto Investment | 1,610,000         | 2%          | 2%            |
| Verdipapirfondet KLP Aksjenorge    | 1,400,000         | 2%          | 2%            |
| Goldman Sachs International        | 1,329,500         | 2%          | 2%            |
| Verdipapirfondet First Generator   | 1,200,000         | 2%          | 2%            |
| J.P. Morgan Bank Luxembourg s.a.   | 1,171,844         | 2%          | 2%            |
| Verdipapirfondet Delphi Kombinasjo | 1,057,718         | 1%          | 1%            |
| J.P. Morgan Securities Plc         | 1,001,216         | 1%          | 1%            |
| Verdipapirfondet Delphi Norge      | 1,000,000         | 1%          | 1%            |
| Brumm AS                           | 1,000,000         | 1%          | 1%            |
| HBK Holding AS                     | 1,000,000         | 1%          | 1%            |
| Skandinaviska Enskilda Banken AB   | 944,737           | 1%          | 1%            |
| Sparebank 1 Markets AS             | 939,334           | 1%          | 1%            |
| MP pensjon pk                      | 889,000           | 1%          | 1%            |
| Other shareholders                 | 29,350,623        | 38%         | 38%           |
| <b>Total number of shares</b>      | <b>77,684,314</b> | <b>100%</b> | <b>100%</b>   |

## 5.2. Shares held by Key Management and Board of Directors

Shares directly or indirectly held by members of the Boards of Directors as at 31 December 2021 were as follows:

|                         |                     | Number of shares |
|-------------------------|---------------------|------------------|
| Terje Bodin Larsen      | Chair of the Board  | 100,000          |
| Bjørn Kjos              | Member of the Board | 1,500,000        |
| Aase Kristine Mikkelsen | Member of the Board | -                |

Norse Atlantic ASA has no Key Management personnel as they are employed directly in a subsidiary.

## 6. Financial assets and liabilities

Financial assets measured at amortized cost are as follows:

| <i>(in thousands of USD)</i>                    | <b>31-Dec-21</b> |
|-------------------------------------------------|------------------|
| Aircraft lease deposits                         | 18,706           |
| Lease receivable from subsidiaries              | 119,797          |
| Other receivable from subsidiaries              | 409              |
| Trade and other receivables                     | 485              |
| Cash and cash equivalents                       | 105,790          |
| <b>Total financial assets at amortised cost</b> | <b>245,187</b>   |

Financial liabilities measured at amortized cost are as follows:

| <i>(in thousands of USD)</i>                         | <b>31-Dec-21</b> |
|------------------------------------------------------|------------------|
| Trade and other payables                             | 1,178            |
| <b>Total financial liabilities at amortised cost</b> | <b>1,178</b>     |

## 7. Income tax

The Parent's income tax expense for the Period was as per below:

| <i>(in thousands of USD)</i>      | <b>From 1-Feb to<br/>31-Dec-21</b> |
|-----------------------------------|------------------------------------|
| <b>Current tax:</b>               |                                    |
| Tax payable                       | -                                  |
| <b>Deferred tax</b>               |                                    |
| Changes in deferred tax           | (1,955)                            |
| Deferred tax asset not recognized | 1,955                              |
| <b>Income tax expense</b>         | <b>-</b>                           |

No tax expense is included in other comprehensive income or directly in equity.

Below is a reconciliation of the effective rate of tax and the tax rate in Norway:

*(in thousands of USD)*

|                                                | From 1-Feb<br>to<br>31-Dec-21 |
|------------------------------------------------|-------------------------------|
| Pre-tax profit for the Period                  | (407)                         |
| Income taxes calculated at 22%                 | (90)                          |
| Deductible expenses related to equity issues   | (1,737)                       |
| Non-deductible expenses                        | -                             |
| Other effects due to timing and exchange rates | (128)                         |
| Deferred tax asset not recognized              | 1,955                         |
| <b>Income tax expense</b>                      | -                             |

The following table details net deferred tax liabilities/(assets) as at 31 December 2021:

*(in thousands of USD)*

|                                                                                               | 31-Dec-21      |
|-----------------------------------------------------------------------------------------------|----------------|
| <b>Deferred tax assets</b>                                                                    |                |
| Tangible assets                                                                               | 474            |
| Tax losses carried forward                                                                    | (2,429)        |
| <b>Net deferred tax liabilities (assets)</b>                                                  | <b>(1,955)</b> |
| <i>Of which recognized in the consolidated statement of financial position at the yearend</i> | -              |

The Parent has not recognized any deferred tax assets during the Period. At this start-up phase, while Norse have not yet commenced revenue generating activities, it is not certain about the timing and amount of tax losses that may be utilized in the future.

## 8. Earnings per share

Basic earnings per share is calculated based on the net profit attributable to ordinary shareholders for the period divided by the weighted average number of shares in issue during the same period. The Parent has no potentially dilutive equity instruments in issue as at 31 December 2021.

|                                                       | From 1-Feb-21<br>to<br>31-Dec-21 |
|-------------------------------------------------------|----------------------------------|
| <i>(in USD thousands except for number of shares)</i> |                                  |
| Profit/(loss) for the period                          | (407)                            |
| Weighted average number of shares outstanding         | 62,673,409                       |
| Basic and diluted EPS (in USD per share)              | (0.01)                           |

## 9. Related parties

### 9.1. Transactions and balances with subsidiaries

During the period ended 31 December 2021, the Parent has provided below interest-free cash advances to its subsidiaries.

*(in thousands of USD)*

| <b>Name of the subsidiary</b>             | <b>31-Dec-21</b> |
|-------------------------------------------|------------------|
| Norse Atlantic Airways AS                 | 406              |
| Norse Atlantic US Holding AS              | 3                |
| <b>Total receivable from subsidiaries</b> | <b>409</b>       |

Above receivables are repayable within 12 months from the balance sheet date.

### 9.2. Payments to the Board of Directors

The total remuneration paid by the Parent to its Board of Directors during the Period was as follows:

*(in thousands of USD)*

| <b>Director</b>           | <b>Date of appointment</b> | <b>Date of resignation</b> | <b>Board remuneration paid</b> |
|---------------------------|----------------------------|----------------------------|--------------------------------|
| Terje Bodin Larsen        | 01-Feb-21                  |                            | 32                             |
| Bjørn Kjos                | 12-Apr-21                  |                            | 16                             |
| Aase Kristine Mikkelsen   | 12-Apr-21                  |                            | 16                             |
| Dagfinn Andersen          | 11-Mar-21                  | 12-Apr-21                  | -                              |
| Ellen Hagen               | 11-Mar-21                  | 12-Apr-21                  | -                              |
| <b>Total paid in 2021</b> |                            |                            | <b>64</b>                      |

## 10. Financial risk

As at 31 December 2021, the Parent does not have any interest-bearing debt. As at the yearend, the Parent's principal financial assets are its cash deposits held with the banks. The Parent's key financial risks are described below.

### 10.1. Foreign currency risk

The Parent's exposure to the risk of changes in foreign exchange rates primarily relates to its cash and cash equivalents held in foreign currencies.

*(In thousands of equivalent USD)*

**31-Dec-21**

**Cash and cash equivalents held in foreign currencies**

|     |        |
|-----|--------|
| NOK | 19,424 |
| GBP | 2,101  |
| EUR | 270    |

**Total cash and cash equivalents held in foreign currencies** **21,795**

**Cash and cash equivalents held in USD** **83,995**

As at 31 December 2021, 21% of the Parent's cash and cash equivalents are held in foreign currencies of which 18% is held in Norwegian Kroner ("NOK"). A hypothetical change in the NOK:USD exchange rate by 5% would result in a gain or loss of approximately USD 1 million being recognized in the Parent's statement of comprehensive income.

## 10.2. Liquidity risk

The following table shows the maturity profile of the Parent's financial liabilities as at 31 December 2021 based on the contractual payment terms. The amounts disclosed below are undiscounted cash flows.

| <i>(In thousands of USD)</i>   | Within<br>6<br>months | 6-12<br>months | 1-2<br>years  | 3-5<br>years  | More<br>than 5<br>years | Total          |
|--------------------------------|-----------------------|----------------|---------------|---------------|-------------------------|----------------|
| Aircraft lease payments        | -                     | 247            | 16,680        | 25,020        | 83,131                  | 125,078        |
| Trade and other payables       | 1,178                 | -              | -             | -             | -                       | 1,178          |
| <b>Total as at 31-Dec-2021</b> | <b>1,178</b>          | <b>247</b>     | <b>16,680</b> | <b>25,020</b> | <b>83,131</b>           | <b>126,256</b> |

## 10.3. Credit risk

Credit risk is the risk that a counterparty defaults on its contractual obligations, resulting in financial loss to the Parent. The Parent is exposed to credit risk primarily from cash held at bank and aircraft lease deposits. The Parent manages its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks. As at 31 December 2021 all of the Parent's cash and cash equivalents were held with Nordea Bank. The Parent manages its counterparty risk relating to aircraft lease deposits by entering leases with internationally renowned aircraft lessors. At 31 December 2021 the Parent had deposits with AerCap Holdings NV and BOC Aviation Ltd.

## **11. Events after balance sheet date**

### **11.1. Delivery of aircraft**

After the balance sheet date and to the date of approval of these financial statements, the Parent has taken delivery of eight additional aircraft.

### **11.2. Purchase of Treasury Inflation-Protected Securities**

On 23 February 2022 the Parent purchased USD 25 million of US Treasury Inflation-Protected Securities in order to reduce the Parent's exposure to inflation risk.

### **11.3. Situation in Ukraine**

The tragedy unfolding in Ukraine creates uncertainties within international air transport, though the full consequences to Norse are as yet unknown. Fuel price has increased and this may lead to higher fuel costs in the future for all airlines, including Norse. The closure of Russian airspace may reduce the offering to European travellers eastwards and could lead to even more people travelling from Europe to the US, while may also reduce the number of overall travellers on Norse's planned network due to uncertainty. The airspace closure may lead to further transatlantic competition if airlines adjust their network correspondingly. The current market situation is heavily impacted by this tragic event and to ensure that the Company enters the market at the right time, Norse has adjusted its launch of ticket sales and initial route offering; the company plans ticket sales to commence in April and first flight is expected to be in June 2022.

**Terje Bodin Larsen**  
Chairman

(Signed electronically)

**Bjørn Kjos**  
Board member

(Signed electronically)

**Aase Mikkelsen**  
Board member

(Signed electronically)

**Bjørn Tore Larsen**  
CEO

(Signed electronically)

Arendal, 16 March 2021

To the General Meeting of Norse Atlantic ASA

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[www.rsmnorge.no](http://www.rsmnorge.no)**Independent Auditor's Report***Opinion*

We have audited the financial statements of Norse Atlantic ASA, which comprise:

- The financial statements of the parent company Norse Atlantic ASA (the Company), which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norse Atlantic ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

*Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information*

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appears to be

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materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Social Responsibility.

*Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Arendal, 16 March 2022  
RSM Norge AS

Eirik Halvorsen  
State Authorised Public Accountant  
(This document is signed electronically)



