



NORSE

Annual Report 2022



Contents

- 04 Letter from CEO
- 09 Board of Directors' Report
- 32 Corporate Social
Responsibility
- 34 Financial Statements
- 92 Key Figures and Alternative
Performance Measures

Letter from the CEO

Dear Shareholders

Norse Atlantic Airways was set up in 2021 to become the leading low-cost, long-haul airline, with a particular focus on the transatlantic market.

Our business model is simple and focused: we fly non-stop, direct flights in major markets, reducing complexity and overheads, and thus costs. We offer flexible, a la carte ticket options where customers don't have to pay for what they don't want or need, as well as bundled fares with many products included. Ancillary revenue per passenger is among the highest in the industry; and will be even higher in the future as we aim to be the airline in the world with highest ancillary revenue per passenger.

Low-cost does not mean cheap appearance or poor service. We offer comfortable Economy Class seats with excellent inflight entertainment, and perhaps the best premium class in the world – the NORSE Premium Class.

Our primary market is leisure travellers, but we have also become popular among business travellers who find us to provide excellent, reliable service and real value for money.

Whilst flying passengers is our main source of income, cargo has become an increasingly important part of our revenue mix, and we are now the preferred choice of many shippers who can enjoy first class service on direct flights.

Apart from operating our own scheduled routes, we fly charters and wet lease for various governmental and private organizations, tour operators and other airlines who require extra capacity. Our crew, aircraft and operations have been very well received by these charterers; several are repeat customers with whom we have achieved a preferential status.

We fly an ultra-modern and uniform fleet of Boeing 787 Dreamliners, the most environmentally friendly and cost-effective aircraft in class.

Yet, our real competitive advantage is the professional and passionate people of Norse, including our flight attendants and pilots, customer care agents,





mechanics and technicians, ground handlers and logistics personnel, as well as everyone working behind the scenes at our operational control centre, at our crew bases and offices in Norway, United Kingdom, France and the US.

Ramping up a long-haul airline from scratch is capital intensive, and requires massive investments in people, training and systems before operations can commence. We have put the money to good use and have recruited a group of fantastic people who all share an entrepreneurial spirit, ready to continue building the airline through 2023 and the years to come.

An important pillar for us, is our positive and productive relationships with international unions. Our ambition is to be a serious employer, providing long-term job security and well-paid jobs, in a sustainable and profitable company. This has received widespread praise, with the AFA International President Sara Nelson commenting that “Norse Atlantic makes the case for being the number one airline in the world for workers and we encourage the traveling public to support it”. I am truly grateful for the recognition that has been displayed by all parties as Norse Atlantic continues to set new standards in labour relations and openness between colleagues and unions.

In April 2022 we launched flynorse.com and began ticket sales from Oslo to New York, Los Angeles, Fort Lauderdale and Orlando. This was followed a month later by the launch of sales from London to New York and Oslo, and then Berlin to New York in June. Towards the end of the year ticket sales between Paris and New York JFK were launched.

The maiden flight from Oslo to New York JFK took off on 14 June and marked the culmination of many months of planning, preparation and training. In August Norse Atlantic operated the first flights from London Gatwick and Berlin to the US, marking Norse’s entry into the wider European market.

As the highs of post-Covid travel demand began to subside into the winter season we were quick to trim the winter schedule to reduce operating losses. Agility and mobility remain a key strength of our company, allowing us to adapt to changing trading environments. During the traditionally more challenging winter months surplus aircraft and crew were chartered to other operators and flew to South Asia and the Caribbean.

In April 2022 we announced the sublease of four aircraft to Air Europa, with a fifth aircraft joining in the latter half of the year. These respective 18-month leasing agreements generated a positive

cash flow for the company and will continue to do so until we will ramp-up to full capacity in 2024.

In November the company announced the completion of a USD 30 million equity raise to maintain a targeted cash buffer following a requirement from UK air authorities to invest USD 46 million for use only by the company’s wholly owned UK subsidiary, Norse Atlantic UK. The private placement was one and a half times oversubscribed.

Whilst we have achieved a lot and done many things right, we have also made our fair share of mistakes, many small and some bigger ones. These mistakes are my responsibility, and we shall do everything we can not to repeat them. The people in Team Norse – whom I am very proud of – have overcome our challenges and seized on opportunities at every turn.

I am also very lucky to have onboarded Charles Duncan as President of the airline from the start of 2023. Apart from an impressive track record in aviation, Charles comes with a combination of energy, competence and passion that will greatly complement our management team and make us even better equipped to create a successful company.

Looking ahead we will continue to bring affordability to long-haul travel on key routes between Europe and the US, as well as winter sun destinations. I would like to thank my colleagues, our shareholders, union partners, authorities, travel and tourism organizations, our lessors, Boeing, Rolls-Royce and other suppliers for their ongoing support as we continue our journey to be the leading low-cost, long-haul airline.

And the biggest thanks of all, goes to our customers. You are the reason we exist.

Welcome on board!

Sincerely,
Bjørn Tore Larsen
CEO and Founder



Board of Directors' Report

About Norse Atlantic Airways

Norse Atlantic Airways is a new long-haul airline that offers affordable fares on transatlantic routes. The Company was founded in March 2021 by Bjørn Tore Larsen, who is also the CEO and the major shareholder of the airline. The Company headquarters are located in Arendal, Norway, and holds a Norwegian AOC (Air Operator's Certificate) through Norse Atlantic Airways AS and a UK AOC through Norse Atlantic UK Ltd. The AOC entities are 100 percent owned by Norse Atlantic ASA, a publicly traded company listed on the Euronext Growth Exchange in Oslo, Norway. Norse Atlantic ASA and its subsidiaries combined, are commonly referred to as "Norse", "Norse Atlantic Airways", or the "Company".

Norse Atlantic Airways commenced commercial flight operations in June 2022. The Company serves the intercontinental market with modern, fuel-efficient, and more environmentally friendly Boeing 787 Dreamliners. The entire fleet consists of 15 aircraft, with 10 aircraft under own operations and five aircraft on sublease to a third party.

Comparative figures

Since 2022 was the Company's first period of revenue generating activities, following its incorporation in 2021, then comparative figures are less relevant and have not been included in all analysis below.

Main events in 2022 and post-yearend

2022

- First period of operating activities through a full financial period, following Norse's first flight 14 June 2022
- Operating loss USD 146 million, driven by low number of flights during start-up period, 63 percent load factor, high fuel price and USD 82 million non-cash lease accounting costs
- Revenues of USD 104 million; average passenger revenue USD 262 per passenger
- All 15 aircraft delivered to Norse by year end, 14 on full Power by the Hour ("PBH") terms; 5 aircraft subleased out at 31 December 2022
- Double impact of lease costs during Power by the Hour as both variable (ie. PBH) costs and right-of-use asset amortization recognized in income statement
- Completion of USD 30 million private placement in December
- Total cash at year end USD 70 million

Post-yearend

- Charles Duncan was appointed as President of Norse
- The final summer 2023 season tickets went on sale on 28 February 2023
- Strong sales momentum for summer 2023 season
- Ready for ramp-up to fully operational fleet in summer 2023, including six aircraft based at London Gatwick
- First ever commercial flight on the UK AOC on 26 March 2023, while Norse launched its first flight from Paris the same day
- Initial winter 2023 season tickets went on sale end March 2023
- On 13 April 2023 the Company launched a repair offering in relation to its 2022 equity offering, which was closed on 20 April 2023, raising a total gross amount of NOK 150 million (USD 14,2 million equivalent)
- Norse has applied for a contemplated uplisting from Euronext Growth to the Euronext Expand Oslo Stock Exchange regulated market, to reflect the market position of the Company and accommodate high quality institutional investors. The uplisting is expected to take place from 28 April 2023, subject to approval from the Oslo Stock Exchange (Oslo Børs ASA)

Following the Company's first commercial flight on 14 June 2022 – just 14 months after Norse Atlantic ASA ("Norse", "Norse Atlantic Airways" or the "Company") was formed and the IPO completed – 2022 marked a number of milestones in Norse's short history as it launched several new routes from new European and US cities as it gradually increased from one aircraft in operation at the end of June to four at the yearend. Norse flew over 289,000 passengers and operated 1,427 flights successfully during the Period.

The Company recorded an average load factor for 2022 of 61 percent, with a monthly high during the peak summer month of July at 86percent and a monthly low of 50 percent during the normal historically low demand month of November. Norse achieved a robust operational performance, flying over 99 percent of scheduled flights, with the few cancellations being due to adverse weather conditions outside the Company's control.

During 2022 Norse was awarded a UK AOC (Aircraft Operating Certificate) and operating License by the UK Civil Aviation Authority, and subsequent authorisation from the US Department of Transport to operate flights between the UK and US, which will open up a key market for the Company. Additionally, Norse secured further landing slots at London Gatwick and JFK New York, which Norse will utilize from the summer 2023 season as it ramps-up production. This enables Norse to become the largest transatlantic carrier from London Gatwick from mid-summer 2023, at which point the Company expects to be utilizing its full fleet of 15 aircraft, with 10 aircraft under own operations and five aircraft on sublease to a third party.

Norse completed a private placement equity raise of gross NOK 300 million (approximately USD 30 million) during 2022. The proceeds are used in relation to maintain a sufficient liquidity balance following a requirement from the UK air authorities to ring fence an amount in relation only to Norse's wholly owned UK subsidiary, Norse Atlantic UK Ltd, as well as general corporate purposes. In relation to the private placement, Norse committed to

carry out a repair offering during the first half of 2023 to ensure equal treatment of all shareholders, which was completed on 20 April 2023, raising an additional gross NOK 150 million (approximately USD 14,2 million).

During the Period Norse launched partnerships with major European and US airlines, easyJet, Norwegian and Spirit Airlines, and with Vueling in 2023, that allows passengers to connect in a virtual interline arrangement, powered by Dohop.

The Company took a careful approach to increasing production during 2022, choosing to fly an average of four aircraft through the seasonally low winter season, allowing Norse to focus on preparations for ramping-up production from summer 2023 season, starting with adding Paris from 26 March 2023 and flying with five aircraft based at London Gatwick by the middle of 2023.

Cargo revenues recorded in the Period totalled USD 10 million, an amount equivalent to 10 percent of Norse's overall revenues. Norse completed its first charter flights during the latter part of the Period, flying nine charters in November and 21 in December 2022, with charter activity continuing into 2023. The charters were mainly done for the Norwegian Government as well as one global tour operator for winter holiday destinations in the Caribbean and the Far East.

Norse has a fleet of 15 modern, fuel-efficient and environmentally friendly Boeing 787 Dreamliners at historically low pricing and favourable lease terms, including Power by the Hour payments for a minimum period of the first 12 months after respective aircraft deliveries. As of 31 December 2022, all aircraft are delivered, with five subleased out to a third party for a duration of 18 months each. The total revenue from the aircraft sublease component is expected to be in excess of USD 50 million over the term of the subleases. The five aircraft subleased to a third party are expected to be returned to Norse during the first half of 2024 and by mid-summer 2024 Norse plans to utilize all 15 aircraft in its own operations.

Business and 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.

Customer value

Norse offers a high-value product to customers by providing affordable fares to popular 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 including New York, Los Angeles, Fort Lauderdale, Orlando, Oslo, London, Berlin, Rome, and Paris. The overriding goal is always to offer affordable fares for the our customers.

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. The Company emphasizes a fruitful employer-employee relationship and has entered into agreements with unions in the US, UK and Norway. The Norse values – Inclusiveness, Ownership and Kindness – have been created by the Norse employees for the Norse employees.

Low-cost base

Norse has a low-cost base business model and approach. Norse has secured economical aircraft

at attractive rates and payment terms, allowing the Company a flexible implementation during the start-up period of its operation, with the Company 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. Being in a start-up phase 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.

Industry and market overview

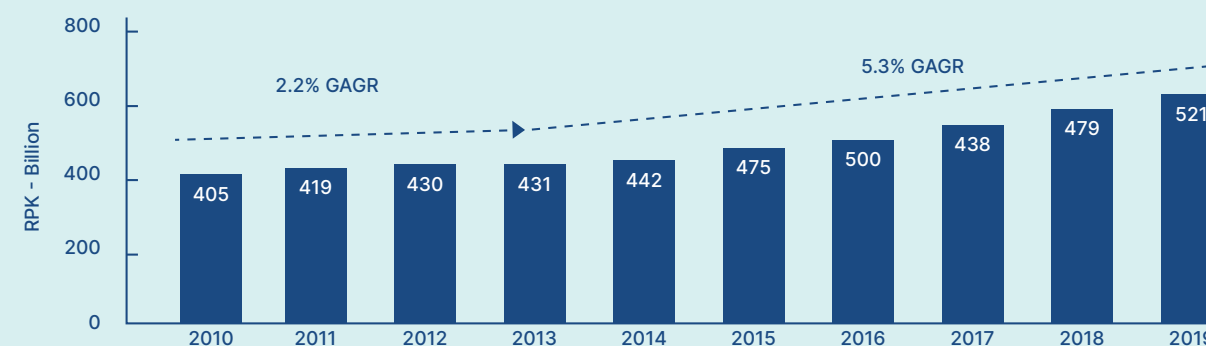
Norse has established itself in the market for low-cost long-haul flights between Europe and North America (the "Transatlantic Market"), with an initial focus on proven and popular routes from Europe to the US.

The Transatlantic Market is a large leisure market with approximately 34 million passengers and 150,000 flights each way per year prior to Covid, according to European Travel Commission from Q2 2019.¹ The Transatlantic Market saw a turning point in 2013 as a result of route expansion by legacy carriers and the entry of low-cost airlines into the market, growing by 5.3 percent annually measured in revenue passenger kilometres ("RPK") between 2013 and 2019, as depicted in Figure 1 below. Centre For Aviation estimated that, by mid-October 2022, bookings from the US to the Eurozone were only 40 percent of the 2019 level and 80 percent from Eurozone to the US.²

In 2020, the global aviation market experienced its biggest shock since World War 2, pushing traffic



Figure 1
RPK - Europe & North America



Source: Boeing commercial market outlook 2022-2041³. "CAGR" = "Compounded Annual Growth Rate"

down by approximately 65 percent relative to 2019⁴ according to the International Air Transport Association ("IATA"). Global RPK dropped from 8.64 trillion kilometres in 2019 to 2.91 trillion kilometres in 2020 as illustrated in Figure 2 below. Previously,

the adverse impacts on aviation of the 9/11 terrorist attacks and the global financial crisis in 2007-2008 were thought dramatic, but neither had an impact that compares to the COVID-19 crisis.

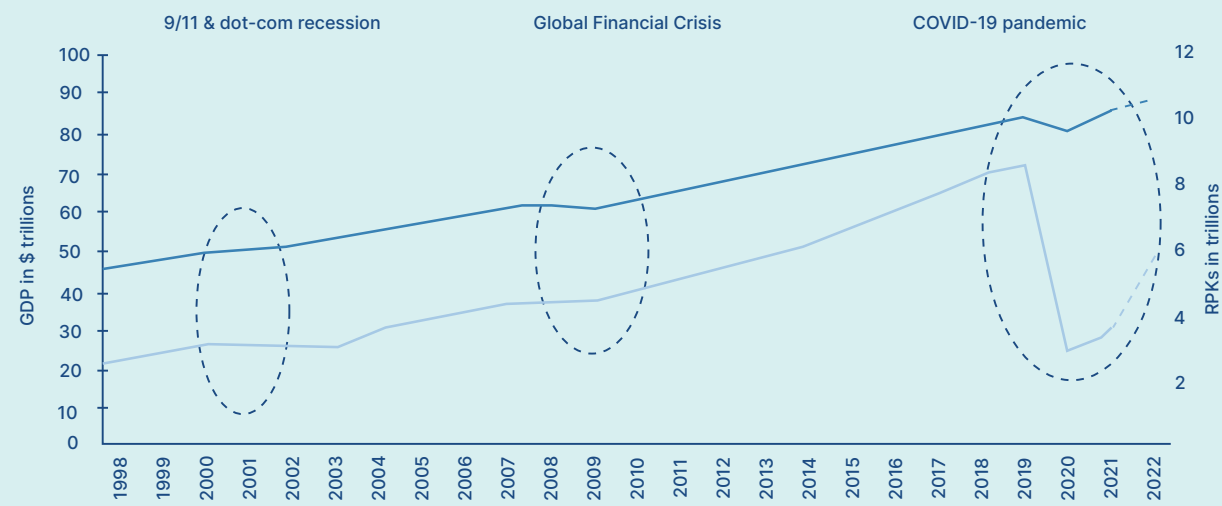
¹ Source: European Travel Commission, European Tourism: Trends & Prospects, Quarterly Report (Q2/2019)

² Source: <https://centreforaviation.com/analysis/reports/europe-aviation-recovery-slips-winter-schedules-may-be-trimmed-628004>

³ Source: <https://www.boeing.com/commercial/market/commercial-market-outlook/index.page>

⁴ Source: International Air Transport Association, Annual Review 2020

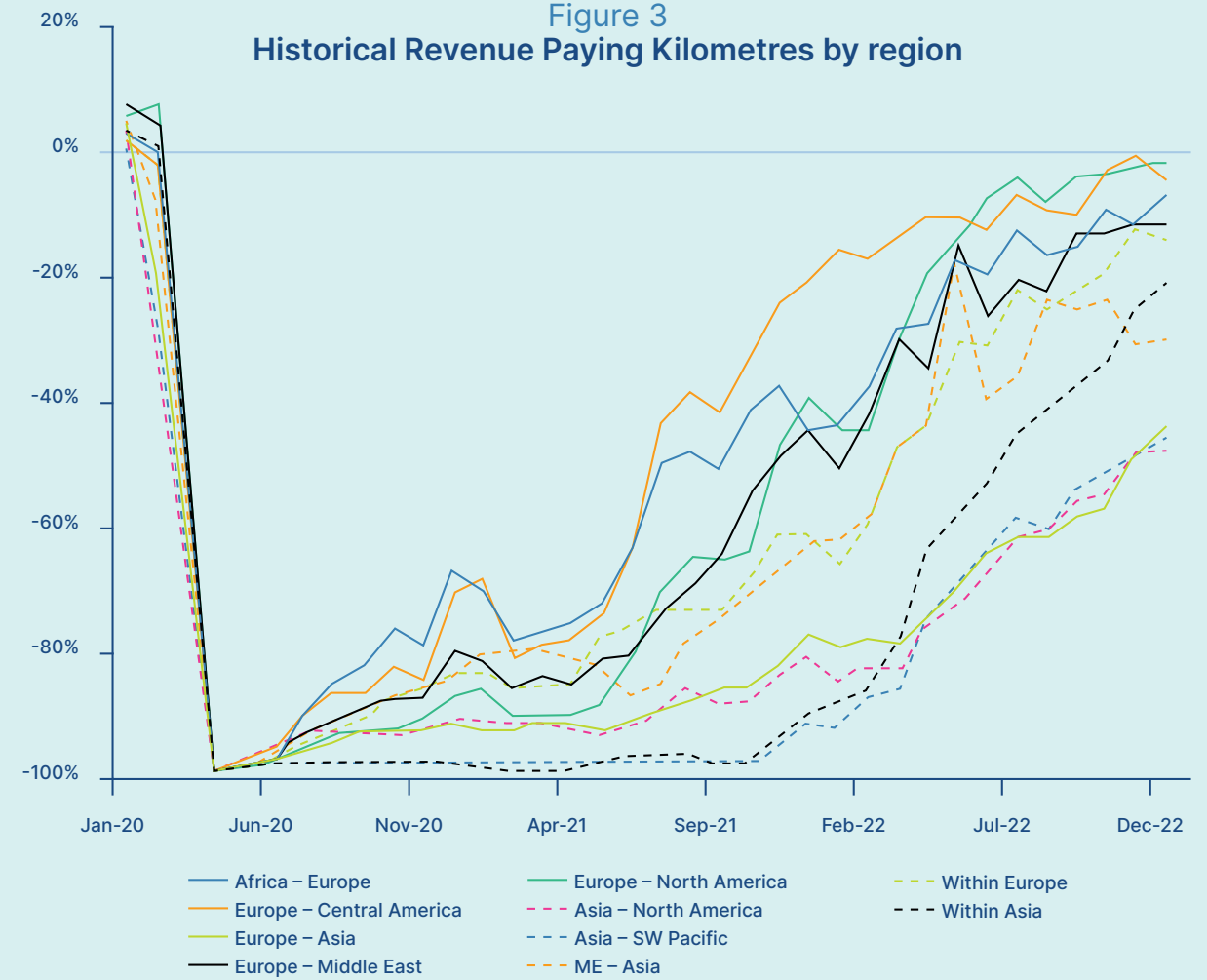
Figure 2
Historical Global Air Traffic (Revenue Paying Kilometres) compared to economic activity (measured by world Gross Domestic Product)



Source: Boeing CMO 2022 report

https://www.boeing.com/resources/boeingdotcom/market/assets/downloads/CMO-2022-Hulst_Presentation_v01.pdf

Figure 3
Historical Revenue Paying Kilometres by region



Source: IATA Air Passenger Market Analysis December 2022

<https://www.iata.org/en/iata-repository/publications/economic-reports/air-passenger-market-analysis---december-2022/>

Norse considers the shock to the global aviation market to be a unique opportunity for the Company, by having secured what the Company considers to be attractive lease terms for its aircraft, capitalise on the recovery that the

Company expects to see in the aviation market. According to IATA, the aviation market for travel between Europe and North America has by December 2022 recovered almost to 2019 levels as illustrated on the following page.

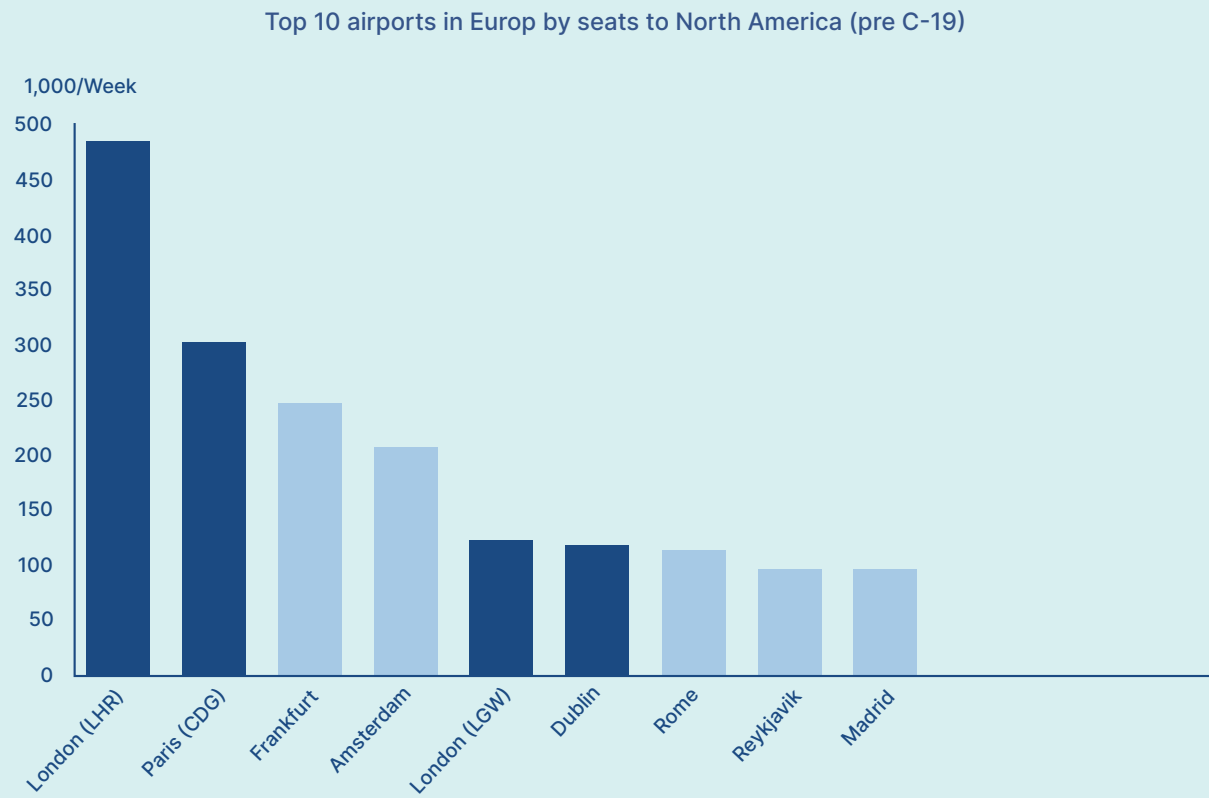
Norse has leased out five aircraft to another airline for the summer season 2023, which allows the Company to phase in the total of 15 aircraft gradually – with 9 operational aircraft and 1 operational spare for the 2023 summer season.

In the fall of 2022 the Company made the move to reduce the capacity from Oslo and Berlin for the 2022 winter season, a season for which the

Company's UK AOC was not yet operating. Going forward, a significant part of the Company's capacity will be operated from London which is the largest European market to/from the USA.⁵ The Company was in 2022 presented with the unique opportunity to acquire 5 daily slot pairs at London Gatwick for the summer 2023 season at no cost to the airline.

⁵ Source: <https://www.oag.com/busiestic-airports-world>

Figure 4
The busiest airports in Europe by seats to North America (2019)



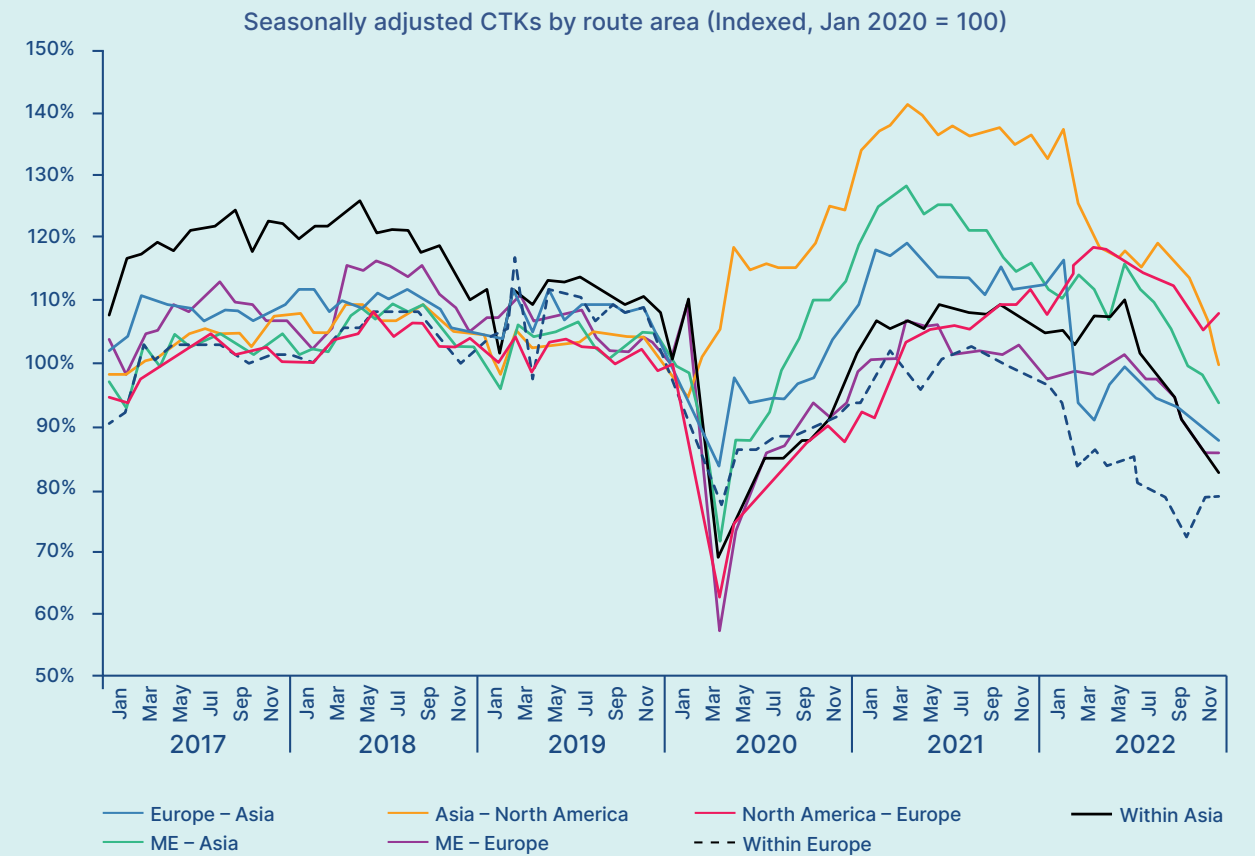
Source: Pareto research based on
<https://www.oag.com/busiest-airports-world>

Paris will be another key network point for the Company, though it has chosen to enter the market cautiously given the changes in the type and amount of competition compared to 2019, as well as the current fuel price which is affecting the commercial performance of longer sectors. Together with other untested markets, the Company

has chosen to enter them rationally and carefully whilst limiting the number of operational bases.

In the US there will be an increased network focus on high-density routes to the East Coast in summer season 2023, further reducing average sector length.

Figure 6
Cargo market by segment, indexed



Source: IATA Economics, IATA Monthly Statistics by Route

In addition to the key market for passenger transport, the Company is also present in the market for air cargo. A report by IATA calculates that the market for air cargo between North America and Europe fell 40 percent from 2019 to 2020, but in 2022 recovered to pre-Covid levels.⁶

⁶ Source: <https://www.iata.org/en/iata-repository/publications/economic-reports/air-cargo-market-analysis---december-2022/>

Financial review

Cash flow

The Company's net decrease in cash and cash equivalents during the Period was USD 69.5 million, driven by net cash outflow to operations of USD 62.7 million, a net cash outflow to investing activities of USD 25.0 million and USD 22.6 million inflow from financing activities. Under financing net proceeds from the private placement equity raise are included with USD 28.9 million. The Company's cash and cash equivalents as at 31 December 2022 was USD 69.6 million, including USD 5.0 million of restricted cash.

Balance sheet

As at 31 December 2022, Norse had gross assets of USD 1.1 billion, consisting of non-current assets of USD 973.0 million and current assets of USD 117.0 million. Current assets consist mainly of USD 35.9 million of trade and other receivables and USD 64.7 million of cash and cash equivalents. Non-current assets consisted mainly of right-of-use assets related to aircraft leases and associated maintenance assets with a carrying value of USD 933.1 million. The corresponding lease liability for the aircraft was USD 961.7 million. At the Period end all but one aircraft was on full Power by the Hour flexible payment terms. Other non-current assets consist of USD 39.9 million of aircraft lease deposits, capitalized software development, aircraft maintenance reserves, and other property plant and equipment. The Company's total liabilities were USD 1.1 billion at yearend, of which non-current liabilities were USD 971.0 million, consisting of USD 925.5 million in lease liabilities and a provision of USD 45.8 million. The lease liabilities relate to the aircraft delivered in 2021 and 2022 and the provision is the estimate of redelivery costs for the same aircraft at the end of the respective lease periods. The Company had current liabilities of USD 108.4 million, of which USD 53.3 million were for trade and other payables, USD 36.2 million was for the current portion of lease liabilities, and USD 18.9 million were other current liabilities. The Company's

current assets at the end of the Period of USD 117.2 million exceed its current liabilities of USD 108.4 million. The Company's book equity was USD 10.5 million at the end of December 2022.

Income statement

During the 6 months of operation in 2022, the Company recorded a total operating revenue of USD 104.3 million, consisting of USD 77.6 million in revenues from passengers and USD 26.7 million in revenue from other sources. Airfare revenue averaged USD 215 per passenger and ancillary revenue USD 47 per passenger, an aggregate of USD 262 per passenger, generating USD 63.6 million and USD 13.9 million. The Company had four aircraft on sublease to a third party from around the start of the July 2022, and one aircraft that commenced sublease at the end of December 2022. The Company recorded lease rental income of USD 14.4 million during the Period. The Company have had a total net cargo revenue of USD 10.3 million and the Company performed 30 ad-hoc charter flights, recording charter revenue

of USD 1.2 million during the Period. The Company's operating expenses excluding depreciation, amortization, and aircraft leases during 2022 totalled USD 164.6 million, consisting of USD 44.5 million in personnel expenses, USD 104.5 million in aircraft operating costs and USD 15.6 million in marketing and administrative costs. Variable aircraft lease expenses were USD 27.3 million, which is the amount the Company paid in cash for Power by the Hour aircraft lease costs. Norse recognized USD 58.5 million of depreciation and amortization during the Period, of which USD 57.2 million related mainly to amortization of the aircraft right-to-use assets. Net financial expense for 2022 was USD 28.9 million, including USD 21.3 million in lease accounting interest cost. The Company recorded a net loss for the Period of USD 175.0 million, of which USD 80.3 million related to non-cash lease accounting costs. During the PBH aircraft lease period in 2022 and into 2023, the lease accounting rules are such that IFRS requires a significantly higher accounting cost in the income statement than the actual cash cost, whereas once

the PBH period finishes then Norse expects to book a lower cost in the income statement than the lease cash cost. The Board of Directors propose that the net loss is transferred to retained earnings.

Parent company's unconsolidated financial statements

The Parent raised NOK 300 million in gross equity proceeds, approximately USD 30 million, which is to be used to finance the Parent and its subsidiaries. During the Period the Parent made equity investments in subsidiaries totalling USD 25.3 million and financed a loan to subsidiaries of USD 51.8 million. The Parent's net cash outflow from operating activities was USD 45 million, including USD 45.5 million negative working capital movements.

The Parent raised NOK 300 million in gross equity proceeds, approximately USD 30 million, which is to be used to finance the Parent and its subsidiaries. During the Period the Parent made equity investments in subsidiaries totalling USD





25.3 million and financed a loan to subsidiaries of USD 31.5 million. The Parent's net cash outflow from operating activities was USD 45 million, including USD 45.5 million negative working capital movements.

Gross assets of the Parent at 31 December 2022 were USD 1,169.9 million. Non-current assets were USD 1075 million, consisting of USD 772.1 million in non-current lease receivable from subsidiaries, USD 60.4 million equity investments in subsidiaries, USD 15.6 million aircraft lease deposits, USD 51.8 million in non-current intercompany receivables and USD 175 million in aircraft Right-of-Use assets. The USD 772 million lease receivable from subsidiaries relates to the ten aircraft delivered to the Parent and which the Parent has sub-leased onwards to a subsidiary.

The Parent held USD 24.8 million in cash and cash equivalents at 31 December 2022.

The Parent's book equity value was USD 175.2 million at 31 December 2022, while total liabilities were USD 994.7 million. Non-current liabilities were USD 939.0 million, consisting of USD 910.6 million in aircraft lease liabilities and a provision of USD 28.4 million that represents the estimate of redelivery costs for the aircraft at the end of the respective leases. The Parent had current liabilities of USD 55.7 million, of which USD 18.5 million were for trade and other payables and USD 1.9 million from other current assets.

Going concern

Management and the Board of Directors take account of and considers all available information when evaluating the application of the going concern assumption.

Norse is a start-up airline established in 2021, having secured 15 modern Boeing Dreamliners on flexible and favourable long-term leases. The aircraft leases are priced at historically low prices as they were secured in 2021 at the peak of the Covid pandemic when pricing was low, while the lease rates are fixed and not subject to inflation or pricing adjustments over the remaining lifetime of approximately 11 years on average per aircraft. Current lease rate for the same aircraft type are reported to be at least 50 percent higher than the rates Norse pay.

The Company had its first flight in June 2022 and has taken a cautious approach to ramping-up, with the main planned production only scheduled to occur from mid-2023 when it will have half of its fleet based at London Gatwick, as well as flights from Paris, Rome, Berlin and Oslo, in Europe, serving New York and six other US locations. During 2022 the Company entered subleases for five of its aircraft to a 3rd party for 18 months during Norse's start-up phase while it was not intending to use the aircraft itself, providing fixed cash income.

The aviation industry remains competitive and subject to the global economy, while as a new entrant it takes time to achieve approvals, have tickets available for sale on multiple channels, become known in new markets, and build a brand. Norse now has all approvals, flying rights, slots, aircraft, among other things, in place for a successful first summer season flying on both its AOCs. Ticket sales for summer 2023 season are positive.

Being a start-up airline established in 2021, the Company has incurred losses over the first periods of operation. As per book equity as at 31 December 2022 the company has incurred losses amounting to more than half of its share capital. According to Norse the existence of off-balance values

of assets, particularly related to the significant current value of the aircraft lease contracts, as well as valuable airport landing slots, among other things, however imply that the real equity is materially higher than the book equity, and hence that the company still has sufficient underlying equity value.

The Company's cash position as at 31 December 2022 is USD 69.7 million, an amount considered satisfactory, and which is above the amount forecast by the Company in the business plan it put together for the equity raise conducted in November 2022. The Company remains able to continue to pay its liabilities as they fall due during the course of normal operations.

On 20 April 2023 Norse completed a repair offering that raised gross NOK 150 million (approximately USD 14,2 million), strengthening the equity and the cash balance with the same amount.

Based on the Company's plans and ambitions, Norse has prepared financial forecasts that show a positive development both in the group's financial results, financial position in terms of equity and in cash position. Forecasts are subject to risks and uncertainties. Some significant risk factors include, but are not limited to, factors such as degree of commercial success expressed through achieved load factors and fares, and the future development in jet fuel prices. The demand for air travel is subject to seasonal variations and can also be significantly impacted by macroeconomic factors, such as high inflation, that could have a negative impact on customers' spending behaviour. Airline fares, freight rates and passenger demand have fluctuated significantly in the past and may fluctuate significantly in the future. The Board of Directors believes that the assumptions behind the Company's forecasts are ambitious yet balanced in terms of possible outcomes. For as long as

the Company is in start-up mode there will be risks related to its longer-term success. Should the Company's forward bookings be lower than expected, or its costs be significantly higher than expected, such as due to material and unexpected increases in jet fuel prices, then the Company may be reliant on securing more financing in the future through debt or equity, or a combination.

Based on the above, in the Board of Directors' opinion, the Company's equity and cash position is appropriate for the risk and the size of the business activities. In the Board of Directors' opinion, the going concern assumption therefore is proper to apply as basis for the Company's financial statements.

Significant events subsequent to year-end

On 20 April 2023 Norse announced it had raised gross NOK 150 million (approximately USD 14,2 million) in the repair offering.

On 11 April 2023 Norse announced it had received approval of a prospectus by the Financial Supervisory Authority Norway and had launched a repair offering to raise up to NOK 150 million. Further, the Company announced that it expects to transfer the listing venue of its shares from Euronext Growth to Euronext Expand, a regulated market being part of the Euronext and operated by the Oslo Stock Exchange (Oslo Børs ASA), with the first day of trading on Euronext Expand planned for 28 April 2023, subject to approval by the Oslo Stock Exchange (Oslo Børs ASA).

On 27 March 2023 Norse announced its inaugural flight from Paris, Charles de Gaulle to New York JFK. From New York JFK, the airline now serves five European destinations this summer, including Rome, Paris, Berlin, Oslo and London.

On 10 March 2023 the Company announced a

contemplated subsequent share offering of up to 60,000,000 new shares in the Company at a price of NOK 2.50 per share (the "Subsequent Offering"), and the contemplated up-listing of the Company's shares to Euronext Expand, a regulated market being part of Euronext and operated by the Oslo Stock Exchange (Oslo Børs ASA).

On 28 February 2023 Norse made available for sale its final summer 2023 scheduled network, launching ticket sales from London Gatwick to Los Angeles, Boston, San Francisco and Washington DC (Dulles). The first flight from the UK AOC to place on 26 March 2023.

On 14 February 2023 the Company launched first ticket sales from its UK AOC holder, Norse Atlantic UK Ltd, with London Gatwick to New York (JFK), Orlando and Fort Lauderdale available for sale.

On 9 February 2023 Norse announced it had appointed Charles Duncan in the position of President. Mr Duncan has over 25 years' experience in the industry, having held senior executive and leadership roles at Westjet, Swoop, United Airlines and Continental Airlines.

On 24 January 2023 the Company announced ticket sales for its first route connecting the US and Italy, with a daily service between New York (JFK) and Rome.

Financial risk

The Company does not have any interest-bearing debt at 31 December 2022. 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>	2022	2021
Financial assets at amortised cost		
Aircraft lease deposits	15,596	20,267
Trade and other receivables	35,857	707
Cash and cash equivalents	64,709	134,252
Restricted cash	5,000	-
Total financial assets at amortised cost	121,162	155,226
Current assets - other		
<i>(in thousands of USD)</i>	2022	2021
Prepayments	6,617	654
Deposits	2,423	-
Total other financial assets at amortised cost	9,040	-
Financial liabilities		
<i>(in thousands of USD)</i>	2022	2021
Trade and other payables	53,303	2,051
Total financial liabilities at amortised cost	18,910	-
Total other financial assets at amortised cost	72,213	2,051
Total net financial items	57,989	153,175



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, aircraft lease deposits, subleases, and outstanding receivables. The Company manages its counterparty risk relating to cash held at bank and other receivables by only holding deposits at recognizable international banks and financial institutions. As at 31 December 2022 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 2022 the Company had deposits with AerCap Holdings NV and BOC Aviation Ltd. The Company's fleet currently consists of 15 delivered aircraft, five of which are currently sub-leased to a third-party lessee. All sub-leases are for a total period of 18 months from the date of delivery of the aircraft. Sublease agreements have and will be entered into on standard market terms. To reduce the credit risk, the lessee has paid a deposits equivalent to one month's rent per aircraft.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates then primarily relates to its cash and cash equivalents held in foreign currencies. Approximately half of the Company's passenger revenues are denominated in USD, and all cargo revenue and aircraft lease revenues are

in USD, hence the majority of revenues are in USD. The major operating costs, including fuel cost and aircraft lease cost, are denominated in USD, while airport and personnel costs are denominated in a mixture of USD, GBP, EUR and NOK, depending on the jurisdiction. The Company has approximately the same revenue-to-cost ratio in the four main currencies of USD, GBP, EUR and NOK. As at 31 December 2022 34 percent of the Company's cash and cash equivalents are held in foreign currencies, of which 22 percent is held in Norwegian Kroner ("NOK"). A change in the NOK:USD exchange rate by 5 percent would result in a gain or loss of approximately USD 0.6 million being recognized in the Company's statement of comprehensive income. The Company is currently not hedged for risks resulting in currency fluctuations.

Liquidity risk

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 and forecasts for liquidity reserves based on expected cash flows.

The following table shows the maturity profile of the Company's financial liabilities as at 31 December 2022 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	21,780	30,705	81,174	174,600	702,272	1,010,531
Other lease payments	1,372	1,187	2,393	4,440	16,925	26,316
Trade and other payables	72,213	-	-	-	-	72,213
Total as at 31-Dec-2022	95,364	31,892	83,567	179,040	719,197	1,109,060

Capital management

The objective of the Company is to manage capital to ensure a going concern in order to meet operational demands, minimise cost of capital and maximise the return on capital employed. The Company has initially been fully financed by equity and has no other external debt than debt arising from lease agreements.

Fuel risk

One of the Company's most material variable costs is, and will continue to be, aviation fuel, and the Company's financial performance will be materially affected by fluctuations in the price and availability of such fuel. Both the cost and availability of aviation fuel are subject to economic and political factors beyond the Company's control. Any increase in the price of aviation fuel will have a material adverse impact on the Company's profitability.

Since the incorporation of Norse Atlantic in February 2021 jet fuel prices have approximately doubled, while following the invasion of Ukraine in early 2022, jet fuel prices have increased approximately 50 percent. Norse Atlantic has from 1 February 2023 implemented a fuel surcharge of USD 20 per passenger per long haul flight, which partially covers some of the increased jet fuel cost. The Company does not currently have any fuel hedging arrangements in place and thus is fully exposed to fluctuations in the aviation fuel prices. The Company makes an ongoing evaluation as to whether entering such fuel hedging arrangements is beneficial. Any such hedging arrangements may develop to prove commercially unattractive due to the later development of fuel prices and/or currency exchange rates and may have a material negative impact on the Company and its prospects.

Interest rate risk

The Company is not substantially exposed to changes in interest rate as it does not have any external interest-bearing debt. The Company does not currently hedge its interest risk.

Climate risk

Vulnerability to the effects of global warming and climate change has the potential to affect the Company's operations and business. Climate change has resulted in more volatile weather, such as a greater frequency and intensity of storms, which could disrupt the Company's operations by reducing handling capacity at airports. Any increase in delayed or cancelled flights could increase disruption compensation costs and reduce revenue, as well as have an adverse effect on the Company's reputation.

The Company is also exposed to risks associated with the limitation of greenhouse gas emissions and environmental regulation and legislation, in addition to measures that may be introduced in the future. The European Union introduced the Emissions Trading Scheme (the "EU ETS") in 2003 to limit greenhouse gas emissions and the trading allowances which applies to the airline industry. Furthermore, the UK Government has established the UK Emissions Trading System ("UK ETS"), which also applies to the aviation sector. The number of offsets required to be purchased under these schemes, and any increase in such number, could have an adverse impact upon demand for air travel and/or reduce the profit margin per ticket for the Company. It is difficult to predict how and when any stricter environmental regulations will be imposed, but further regulations on greenhouse gas emissions may be enacted in one or more of the countries in which the Company operates. Moreover, the Company may experience reduced demand for its services if customers become

more reluctant to travel by air because of the increased focus on the environmental impact of air travel. All of these factors may limit the Company's operational flexibility, increase costs or reduce demand for international air travel and therefore could have a material adverse effect on the Company's business, prospects, results of operations and financial condition.

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, Paris, France, and London Gatwick, UK, as well as an aircraft maintenance competence satellite at Oslo Gardermoen, Norway. At the end of the Period the Company had 700 employees, of which 283 were female. As at 31 December 2022 and the Company had 8 part-time employees, of which five are male and three are 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 executives of the Company, including in subsidiaries.

Definitions of job levels

Norse has established a comprehensive system for defining and structuring job levels within the organization. This system is based on factors such as education, experience, skills, and responsibilities, and is designed to ensure that all employees are fairly compensated for their contributions.

The job classification system includes a range of job levels, from entry-level positions to senior leadership roles. Each job level is associated with a specific set of requirements and responsibilities and is accompanied by a corresponding salary range and benefits package.

As part of Norse's commitment to diversity and inclusion, the company has started to implement programs and policies designed to ensure that all employees have access to opportunities for advancement and professional development, regardless of their background or identity.

Overall, the job classification system is designed to promote fairness, transparency, and equal opportunity for all employees, and we remain committed to continuously improving and refining this system to meet the evolving needs of our organization and our workforce.

Almost all employees at Norse work full-time except students who combine working in Norse and their studies. There are no employees who involuntarily work part-time.

Gender equality

Out of Norse's total number of employees as at 31 December 2022, 60 percent are male and 40 percent are female. One of Norse's Executive Management is female. Among other senior management personnel 79 percent are male and 21 percent are female. Among pilots 97 percent are male and 3 percent are female, while among cabin crew 42 percent are male and 58 percent are female. For other personnel, including admin staff, 71 percent are male and 29 percent are female. Women's share of men's wages constitutes 107 percent for other senior management personnel, 105 percent for pilots, 100 percent for cabin crew and 66 percent for other personnel.

Working environment

In 2022 there was a total of 2074 sickness leave days across the workforce, equalling a 1.11 percent sick-leave out available working days during the Period. There were reported five accidents and injuries in 2022, all related to incidents among airborne personnel. Examples of such injuries are back-pains due to pushing cart and burning caused by accidentally touching hot surfaces.

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 and has strict policies around anti-bribery and anti-corruption. Norse will continue to develop its Corporate Social Responsibility ("CSR") policies and targets through 2023. Please refer to Norse's CSR contained within the Annual Report for more information.



Outlook

Inflation is high in Europe and the US, impacting the spending power of consumers, while jet fuel prices remain high and make up a much higher proportion of airlines' cost base than previously. Norse is a very young airline and will only be operating on a scale that gives efficiencies from mid-2023, while it continues to enjoy the benefits of flexible aircraft lease terms, including Power by the Hour and low lease rates, during its ramp-up. As expected, 2022 is a loss-making year as it is a start-up year, being Norse's first full financial year since incorporation in 2021. Start-up costs, including investment in systems, costs related to achieving regulatory approvals, recruitment and initial training impacted the Company's bottom line, while the first flight and, thus, first revenue-generating activity, was about halfway through the year.

The next financial year – 2023 – will be Norse's first full year of operations, though Norse will be in a start-up and ramp-up phase during the first half of 2023; it will be the second half of 2023 that Norse is fully operational with all aircraft generating revenue. As a start-up airline that was still in the process of obtaining all relevant regulatory approvals, as well as airport slot times, performance in 2022 has been negatively impacted by having short selling windows between launching ticket sales for a route and flights. For example, there were six weeks between Norse's first tickets on sale for its Oslo-New York route,

while in comparison, established (ie. non-start-up) airlines typically have tickets on sale 330 days in advance. Norse made its first summer 2023 routes available for sale on 9 November 2022, while due to regulatory approvals the final summer 2023 network was only available for sale from 28 February 2023. As Norse is able to increase its booking window it is expected to have a positive impact on ticket sales as customers will have a longer period to make bookings.

Establishing a new airline takes time and investment and Norse is on-track to becoming a profitable transatlantic low-cost carrier. Building a reliable and known brand is continuous and is not completed overnight. While tickets were initially only available for sale on the Company's website, since mid-2022 Norse fares have gradually become available on more and more platforms, including finn.no, kayak.com, kiwi.com, skyscanner.net, and booking.com. During first half 2023 Norse expects to have tickets for sale on Expedia and will look to add additional selling platforms. Norse is sufficiently financed and ready for ramp-up to fully operational fleet in summer 2023, including 5 aircraft based at London Gatwick. At the end of 2022 and post period end there has been a strong sales momentum for summer season bookings. From 1st July 2023 the Company will have all of its fleet of aircraft in revenue generating activities for the first time.

Terje Bodin Larsen
Chairman

Bjørn Kjos
Board member

Aase Mikkelsen
Board member

Bjørn Tore Larsen
CEO

Arendal, 20 April 2023



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 company has a zero tolerance policy on corruption and bribery and has procedures in place and development as the company grows, as well as plans for training in relation to this area to certain groups of employees. 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. Norse's recruiting policies are based on non-discrimination and the Company is an equal opportunities employer, including gender equality. 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. 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.

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 may be a key corporate responsibility initiative for us in the future. Through the big windows of our head office in Arendal, Norway, we can see the beauty of Raet National Park; our US 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.

Aircraft travel means aircraft emissions and fuel cost. Reducing fuel consumption is important, both to reduce fuel costs and emissions. The Company estimates that with a 338-seat configuration, its Boeing 787-9 aircraft has a fuel consumption per seat of 2.08 litre per 100 kilometres, calculated based on a configuration of 338 seats⁸ compared to estimated 2.27 – 3.16 litre per seat per 100 kilometres for comparable aircraft, as in table below.⁹



Aircraft	First flight	Seats	Sector	Fuel per seat
Norse Boeing 787-9	2019	338	9,208 km	2.08 L/100km³
Boeing 787-10	2017	337	10,240 km	2.27 L/100km ²
Boeing 787-9 (standard)	2013	304	9,208 km	2.31 L/100km ³
Airbus A350-900	2013	315	9,208 km	2.39 L/100km ³
Boeing 777-9X	2020	395	13,300 km	2.42 L/100km ⁴
Airbus A330-900	2017	300	8,610 km	2.48 L/100km ³
Airbus A350-1000	2016	367	10,243 km	2.58 L/100km ²
Airbus A330-800	2017	248	8,610 km	2.75 L/100km ³
Boeing 787-8	2011	243	8,610 km	2.77 L/100km ³
Boeing 747-8	2011	467	11,000 km	2.82 L/100km ⁵
Boeing 777-300ER	2003	382	10,199 km	2.90 L/100km ²
Boeing 777-200ER	1996	301	11,000 km	3.08 L/100km ⁶
Airbus A330-300	1992	274	10,275 km	3.11 L/100km ²
Boeing 747-400	1988	487	10,147 km	3.16 L/100km ²
Airbus A380	2005	544	11,000 km	3.16 L/100km ⁴

Table source: 1) FactSet, 2) Aircraft Commerce, 3) Airways News, 4) Leeham News, 5) Boeing, 6) Aspire Aviation

The company's 'Emissions Monitoring Plans' for three compliance schemes were submitted and approved by the regulators, namely: ICAO 'CORSIA', EU 'ETS' and the UK 'ETS'. Subsequently, the annual emissions reports covering all 2022 flights were prepared, independently verified and submitted. Carbon allowances were purchased for surrender in April 2023. A total of 4,237 EU ETS allowances were purchased amounting to Euro 389,253 and 3,618 UK ETS allowances were purchased amounting to GBP 287,483. The company also received a credit of 226 allowances from the UK ETS for Sustainable Aviation Fuel (SAF) purchased in 2022. As a new entrant, the company is not eligible for free allowances. Later this year when more information is available from ICAO, a calculation will be made to determine any carbon offsetting requirements in relation to 2022 and accumulating 2023 CORSIA emissions.

Transparency Act

The Company is obliged and committed to comply with the new Norwegian Act on enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act). The Act and the duties following from it builds upon the UN Guiding Principles for Business and Human Rights. Norse will apply relevant policies internally in its own organisation and externally towards suppliers, carry out risk-based due diligence assessments of own activities and in the supply chain, and implement improvement measures such as appropriate. The yearly statement on the Company's due diligence assessments will be made available on the Company's website once approved by the Board of Directors and no later than 30 June 2023.

Financial Statements

- 36 Consolidated Statement of Comprehensive Income
- 40 Notes to the Consolidated Statement of Comprehensive Income
- 68 Parent Company Financial Statements
- 72 Notes to the Parent Company Financial Statements
- 88 Auditor's Report

Consolidated Statement of Comprehensive Income

<i>(in thousands of USD)</i>	Note	2022	2021
Revenue			
Operational revenue		104,269	-
Revenue	4	104,269	-
Operating expenses			
Personnel expenses	5, 6	(44,462)	(4,471)
Fuel, oil and emission costs		(61,793)	-
Airport charges and handling		(19,537)	-
Technical maintenance		(20,482)	(554)
Insurances, licenses and registration costs		(2,687)	-
Marketing costs		(6,211)	-
Administrative costs		(9,419)	(2,606)
Total Operating expenses excl. leases, depreciation and amortization		(164,591)	(7,631)
Operating profit/(loss) before leases, depreciation and amortization (EBITDAR)		(60,323)	(7,631)
Variable aircraft rentals	10	(27,263)	-
Depreciation and amortization	10, 12, 13	(58,517)	(315)
Operating profit/(loss)		(146,104)	(7,946)
Interest income/(expenses)		(24,416)	240
Other financial income/(expenses)	8	(4,455)	709
Profit/(loss) before tax		(174,974)	(6,996)
Income tax	9	-	-
Profit/(loss) after tax and total comprehensive income		(174,974)	(6,996)

Consolidated Statement of Financial Position

<i>(in thousands of USD)</i>	Notes	2022	2021
Non-current assets			
Aircraft Right-of-Use assets	10	933,146	95,598
Aircraft lease deposits	10, 16	15,596	20,267
Aircraft preparation investments	10	(0)	2,367
Other Right-of-Use assets	10	236	363
Intangible assets	12	2,801	796
Other Property, plant & equipment	13	6,614	159
Other non-current assets	14	14,643	-
Total non-current assets		973,037	119,550
Current assets			
Trade and other receivables	16	35,857	707
Inventory	15	2,596	-
Other current assets	16	9,040	-
Restricted cash	16, 17	5,000	-
Cash and cash equivalents	3, 16, 17	64,709	134,252
Total current assets		117,202	134,960
Total assets		1,090,240	254,510
Equity and liabilities			
Equity			
Share capital	18	29,945	27,489
Share premium		162,560	136,091
Retained earnings		(181,970)	(6,995)
Total equity	18	10,535	156,585
Non-current liabilities			
Lease liabilities non-current	10	925,522	93,359
Provisions	11	45,762	2,201
Total non-current liabilities		971,284	95,560
Current liabilities			
Trade and other payables	16	53,303	2,051
Other current liabilities	16	18,910	-
Lease liabilities current	10	36,208	314
Total current liabilities		108,421	2,365
Total equity and liabilities		1,090,240	254,510

Consolidated Statement of Cashflows

<i>(in thousands of USD)</i>	2022	2021
Cash flows from operating activities		
Profit/(loss) for the period	(174,974)	(6,996)
Adjustments for items not affecting operating cash flows:		
Depreciation and amortization	58,517	315
Interest expenses	24,416	240
Interest income	(867)	(481)
Net Investment/proceeds in financial assets	893	-
Net operating cash flows before working capital movements	(92,015)	(6,922)
Working capital movements	23,376	1,344
Net cash flows from operating activities	(68,639)	(5,578)
Cash flows from investing activities		
Aircraft deposits paid	-	(21,033)
Aircraft maintenance reserve paid	(14,643)	-
Aircraft preparation investments	(1,603)	(2,416)
Net investment/proceeds in financial assets	(893)	-
Other investments	(7,816)	(962)
Net cash flows from investing activities	(24,956)	(24,411)
Cash flows from financing activities		
Net proceeds from share issue	28,925	163,580
Lease payments	(1,322)	(66)
Movements in restricted cash	(5,000)	-
Interest paid	(15)	(12)
Net cash flows from financing activities	22,589	163,502
Effect of foreign currency revaluation on cash	1,463	740
Net increase in cash and cash equivalents	(69,543)	134,253
Cash and cash equivalents at the beginning of the period	134,252	-
Cash and cash equivalents at the end of the period	64,709	134,253

Consolidated Statement of Changes in Equity

From 1-Jan-2022 to 31-Dec-2022					
<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 01-Jan-2022	77,684,314	27,489	136,091	(6,995)	156,585
Changes in share capital					
12 December 2022 reduction of nominal value	-	(13,597)	13,597	-	-
12 December 2022 Equity Issue USD 0.13 (NOK 1.25) per share	128,400,000	16,053	16,053	-	32,106
Transaction Costs	-	-	(3,180)	-	(3,180)
Total comprehensive income for the period	-	-	-	(174,974)	(174,974)
Balance at 31-Dec-2022	206,084,314	29,945	162,560	(181,970)	10,535
From 1-Feb-2021 to 31-December-2021					
<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Shares issued on the date of incorporation					
1 February 2021 at USD 11.63 (NOK 100) per share	300,000	3,489	-	-	3,489
Changes in share capital					
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)
Balance at 31-Dec-21	77,684,314	27,489	136,091	(7,190)	156,390
Effect of 2021 Restatement (details in note 22)				(195)	(195)
Restated at 31-dec-21	77,684,314	27,489	136,091	(6,995)	156,585

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 year ended 31 December 2022 (the “Period”) were authorized for issue in accordance with a resolution of the Board of Directors passed on 20 April 2023.

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 Company's first flight took off from Oslo to New York on June 14, 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 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. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

2.2 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).

2.3 Revenue recognition

Revenue comprises the amounts that reflect the consideration to which the Company expects to

be entitled in exchange for goods and services promised to be transferred to customers in the general course of the Company's activities. Revenue is shown net of value-added tax and discounts. The Company recognizes revenue when the performance obligations in the contract with the customer are satisfied.

Revenue from the airline business is generally associated with the performance obligation of the air transport taking place. Tickets are usually sold in advance of the air transport taking place. The Company receives payment at or shortly after the time of sale, but such payments might be partly delayed until time of transport with any hold-back imposed by credit card acquirers for security reasons. Between the time of sale and time of air transport, the amounts collected from the customers are accounted for as deferred revenue and is included in ‘Other current liabilities’ in the Company's statement of financial position. The value of the resulting air traffic settlement liabilities, less any taxes collected on behalf of authorities, represents the aggregate transaction price of performance obligations not yet satisfied.

Tickets are often sold few months prior to the air transport taking place. The contracts with customers hence have a duration of less than one year and the corresponding liabilities will always fall due within one year. A financial year's reported revenue will therefore include the entire closing balance of the prior year's air traffic settlement liabilities. As the time between ticket sale and time of the air transport taking place is less than one year and based on materiality considerations the Company does not recognize any financing element in relation to ticket sales.

Airfare passenger revenue

Airfare passenger revenue is recognized and reported when the air transport has been carried out and the performance obligations are therefore satisfied. The value of tickets sold, and which are still valid but not used by the reporting date (amounts sold in excess of revenue recognized)

is reported as current liability under ‘Other current liabilities’ in the Company's statement of financial position. This liability is reduced when the Company completes the transportation or if/when the amount is refunded to the customer.

Amounts paid by ‘no-show’ customers are recognized as revenue when the booked service is provided, and performance obligations are satisfied. ‘No-show’ customers with low fare tickets are not entitled to change flights or seek refunds for other than taxes once a flight has departed.

Ancillary passenger revenue

Ancillary passenger revenue comprises of sales of products and services to passengers, such as revenue from baggage sales, seating and premium upgrades and food and beverages onboard the aircraft. Most of the products and services do not have separate performance obligations but are associated with the performance obligation of the air transport and are hence recognized as revenue at the time of the transport. Between the time of sale and time of transport such ancillary revenue items are accounted for as deferred revenue and is included in ‘Other current liabilities’ in the Company's statement of financial position.

Lease rental income

The Company has subleased some of its aircraft to other airlines. Leases where the Company does not transfer substantially all the risks and benefits of ownership of the asset to the lessee are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Lease income from operating leases is recognised in the statement of comprehensive income on a straight-line basis over the lease term.

Other revenues

Other revenues are recognized when the performance obligations have been satisfied through the rendering of services.

2.4 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 aircraft leases have been discounted using the rate implicit in the lease on each aircraft lease agreement separately. The calculation of the discount rate implicit in the lease is based on information within the lease agreement, public lessor information and fair values of aircraft published and provided by third parties. No parts of the calculation are based on assumptions made by the Company. 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. For the treatment of periodic maintenance of ROU assets, please see description of principles in paragraph 10.6.

2.5 Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life

are accounted for prospectively by changing the amortisation method or period.

2.6 Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives. The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

2.7 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.

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.

2.8 Inventory

Inventory of spare parts are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost. Inventory includes aircraft parts which are consumables and non-renewable.

2.9 Provisions

Provisions are recognized when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognized as a finance cost.

2.10 Segment reporting

The Chief Operating Decision Makers ('CODM') currently reviews the Company's activities on a consolidated basis as one operating segment. Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the CODM. The CODM

is responsible for the allocation of resources to operating segments and assessing their performance.

2.11 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.

2.12 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.

2.13 Income tax

The income tax expenses or benefit for the period 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. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date.

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.

2.14 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. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. 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.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. The recoverable amount is based on third party valuations, or management calculations. Management calculation of fair value less costs of disposal or value-in-use incorporates several key estimates and assumptions.

Aircraft lease provisions

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 maintenance, restoration and return costs. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time.

Maintenance, 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.

Lease discount rate

The aircraft 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. The aircraft leases have been discounted using the rate implicit in the lease on each aircraft lease agreement separately. The calculation of the discount rate implicit in the lease is based on information within the lease agreement, public lessor information and fair values of aircraft published and provided by third parties. No parts of the calculation are based on assumptions made by the Company. Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

3. Financial risk

As at 31 December 31 2022, 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>	2022	2021
Cash and cash equivalents held in foreign currencies		
NOK	13,998	43,002
GBP	6,781	6,443
EUR	1,196	583
Total cash and cash equivalents held in foreign currencies	21,975	50,028
<i>Cash and cash equivalents held in USD</i>	42,734	84,224

As at 31 December 2022 34 percent of the Company's cash and cash equivalents are held in foreign currencies of which 22 percent is held in Norwegian Kroner ("NOK"). A hypothetical change in the NOK:USD exchange rate by 5 percent would result in a gain or loss of approximately USD 0.6 million being recognized in the Company's statement of comprehensive income.

The Company mitigates this risk through the matching of receipts and payments in individual currencies and holding foreign currency balances to meet future obligations. The company does not currently hold any derivatives for hedging the currency risk.

3.2 Liquidity risk

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 and forecasts for liquidity reserves based on expected cash flows.

The following table shows the maturity profile of the Company's financial liabilities as at 31 December 2022 based on the contractual payment terms. The amounts disclosed below are undiscounted cash flows.

2022: <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	21,780	30,705	81,174	174,600	702,272	1,010,531
Other lease payments	1,372	1,187	2,393	4,440	16,925	26,316
Trade and other payables	53,303	-	-	-	-	53,303
Other current liabilities	18,910	-	-	-	-	18,910
Total as at 31-Dec-2022	95,364	31,892	83,567	179,040	719,197	1,109,060

2021: <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
Total as at 31-Dec-2021	2,084	313	16,997	25,020	83,131	127,545

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, as well as credit exposure to commercial customers/credit card institutions. The Company manages its counterparty risk relating to cash held at bank by only holding deposits at recognizable international banks and financial institutions. As at 31 December 31 2022 all of Norse's cash and cash equivalents were held with Nordea Bank. The risk arising from receivables on credit card companies are monitored closely. The Company manages its counterparty risk relating to aircraft lease deposits by entering leases with internationally renowned aircraft lessors. At 31 December 2022 the Company had deposits with AerCap Holdings NV and BOC Aviation Ltd. The Company's fleet currently consists of 15 delivered aircraft, five of which are currently sub-leased to a third-party lessee. All sub-leases are for a total period of 18 months from the date of delivery of the aircraft. Sublease agreements have and will be entered into on standard market terms. To reduce the credit risk, the lessee has paid a deposits equivalent to one month's rent per aircraft.

3.4 Capital management

The objective of the Company is to manage capital to ensure a going concern in order to meet operational demands, minimise cost of capital and maximise the return on capital employed. The Company has initially been fully financed by equity and has no other external debt than debt arising from lease agreements.

3.5 Fuel risk

The Company is exposed to fuel price risks as it represents a substantial part of operating expenses. The Company does not currently hedge its fuel price risk.

3.6 Interest rate risk

The Company is not substantially exposed to changes in interest rate as it does not have any external interest-bearing debt. The Company does not currently hedge its interest risk.

3.7 Going concern

Management and the Board of Directors take account of and considers all available information when evaluating the application of the going concern assumption.

Norse is a start-up airline established in 2021, having secured 15 modern Boeing Dreamliners on flexible and favourable long-term leases. The aircraft leases are priced at historically low prices as they were secured in 2021 at the peak of the Covid pandemic when pricing was low, while the lease rates are fixed and not subject to inflation or pricing adjustments over the remaining lifetime of approximately 11 years on average per aircraft. Current lease rate for the same aircraft type are reported to be at least 50 percent higher than the rates Norse pay.

The Company had its first flight in June 2022 and has taken a cautious approach to ramping-up, with the main planned production only scheduled to occur from mid-2023 when it will have half of its fleet based at London Gatwick, as well as flights from Paris, Rome, Berlin and Oslo, in Europe, serving New York and six other US locations. During 2022 the Company entered subleases for five of its aircraft to a 3rd party for 18 months during Norse's start-up phase while it was not intending to use the aircraft itself, providing fixed cash income.

The aviation industry remains competitive and subject to the global economy, while as a new entrant it takes time to achieve approvals, have tickets available for sale on multiple channels, become known in new markets, and build a brand. Norse now has all approvals, flying rights, slots, aircraft, among other things, in place for a

successful first summer season flying on both its AOCs. Ticket sales for summer 2023 season are positive.

Being a start-up airline established in 2021, the Company has incurred losses over the first periods of operation. As per book equity as at 31 December 2022 the company has incurred losses amounting to more than half of its share capital. According to Norse the existence of off-balance values of assets, particularly related to the significant current value of the aircraft lease contracts, as well as valuable airport landing slots, among other things, however imply that the real equity is materially higher than the book equity, and hence that the company still has sufficient underlying equity value.

The Company's cash position as at 31 December 2022 is USD 69.7 million, an amount considered satisfactory, and which is above the amount forecast by the Company in the business plan it put together for the equity raise conducted in November 2022. The Company remains able to continue to pay its liabilities as they fall due during the course of normal operations.

On 20 April 2023 Norse completed a repair offering that raised gross NOK 150 million (approximately USD 14,2 million), strengthening the equity and the cash balance with the same amount.

Based on the Company's plans and ambitions, Norse has prepared financial forecasts that show a positive development both in the group's financial results, financial position in terms of equity and in cash position. Forecasts are subject to risks and uncertainties. Some significant risk factors include, but are not limited to, factors such as degree of commercial success expressed through achieved load factors and fares, and the future development in jet fuel prices. The demand for air travel is subject to seasonal variations and can also be significantly impacted by macroeconomic factors, such as high inflation, that could have a negative

impact on customers' spending behaviour. Airline fares, freight rates and passenger demand have fluctuated significantly. The Board of Directors believes that the assumptions behind the Company's forecasts are ambitious yet balanced in terms of possible outcomes. For as long as the Company is in start-up mode there will be risks related to its longer-term success. Should the Company's forward bookings be lower than expected, or its costs be significantly higher than expected, such as due to material and unexpected increases in jet fuel prices, then the Company may be reliant on securing more financing in the future through debt or equity, or a combination.

Based on the above, in the Board of Directors' opinion, the Company's equity and cash position is appropriate for the risk and the size of the business activities. In the Board of Directors' opinion, the going concern assumption therefore is proper to apply as basis for the Company's financial statements.

4. Revenue and segment reporting

The chief operating decision maker currently reviews the Company's activities on a consolidated basis as one operating segment. The chief operating decision maker has been identified as the company's Executive Management.

4.1 Revenue

<i>(in thousands of USD)</i>	2022	2021
Airfare passenger revenue	63,680	-
Ancillary passenger revenue	13,880	-
Total passenger revenues	77,560	-
Cargo	10,308	-
Total own flights	87,868	-
Lease rentals	14,397	-
Charter	1,209	-
Other revenue	795	-
Total Revenue	104,269	-

Airfare passenger revenue comprises only ticket revenue, while ancillary passenger revenue consists of other passenger related revenue than the ticket revenue. Lease rentals are revenue from subleasing of aircraft. Other revenue earned in 2022 consists of revenue from maintenance services provided the Company's technical personnel to third parties.

4.2 Operating segments

<i>(in thousands of USD)</i>	Revenue by country		Non-current assets by country	
	2022	2021	2022	2021
Norway	23,104	-	925,282	119,550
UK	11,175	-	47,699	-
Europe (excl. Norway and UK)	29,164	-	-	-
USA	37,508	-	55	-
Other	3,318	-	-	-
Total revenue	104,269	-	973,037	119,550

The geographical table above shows revenue based on the country or region where the sales originated. The non-current assets are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts. In 2022 there is one single external customer representing USD 14.4 million in the lease rentals operating segment.

5. Personnel expenses

<i>(in thousands of USD)</i>	2022	2021
Salaries	29,807	2,821
Social security costs	3,935	389
Costs related to pension scheme benefits	1,597	146
Hired-in employees	660	608
Other employee costs (employee travel expenses etc.)	8,464	506
Total	44,462	4,470

	2022	2021
Number of man-years during the fiscal year		
Cabin Crew	405	-
Flight Crew	119	-
Non-Crew	176	23
Total	700	23

The average number of Norse employees during the Period was 412 and at the end of the Period the Company had 700 employees.

5.1 Pensions

During the period, the Company operated defined pension contribution plans in Norway, UK, France, and the US, which comply with local pension legislation. The defined pension contribution plans require the Company to pay premiums to occupational pension schemes. In addition, for employees in Norway, Norse participated in a multi-employer defined benefit plan, a private sector tariff-based pension scheme (AFP). For all the pension plans, the Company has no further obligations once contractual premiums have been paid and are thereby recognized in the income statement as defined contribution plans. The premiums are accounted for as personnel expenses as soon as they are incurred.

6. Remuneration of the board of directors and executive management

6.1 Remuneration to Key Management personnel

2022:

<i>(in thousands of USD)</i>		Employment Country	Salaries ²⁾	Other benefits ³⁾	Total	Defined pension contributions ⁴⁾
Bjørn Tore Larsen	Chief Executive Officer	Norway	180	2	182	12
James Lightbourn	Chief Financial Officer ⁶⁾	USA	13	1	14	-
Ben Boiling	Chief Financial Officer ⁵⁾	Norway	163	3	166	12
Thom Arne Norheim	Chief Operational Officer	Norway	167	3	170	12
Kristin Berthelsen	Chief Culture Officer ¹⁾	Norway	283	-	283	-
Michael Scheurich	Chief Legal Officer	Norway	160	3	163	12
Ted Hutchins	Chief Information Officer	USA	300	-	300	-
Andrew Hodges	Chief Commercial Officer ⁷⁾	UK	319	-	319	10
Total paid in 2022			1,586	12	1,598	58

1) Kristin Berthelsen receives no salary or employment benefits directly from Norse as she is contracted to Norse through an engagement with Active Partner, a company Kristin jointly controls. Payments totalling USD 283 thousand were paid by Norse to Active People in the year for Kristin's services.

2) Includes holiday pay

3) Other benefits include insurance, telephone, internet, etc.

4) Defined pension contributions show pension premium paid.

5) Ben Boiling was appointed Chief Financial Officer in February 2022

6) James Lightbourn held the position of Chief Financial Officer until end of January 2022.

7) Andrew Hodges left the management group in January 2023.

As at 31 December 2022 none of the key management personnel are contractually entitled to any bonus.

2021:

<i>(in thousands of USD)</i>		Employment Country	Employment start date	Salaries ²⁾	Other benefits ³⁾	Total	Defined pension contributions ⁴⁾
Bjørn Tore Larsen	Chief Executive Officer	Norway	01-Apr-21	162	3	165	10
James Lightbourn	Chief Financial Officer	USA	15-Mar-21	169	-	169	-
Thom Arne Norheim	Chief Operational Officer	Norway	01-Apr-21	131	2	133	10
Kristin Berthelsen	Chief Culture Officer ¹⁾	Norway	01-Sep-21	129	-	129	-
Michael Scheurich	Chief Legal Officer	Norway	15-Jun-21	97	1	98	7
Ted Hutchins	Chief Information Officer ¹⁾	USA	26-Jul-21	131	-	131	-
Andrew Hodges	Chief Commercial Officer	UK	03-Nov-21	57	-	57	5
Total paid in 2021				875	6	881	32

1) Kristin Berthelsen receives no salary or employment benefits directly from Norse as she is contracted to Norse through an engagement with Active Partner, a company Kristin jointly controls. Payments totalling USD 129 thousand were paid by Norse to Active People in the year for Kristin's services.

2) Includes holiday pay

3) Other benefits include insurance, telephone, internet, etc.

4) Defined pension contributions show pension premium paid.

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

6.2 Board remuneration

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

<i>(in thousands of USD)</i>		2022	2021
Director	Date of appointment	Board remuneration paid	
Terje Bodin Larsen	1-Feb-21	31	32
Bjørn Kjos	12-Apr-21	21	16
Aase Kristine Mikkelsen	12-Apr-21	21	16
Total		73	64

7. Auditor's remuneration

<i>(in thousands of USD)</i>	2022	2021
Audit fee	87	46
Other audit related services	8	-
Other services	6	-
Tax services	5	-
Total	106	46

The company elected RSM as its auditor for the 2022 financial year.

8. Other financial income/(expense)

<i>(in thousands of USD)</i>	2022	2021
Other financial income/(expense)	866	(52)
Foreign exchange gains	8,765	940
Foreign exchange losses	(13,193)	(179)
Loss on financial assets	(893)	-
Total	(4,455)	709

9. Income tax

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

<i>(in thousands of USD)</i>	2022	2021
Current tax:		
Tax payable	-	-
Deferred tax		
Changes in deferred tax	(34,190)	(3 050)
Deferred tax asset not recognized	34,190	3 050
Income tax expense	-	-

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>	2022	2021
Pre-tax profit for the Period	(174,974)	(6,996)
Income taxes calculated at 22%	(38,494)	(1,539)
Deductible expenses related to equity issues	(763)	(1,737)
Non-deductible expenses	7	1
Effect group contribution	-	-
Other effects due to timing and exchange rates	5,060	225
Deferred tax asset not recognized	34,190	3,050
Income tax expense	-	-

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

<i>(in thousands of USD)</i>	2022	2021
Deferred tax assets		
Right of use lease asset	205,239	26,771
Other fixed assets	64	-
Lease liabilities	(211,272)	(25,279)
Provisions	(9,707)	(1,087)
Tax losses carried forward	(21,665)	(3,455)
Net deferred tax liabilities (assets)	(37,240)	(3,050)
Of which recognized in the consolidated statement of financial position at the yearend	-	-

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

10. Leases

10.1 Aircraft leases

Norse leases 15 Aircraft from two different lessors.

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.

The first aircraft was delivered in December 2021, with the delivery of the final aircraft taking place one year later in December 2022.

The Norse aircraft fleet has had the benefit of Power by the Hour (PBH) lease rates through 2022, whereby no fixed lease payments have been made, apart from on one aircraft for the last ten days in the year. Instead, for any aircraft flown in 2022 a fixed hourly amount per hour flown has been paid, though always for a total maximum amount no higher than the fixed lease amounts that come into effect post-PBH instead. PBH terms apply from the date of delivery of each aircraft for a period of 12 months for all aircraft. For nine aircraft there is a quasi PBH arrangement in the period 12 to 24 months after delivery whereby there is a reduced fixed lease payment and the remainder is PBH, while for the remaining six aircraft the lease terms are at full rate from 12 months following delivery. As at 31 December 2022 14 of the 15 aircraft are within the first 12 months of delivery and, thus, under full PBH terms. These 14 aircraft gradually go over to fixed lease payments / quasi-PBH terms during 2023 and 2024. In 2022, Norse paid USD 27.2 million in variable PBH lease payments.

In the course of 2022, the Company identified an error in lease accounting methods used in the previous period, and the opening balance restated, for further details see note 22.

10.2 Right-of-use assets

<i>(in thousands of USD)</i>	Aircraft	Leased Engines	Office premises	Total
Balance as at 01-Jan-2022	95,598	-	363	95,961
Additions 2022				
Net present value of lease liabilities	831,724	15,873	61	847,658
Maintenance Assets	24,582	-	-	24,582
Provision for redelivery costs	13,459	-	-	13,459
Prepaid leases	5,126	-	-	5,126
Initial direct costs	4,468	-	-	4,468
Total additions	879,360	15,873	61	895,294
Depreciation	(57,216)	(469)	(188)	(57,873)
Balance as at 31-Dec-2022	917,742	15,404	236	933,382

Additions to the Aircraft right-of-use assets as of 31 December 2022 represents 14 aircraft that the Company has taken delivery from the lessors, together with associated maintenance assets, during the year.

10.3. Lease liabilities

<i>(in thousands of USD)</i>	2022	2021
Balance as at 01-Jan-2022	93,673	-
Additions during the period	847,658	93,628
Lease payments during the period	(384)	(66)
Interest accrued	21,327	123
Interest paid	(544)	(12)
Balance as at 31-dec-2022	961,729	93,673
Of which:		
Due within 12 months	36,208	314
Due after 12 months	925,522	93,359

Payments under lease liabilities related to the aircraft commence only after expiry of one year from the delivery date of each aircraft. The first repayment towards aircraft liability fell due in December 2022. The other lease payments made in 2022 are related to the leased office premises.

The table below shows the maturity profile of the discounted lease liabilities at the reporting date:

<i>(in thousands of USD)</i>	2024	2025	2026	2027	2028	<2029	Total
Aircraft	68,842	77,653	79,569	81,541	83,519	519,453	910,576
Engines	850	938	1,030	1,132	1,241	9,600	14,790
Property	155	-	-	-	-	-	155
Total	69,847	78,591	80,599	82,673	84,759	529,052	925,522

10.4 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 2022 was USD 20.4 million. Up until the date of delivery of each aircraft by the lessors to Norse, the security deposits were refundable in full. After delivery, 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 10.2 above). Subsequent to such measurement at fair value, the deposits are carried at amortized cost.

10.5 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 2022 the Company has capitalized USD 4,5 million of initial direct costs that are allocated to the ROU assets related to the delivered aircraft.

10.6 Aircraft maintenance provisions

The requirements of the leases are such that Norse is obliged to maintain the airworthiness of the aircraft. Airworthiness requirements for the airline industry are the same whether the entity owns or leases the aircraft. The lease requires Norse to redeliver the aircraft to the lessors at the expiry of the lease term in certain redelivery condition as prescribed in the lease agreements. A provision is recognised for overhaul and maintenance costs of the future maintenance obligation at the time when such obligation becomes certain. This is when the respective aircraft component no longer meets the lease re-delivery conditions. Such provision is then recognised as an aircraft maintenance asset (Right of use asset) and depreciated over the period until the next maintenance event, the end of the asset operational life or the end of the lease. These assets are recognised at the commencement of each individual lease. Additionally, where the timing of the maintenance event is determined by usage, Norse makes provisions based on Flight hours or Cycles as applicable, which are expensed directly through the Statement of Comprehensive Income.

11. Provisions

<i>(in thousands of USD)</i>	2022	2021
Balance as at 01-Jan-2022	2,201	-
Provisions for ROU redelivery	13,790	2,201
Provisions for ROU maintenance	27,725	-
Maintenance provisions recognised as profit/loss	1,393	-
Other provisions	653	-
Balance as at 31-Dec-2022	45,762	2,201
Of which:		
Provision due within 12 months	-	-
Provision due after 12 months	45,762	2,201

12. Intangible Assets

<i>(in thousands of USD)</i>	Software	Total
Acquisitions		
Opening balance 01-Jan-2022	796	796
Additions	2,356	2,356
Acquisition cost 31-Dec-2022	3,151	3,151
Amortisation		
Opening balance 01-Jan-2022	-	-
Amortisation	(350)	(350)
Amortisation per 31-Dec-2022	(350)	(350)
Closing balance at 31-Dec-2022	2,801	2,801

13. Tangible Assets

<i>(in thousands of USD)</i>	Furniture	IT Equip	Vehicles	Aircraft Parts	Total
Acquisitions					
Opening balance 01-Jan-2022	91	-	68	-	159
Additions	86	66	124	6,475	6,750
Acquisition cost 31-Dec-2022	177	66	192	6,475	6,909
Depreciation					
Opening balance 01-Jan-2022	-	-	-	-	-
Depreciation during the Year	(47)	(13)	(29)	(205)	(294)
Depreciation charged per 31-Dec-2022	(47)	(13)	(29)	(205)	(294)
Closing balance at 31-Dec-2022	130	53	163	6,269	6,614

14. Non-Current Assets

<i>(in thousands of USD)</i>	2022	2021
Maintenance Reserve Contributions	14,643	-
TOTAL	14,643	-

Both AerCap and BOCA lease agreements contain provisions for maintenance reserve payments for the aircraft to cover the cost of future maintenance events. These payments are payable at fixed amounts per month, at rates that are reviewed and updated at 6 months' intervals for BOCA leases and annually for AerCap leases. Such monthly maintenance reserves are effectively 'deposits' from which NORSE will get reimbursed for actual periodic maintenance costs when maintenance activities are carried out.

The maintenance reserve amounts paid monthly to the lessors are treated as 'financial assets' in NORSE's balance sheet and are classified into 'current' and 'non-current' based on the timing of expected maintenance activity and subsequent reimbursement.

15. Inventory

<i>(in thousands of USD)</i>	2022	2021
Consumables	2,596	-
TOTAL	2,596	-

16. Financial assets and liabilities

Financial assets measured at amortized cost are as follows:

<i>(in thousands of USD)</i>	2022	2021
Aircraft lease deposits	15,596	20,267
Trade and other receivables	35,857	707
Cash and cash equivalents	64,709	134,252
Restricted cash	5,000	-
Total financial assets at amortized cost	121,162	155,226

Other financial assets measured at amortized cost are as follows:

<i>(in thousands of USD)</i>	2022	2021
Prepayments	6,617	-
Deposits	2,423	-
Total other financial assets at amortized cost	9,040	-

Financial liabilities measured at amortized cost are as follows:

<i>(in thousands of USD)</i>	2022	2021
Trade and other payables	53,303	2,051
Other current liabilities	18,910	-
Total financial liabilities at amortised cost	72,213	2,051

The fair value of aircraft lease deposits is estimated to be approximately USD 16 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.

17. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks. In addition to the numbers stated below, the Company also has 5 million USD in restricted cash.

<i>(in thousands of USD)</i>	2022	2021
USD	42,734	84,224
NOK	13,998	43,002
GBP	6,781	2,101
EUR	1,196	4,924
Total cash and cash equivalents	64,709	134,252

18. 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 2022 the Company's authorized and issued number of shares are 206,084,314 shares, all with par value NOK 1.25 per share.

18.1 Largest shareholders

The Company's largest 20 shareholders as at 31 December 31 2022, were as follows:

Name	Number of shares	Ownership	Voting rights
B.T Larsen & Co Limited	52,850,311	25.6%	25.6%
UBS Switzerland AG	10,373,811	5.0%	5.0%
Goldman Sachs International	8,620,000	4.2%	4.2%
Alto Holding AS	5,900,000	2.9%	2.9%
Vicama Capital AS	5,518,347	2.7%	2.7%
Verdipapirfondet Delphi Nordic	5,500,408	2.7%	2.7%
Skagen Vekst Verdipapirfond	4,858,479	2.4%	2.4%
Mustang Capital AS	4,740,000	2.3%	2.3%
Verdipapirfondet DNB smb	3,678,460	1.8%	1.8%
Verdipapirfondet First Generator	2,727,044	1.3%	1.3%
Pure AS	2,700,000	1.3%	1.3%
The Bank of New York Mellon SA/NV	2,495,236	1.2%	1.2%
Verdipapirfondet First Globalt	2,280,000	1.1%	1.1%
Observatoriet Invest AS	2,140,000	1.0%	1.0%
Vilico AS	2,023,772	1.0%	1.0%
Olav Olsen Holding AS	2,000,000	1.0%	1.0%
Kvantia AS	1,893,435	0.9%	0.9%
Kristian Falnes AS	1,700,000	0.8%	0.8%
Jahatt AS	1,650,000	0.8%	0.8%
J.P. Morgan SE	1,629,157	0.8%	0.8%
Other shareholders	80,805,854	39.2%	39.2%
Total number of shares	206,084,314	100%	100%

18.2 Shares held by Key Management and Board of Director

Shares directly or indirectly held by members of the Board of Directors and Executive Management as at 31 December 31 2022, were as follows:

		Number of shares
Terje Bodin Larsen	Chair of the Board	100,000
Bjørn Kjos	Member of the Board	2,640,000
Aase Kristine Mikkelsen	Member of the Board	-
Bjørn Tore Larsen	Chief Executive Officer	52,850,311
Ben Bjoerkholt-Boiling	Chief Financial Officer	107,000
Thom Arne Norheim	Chief Operational Officer	-
Kristin Berthelsen	Chief Culture Officer	360,600
Ted Hutchins	Chief Information Officer	-
Michael Scheurich	Chief Legal Officer	-

19. 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 of 31 December 2022. Refer to note 21.1 for information on subsequent share offering in 2023.

(in USD thousands except for number of shares)	2022	2021
Profit/(loss) for the period	(174,974)	(6,996)
Weighted average number of shares outstanding	84,368,150	77,684,314
Basic and diluted EPS (in USD per share)	(2.07)	(0.09)

20. Related parties

20.1. 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 incorporation	Equity interest as at 31-Dec-22
Norse Atlantic Airways AS	Norway	100%
Norse Atlantic US Holding AS	Norway	100%
Norse Atlantic Management AS	Norway	100%
Norse Atlantic USA LLC	USA	100%
Norse Atlantic Airways US LLC	USA	100%
Norse Atlantic UK Ltd	UK	100%
Norse Atlantic Management UK Ltd.	UK	100%

20.2 Transactions with related parties

During the period from 1 January 2022 to 31 December 2022 Norse Atlantic had a total cost of technical aircraft service work and pilot training services of USD 0,2 million with the of the OSM Aviation group, where the Company's CEO, Bjørn Tore Larsen, is the controlling shareholder. Second, Norse Atlantic provided financial and accounting services to Arendals Dampskibsselskab AS (ADS AS) for a total fee of USD 0.03 million. ADS AS is a company within ADS Shipping Group where the Company's CEO is the largest shareholder and chairman of the board. These amounts have all been reported in the Company's general and administrative expenses.

21. Events after balance sheet date

21.1 Subsequent share offering

A conditional private placement of 120,000,000 shares in the company was published on 25 November 2022. A subsequent offering of up to 60,000,000 new shares in the Company at a subscription price equal to the subscription price in the "Private Placement" of NOK 2.5 per share, opened for application the 13 April 2023 and closed 20 April 2023. The Subsequent Offering was directed towards existing eligible shareholders in the Company as of 24 November 2022. The repair offering raised a total of gross NOK 150 million (approximately USD 14,2 million).

21.2 Change in management

Charles Duncan has been appointed President of the Company. Charles brings to Norse Atlantic over 25 years of experience in the industry having previously held senior executive roles at Westjet, Swoop, United Airlines and Continental Airlines.

21.3 Transfer of listing venue

The Company's board of directors has resolved to initiate a process to transfer the listing venue for the Company's shares from Euronext Growth to Euronext Expand, a regulated market being part of Euronext and operated by Oslo Børs ASA, to reflect the Company's market position and to accommodate for high quality institutional investors. The Company expects the contemplated uplisting of its shares to be completed the 28 April 2023, subject to relevant approvals and prevailing market conditions.

22. Restatement of previous period

The Company identified an error in lease accounting methods used in previous periods. The error was found in the measurement of the lease implicit rate and the recognition of aircraft maintenance provisions. The nature of the errors found under the review was considered significant enough to do a restatement. The main impact was due to the change in interest rate implicit in the lease from an average of 1 percent to an average of 2.48 percent, affecting the right of use asset of the aircraft, as well as the lease liability. The financial statement of 2021 has been restated due to this adjustment. The effects of the restatement on those financial statements are summarised below.

Restated consolidated statement of comprehensive income

<i>(in thousands of USD)</i>	Reported 1-Feb to 31-Dec-21	Changes	Restated 1-Feb to 31-Dec-21
Total Revenue	-	-	-
Operating expenses	(7,631)	-	(7,631)
EBITDAR	(7,631)	-	(7,631)
Variable aircraft rentals	-	-	-
Depreciation and amortization	(331)	16	(315)
Operating profit/(loss)	(7,962)	16	(7,946)
Interest expenses	62	178	240
Other financial income/(expenses)	709	-	709
Profit/(loss) before tax	(7,190)	195	(6,996)
Income tax	-	-	-
Profit/(loss) after tax and total comprehensive income	(7,190)	195	(6,996)
Earnings per share to equity shareholders (in USD)	(0.09)	-	(0.09)

Consolidated statement of financial position

<i>(in thousands of USD)</i>	Reported 31-12-21	Changes	Restated 31-12-21
Aircraft Right-of-Use assets	119,600	(24,002)	95,598
Aircraft lease deposits	18,706	1,561	20,267
Other non-current assets	3,685	-	3,685
Total non-current assets	141,991	(22,441)	119,550
Trade and other receivables	707	-	707
Other current assets	-	-	-
Cash and cash equivalents	134,252	-	134,252
Total current assets	134,959	-	134,959
Total assets	276,950	(22,441)	254,510
Paid-in equity	163,580	-	163,580
Retained earnings	(7,190)	195	(6,995)
Total equity	156,390	195	156,585
Lease liabilities non-current	115,181	(21,822)	93,359
Provisions	3,015	(814)	2,201
Total non-current liabilities	118,195	(22,636)	95,560
Trade and other payables	2,051	-	2,051
Other current liabilities	-	-	-
Lease liabilities current	314	-	314
Total current liabilities	2,365	-	2,365
Total equity and liabilities	276,950	(22,441)	254,510

Statement of Comprehensive Income

(Unconsolidated Parent company)

<i>(in thousands of USD)</i>	Notes	2022	2021
Revenue			
Operational revenue		14,397	-
Revenue	3	14,397	-
Operating expenses			
Personnel expenses	4, 5	(958)	(64)
Airport charges and handling		(5)	-
Technical maintenance		(404)	-
Insurances, licenses and registration expenses		-	-
Administrative expenses	6	(809)	(1 171)
Total Operating expenses excl. leases, depreciation and amortization		(3,587)	(1,235)
Operating profit/(loss) before leases, depreciation and amortization (EBITDAR)		10,810	(1,235)
Variable aircraft rentals		(10,844)	-
Depreciation and amortization	9	(12,110)	-
Operating profit/(loss)		(12,143)	(1,235)
Interest expenses		(22,450)	43
Other financial income	7	17,650	785
Profit/(loss) before tax		(16,943)	(407)
Income tax	8	-	-
Profit/(loss) after tax and total comprehensive income		(16,943)	(407)

Statement of Financial Position

(Unconsolidated Parent company)

<i>(in thousands of USD)</i>	Notes	2022	2021
Non-current assets			
Aircraft Right-of-Use assets	9	175,047	-
Aircraft lease deposits	9	15,596	20,267
Aircraft preparation investments		-	2,202
Investment in subsidiary	12	60,377	35,097
Lease receivable from subsidiaries	15, 16	772,137	95,286
Other Property, plant & equipment		-	-
Intercompany non-current receivables	15, 16	51,800	-
Total non-current assets		1,074,957	152,852
Current assets			
Lease receivable from subsidiaries	15, 16	-	314
Trade and other receivables	16	1,000	485
Intercompany receivables	15, 16	47,055	409
Other current assets	16	17,047	-
Restricted cash	11, 16	5,000	-
Cash and cash equivalents	2, 11	24,756	105,790
Total current assets		94,858	106,998
Total assets		1,169,815	259,849
Equity and liabilities			
Equity			
Share capital	13	29,945	27,489
Share premium		162,560	136,091
Retained earnings	14	(17,350)	(407)
Total equity		175,155	163,173
Non-current liabilities			
Lease liabilities non-current	9	910,576	93,083
Provisions	10	28,423	2,200
Total non-current liabilities		938,998	95,283
Current liabilities			
Trade and other payables	16	18,467	1,178
Other current liabilities	16	1,909	-
Lease liabilities current	9, 16	35,286	215
Total current liabilities		55,661	1,393
Total equity and liabilities		1,169,815	259,849

Statement of Cashflows

(Unconsolidated Parent company)

<i>(in thousands of USD)</i>	2022	2021
Cash flows from operating activities		
Profit/(loss) for the period	(16,943)	(407)
<i>Adjustments for items not affecting operating cash flows:</i>		
Depreciation and amortization	12,110	-
Interest expenses	22,450	35
Interest income	(20,723)	(43)
Net Investment/proceeds in financial assets	893	-
Lease payments		
Net operating cash flows before working capital movements	(2,214)	(415)
Working capital movements	(45,011)	(536)
Net cash flows from operating activities	(47,225)	(951)
Cash flows from investing activities		
Aircraft deposits paid	-	(20,400)
Aircraft preparation investments	-	(2,202)
Net investment/proceeds in financial assets	-893	-
Investment in subsidiaries	(25,280)	(35,097)
Loan to subsidiaries	(31,499)	-
Net cash flows from investing activities	(57,672)	(57,699)
Cash flows from financing activities		
Net proceeds from share issue	28,925	163,580
Movements in restricted cash	(5,000)	-
Net cash flows from financing activities	23,925	163,580
Effect of foreign currency revaluation on cash	(62)	859
Net increase in cash and cash equivalents	(81,033)	105,789
Cash and cash equivalents at the beginning of the period	105,789	-
Cash and cash equivalents at the end of the period	24,756	105,789

Statement of Changes in Equity

(Unconsolidated Parent company)

From 1-Jan-2022 to 31-Dec 2022					
<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance as at 01-Jan-2022	77,684,314	27,489	136,091	(407)	163,173
Changes in share capital					
12 December 2022 reduction of nominal value		(13,597)	13,597		
12 December 2022 Equity Issue USD 0.13 (NOK 1.25) per share	128,400,000	16,053	16,053		32,106
Transaction Costs			(3,180)		(3,180)
Total comprehensive income for the period		-	-	(16,943)	(16,943)
Balance at 31-Dec-2022	206,084,314	29,945	162,560	(17,350)	175,155

From 1-Feb-2021 to 31-Dec-2021					
<i>(in USD thousands except for number of shares and value per share)</i>	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Shares issued on the date of incorporation					
1 February 2021 at USD 11.63 (NOK 100) per share	300,000	3,489	-	-	3,489
Changes in share capital					
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)
Balance at 31-Dec-21	77,684,314	27,489	136,091	(407)	163,173

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 aircraft leases with external lessors and subleases the aircraft to its subsidiaries. The sub-lease is classified as a Finance lease in the intra-group lessee's books, in accordance with IFRS 16 para 61-66.

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 January to 31 December 2022 (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.

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

2. Financial risk

As of 31 December 2022, the Parent does not have any interest-bearing debt. As at the year end, the Parent's principal financial assets are its cash deposits held with the banks. The Parent's key financial risks are described below.

2.1 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.

<i>(in thousands of equivalent USD)</i>	2022	2021
Cash and cash equivalents held in foreign currencies		
NOK	111	19,424
GBP	48	2,101
EUR	201	270
Total cash and cash equivalents held in foreign currencies	360	21,795
<i>Cash and cash equivalents held in USD</i>	24,395	83,995

As of 31 December 2022, 1 percent of the Parent's cash and cash equivalents are held in foreign currencies of which 0,4 percent is held in Norwegian Kroner ("NOK").

2.2 Liquidity risk

The following table shows the maturity profile of the Parent's financial liabilities as at 31 December 2022 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	21,780	30,705	81,174	174,600	702,272	1,010,531
Total as at 31-Dec-2022	21,780	30,705	81,174	174,600	702,272	1,010,531

2.3 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 2022 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 2022 the Parent had deposits with AerCap Holdings NV and BOC Aviation Ltd. Five of the Company's aircraft are currently sub-leased to a third-party lessee. All sub-leases are for a total period of 18 months from the date of delivery of the aircraft. Sublease agreements have and will be entered into on standard market terms. To reduce the credit risk, the lessee has paid a deposits equivalent to one month's rent per aircraft.

3. Operating segments revenue

Revenue by country

<i>(in thousands of USD)</i>	Leased out aircraft
Europe (excl. Norway and UK)	14,397
Total revenue	14,397

In 2022 there is one single external customer amounting for 14.4 million USD in the leased out aircraft operating segment.

4. Personnel expenses

<i>(in thousands of USD)</i>	2022	2021
Board remuneration	73	65
Social security costs	10	9
Other employee costs (employee travel expenses etc.)	874	(11)
Total	958	64

The Parent has no employees and no pension obligations.

5. Payments to the Board of Directors

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

<i>(in thousands of USD)</i>		2022	2021
Director	Date of appointment	Board remuneration paid	
Terje Bodin Larsen	01.feb.21	31	32
Bjørn Kjos	12.apr.21	21	16
Aase Kristine Mikkelsen	12.apr.21	21	16
Total paid		73	65

6. Auditors remuneration

<i>(in thousands of USD)</i>	2022	2021
Audit fee	44	32
Other audit related services	10	-
Other services	1	-
Total	55	32

Total amount paid to the Company's auditors for audit and audit related services during the Period was NOK 529,000 (approximately USD 55,000).

7. Other Financial income/(expense)

<i>(in thousands of USD)</i>	2022	2021
Interest income	20,723	(170)
Foreign exchange gains	2,443	1,056
Foreign exchange losses	(4,623)	(101)
Loss on financial assets	(893)	-
Total	17,650	785

8. Income tax

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

<i>(in thousands of USD)</i>	2022	2021
Current tax:		
Tax payable	-	-
Deferred tax		
Changes in deferred tax	(4,140)	(1,994)
Deferred tax asset not recognized	4,140	1,994
Income tax expense	-	-

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>	2022	2021
Pre-tax profit for the Period	(16,943)	(407)
Income taxes calculated at 22%	(3,727)	(90)
Deductible expenses related to equity issues	(763)	(1,737)
Non-deductible expenses	-	-
Effect group contribution	(1,677)	-
Other effects due to timing and exchange rates	2,027	(167)
Deferred tax asset not recognized	4,140	1,994
Income tax expense	-	-

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

<i>(in thousands of USD)</i>	2022	2021
Deferred tax assets		
Right of use lease asset	38,510	484
Lease receivable	169,870	26,286
Lease liabilities	(208,090)	(25,279)
Provisions	(6,425)	(1,018)
Tax losses carried forward	0	(2,468)
Net deferred tax liabilities (assets)	(6,134)	(1,994)
<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, it is not certain about the timing and amount of tax losses that may be utilized in the future.

9. Aircraft leases and subleases

9.1 Aircraft leases

Norse leases 15 Aircraft from two different lessors.

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.

The first aircraft was delivered in December 2021, with the delivery of the final aircraft taking place one year later in December 2022.

9.2 Right-of-Use assets

<i>(In thousands of USD)</i>	Aircraft	Total
Balance as at 01-Jan-2022	-	-
Additions 2022		
Net present value of lease liabilities	166,927	166,927
Maintenance assets	10,552	10,552
Provision for redelivery costs	6,025	6,025
Prepaid leases	1,788	1,788
Initial direct costs	1,865	1,865
Total additions	187,156	187,156
Depreciation	(12,110)	(12,110)
Balance as at 31-Dec-2022	175,047	175,047

These right-of-use assets represent 5 aircraft together with their associated maintenance assets, which have been acquired in 2022 and subsequently have been sub-leased to an external lessor. These sub-leases are for a period of 18 months.

9.3 Lease liabilities

<i>(In thousands of USD)</i>	2022	2021
Balance as at 01-Jan-2022	93,298	-
Additions during the period	831,980	93,201
Lease payments during the period	(203)	-
Interest accrued	20,920	97
Interest paid	(133)	-
Balance as at 31-dec-2022	945,862	93,298
Of which:		
Due within 12 months	35,286	215
Due after 12 months	910,576	93,083

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 22 was USD 20.4 million. Up until the date of delivery of each aircraft by the external lessors to the Parent, the security deposits were 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.

9.4 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 2022 the Parent has capitalized USD 1,8 million for initial direct costs that is allocated to the aircraft delivered in 2022.

9.5 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 2022 the Parent has recognized a provision of USD 6.0 million in its statement of financial position towards such aircraft restoration and return costs.

10. Provisions

<i>(In thousands of USD)</i>	2022	2021
Balance as at 01-Jan-2022	3,014	-
Provisions for ROU redelivery	12,977	2,200
Provisions for ROU maintenance	11,039	-
Maintenance provisions recognized as profit/loss	1,393	-
Other provisions		
Balance as at 31-Dec-2022	28,423	2,200
Of which:		
Provision due within 12 months		
Provision due after 12 months	28,423	2,200

11. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks. In addition to the numbers stated below, the Parent also has 5 million USD in restricted cash.

<i>(In thousands of equivalent USD)</i>	2022	2021
USD	24,395	83,995
NOK	111	19,424
GBP	48	2,101
EUR	201	270
Total cash and cash equivalents	24,756	105,790

12. Investment in subsidiaries

The Parent's direct investment in subsidiaries as of 31 December 2022 is as follows:

<i>(in thousands of USD)</i>			2022	2021
Name of the subsidiary	Country of incorporation	Equity interest as at 31-Dec-22*	Equity investment at cost	Equity investment at cost
Norse Atlantic Airways AS	Norway	100 %	29,690	29,690
Norse Atlantic US Holding AS	Norway	100 %	5	5
Norse Atlantic UK Ltd	UK	100 %	30,679	5,402
Norse Atlantic Management AS	Norway	100 %	3	-
Total equity investment at cost			60,377	35,097

*Voting rights are equivalent to shareholding for all companies.

As of 31 December 2022, the structure of the subsidiaries is as follow:

Name of the subsidiary	Date of establishment	Country of incorporation	Number of shares	Ownership
Norse Atlantic Management AS	01.01.2022	Norway	3,000	100 %
Norse Atlantic Management UK Ltd.	15.03.2022	UK	100	100 %
Norse Atlantic Airways AS	01.01.2021	Norway	3,000	100 %
Norse Atlantic Airways US LLC	08.02.2022	USA	100	100 %
Norse Atlantic UK Ltd.	10.05.2021	UK	4,000,100	100 %
Norse Atlantic US Holding AS	01.06.2021	Norway	3,000	100 %
Norse Atlantic USA LLC	30.08.2021	USA	100	100 %

13. 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 2022 the Company's authorized and issued number of shares are 206,084,314 shares, all with par value NOK 1,25 per share.

13.1. Largest shareholders

The Company's largest 20 shareholders as at 31 December 31 2022, were as follows:

Name	Number of shares	Issued share capital	Share premium
B.T Larsen & Co Limited	52,850,311	25.6%	25.6%
UBS Switzerland AG	10,373,811	5.0%	5.0%
Goldman Sachs International	8,620,000	4.2%	4.2%
Alto Holding AS	5,900,000	2.9%	2.9%
Vicama Capital AS	5,518,347	2.7%	2.7%
Verdipapirfondet Delphi Nordic	5,500,408	2.7%	2.7%
Skagen Vekst Verdipapirfond	4,858,479	2.4%	2.4%
Mustang Capital AS	4,740,000	2.3%	2.3%
Verdipapirfondet DNB smb	3,678,460	1.8%	1.8%
Verdipapirfondet First Generator	2,727,044	1.3%	1.3%
Pure AS	2,700,000	1.3%	1.3%
The Bank of New York Mellon SA/NV	2,495,236	1.2%	1.2%
Verdipapirfondet First Globalt	2,280,000	1.1%	1.1%
Observatoriet Invest AS	2,140,000	1.0%	1.0%
Vilico AS	2,023,772	1.0%	1.0%
Olav Olsen Holding AS	2,000,000	1.0%	1.0%
Kvantia AS	1,893,435	0.9%	0.9%
Kristian Falnes AS	1,700,000	0.8%	0.8%
Jahatt AS	1,650,000	0.8%	0.8%
J.P. Morgan SE	1,629,157	0.8%	0.8%
Other shareholders	80,805,854	39.2%	39.2%
Total number of shares	206,084,314	100%	100%

13.2 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 2022, were as follows:

		Number of shares
Terje Bodin Larsen	Chair of the Board	100,000
Bjørn Kjos	Member of the Board	2,640,000
Aase Kristine Mikkelsen	Member of the Board	-
Bjørn Tore Larsen	Chief Executive Officer	52,850,311
Ben Bjoerkholt-Boiling	Chief Financial Officer	107,000
Thom Arne Norheim	Chief Operational Officer	-
Kristin Berthelsen	Chief Culture Officer	360,600
Ted Hutchins	Chief Information Officer	-
Michael Scheurich	Chief Legal Officer	-

14. 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 2022.

(in USD thousands except for number of shares)	2022	2021
Profit/(loss) for the period	(16,943)	(407)
Weighted average number of shared outstanding	84,368,150	62,673,409
Basic and diluted EPS (in USD per share)	(0,20)	(0,01)

The Parent completed a conditional private placement of 120,000,000 shares in the company published on 25 November 2022. A subsequent offering of up to 60,000,000 new shares in the Company at a subscription price equal to the subscription price in the private Placement of NOK 2.5 per share, opened for application the 13 April 2023 and closed 20 April 2023. The Subsequent Offering was directed towards existing eligible shareholders in the Company as of 24 November 2022.

15. Related parties

15.1 Transactions and balances with subsidiaries

During the period ended 31 December 2022, the Parent has provided below presented loans and credits to its subsidiaries.

2022	Norse Atlantic Airways AS	Norse Atlantic US Holding AS	Norse Atlantic UK Ltd	Norse Atlantic Management AS	Total
Other current receivable	46,568	3	484	1	47,055
Total current receivable	46,568	3	484	1	47,055
Lease receivable	722,611	-	49,525	-	772,137
Other non-current receivable	32,086	3,383	16,331	-	51,800
Total non-current receivable	754,697	3,383	65,857	-	823,937
Total receivable from subsidiaries	801,265	3,386	66,340	1	870,992

2021	Norse Atlantic Airways AS	Norse Atlantic US Holding AS	Total
Other current receivable	406	3	409
Total current receivable	406	3	409
Lease receivable	97,661	-	97,661
Other non-current receivable	-	-	-
Total non-current receivable	97,661	0	97,661
Total receivable from subsidiaries	98,067	3	98,070

Transactions with subsidiaries sales/(purchase)	2022	2021
Sales and financial revenue	20,301	-
Purchases and financial expenses	-	-

15.2 Transactions with related parties

ADS Shipping Ltd ("ADS") and OSM Aviation Group ("OSM") are groups controlled by the Company's CEO, Bjørn Tore Larsen. During the Period Norse has received total income of USD 0.02 million for financial consulting services it has provided to ADS. Norse also paid USD 0.18 million for technical services, hired-in employees, and training for pilots to OSM throughout the year. These amounts have been reported in the Company's general and administrative expenses.

16. Financial assets and liabilities

Financial assets measured at amortized cost are as follows:

(in thousands of USD)

	2022	2021
Trade and other receivables	1,000	485
Intercompany receivables	98,855	409
Cash and cash equivalents	24,756	105,790
Restricted cash	5,000	-
Lease receivable from subsidiaries	772,137	95,286
Total financial assets at amortised cost	901,748	201,970

Current assets - other

(in thousands of USD)

	2022	2021
Prepayments	17,047	-
Deposits	-	-
Total other financial assets at amortised cost	17,047	-

Financial liabilities

(in thousands of USD)

	2022	2021
Trade and other payables	18,467	1,178
Total financial liabilities at amortised cost	18,467	1,178

Current liabilities - other

(in thousands of USD)

	2022	2021
Deferred revenue - Leases	1,909	-
Lease liabilities	35,286	215
Total other financial liabilities at amortised cost	37,195	215

17. Events after balance date

On 13 April 2023 the Company launched a repair offering in relation to its 2022 equity offering, which was closed on 20 April 2023, raising a total gross amount of NOK 150 million (USD 14,2 million equivalent)

18. Restated 2021

The Company identified an error in lease accounting methods used in previous periods. The error was found in the measurement of the lease implicit rate and the recognition of aircraft maintenance provisions. The nature of the errors found under the review was considered significant enough to do a restatement. The main impact was due to the change in interest rate implicit in the lease from an average of 1 percent to an average of 2.48 percent, affecting the right of use asset of the aircraft, as well as the lease liability. The financial statement of 2021 has been restated due to this adjustment. The effects of the restatement on those financial statements are summarised below.

Statement of comprehensive income

(Unconsolidated Parent company)

(in thousands of USD)

	Reported 2021	Changes	Restated 2021
Total Revenue	-	-	-
Operating expenses	(1,235)	-	(1,235)
EBITDAR	(1,235)	-	-
Variable aircraft rentals	-	-	-
Depreciation and amortization	-	-	-
Operating profit/(loss)	(1,235)	-	(1,235)
Interest expenses	43	-	43
Other financial income/(expenses)	785	-	785
Profit/(loss) before tax	(407)	-	407
Income tax	-	-	-
Profit/(loss) after tax and total comprehensive income	(407)	-	407
Earnings per share to equity shareholders (in USD)	(0,01)	(0,00)	(0,01)

Statement of comprehensive income

(Unconsolidated Parent company)

(in thousands of USD)

	Notes	Reported 31-12-21	Changes	Restated 31-12-21
Non-current assets				
Aircraft lease deposits	5	18,706	1,561	20,267
Aircraft preparation investments		2,202	-	2,202
Investment in subsidiary		35,097	-	35,097
Lease receivable from subsidiaries		119,483	(24,197)	95,286
Total non-current assets		175,488	(22,636)	152,852
Current assets				
Trade and other receivables		485	-	485
Lease receivable from subsidiaries		314	-	314
Intercompany receivables		409	-	409
Cash and cash equivalents	6	105,790	-	105,790
Total current assets		106,998	-	106,998
Total assets		282,486	(22,636)	259,849
Equity and liabilities				
Equity				
Share capital		27,489	-	27,489
Share premium		136,091	-	136,091
Retained earnings		(407)	-	(407)
Total equity		163,173	-	163,173
Non-current liabilities				
Lease liabilities non-current	5	114,905	(21,822)	93,083
Provisions		3,014	(814)	2,200
Total non-current liabilities		117,919	(22,636)	95,283
Current liabilities				
Trade and other payables		1,178	-	1,178
Lease liabilities current	5	215	-	215
Total current liabilities		1,393	-	1,393
Total equity and liabilities		282,486	(22,636)	259,849



To the General Meeting of Norse Atlantic ASA

RSM Norge AS

Frolandsveien 6, 4847 Arendal
Org.nr: 982 316 588 MVA

T +47 38 07 07 00
F +47 23 11 42 01

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 2022, 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, and
- the consolidated financial statements of Norse Atlantic ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2022, 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 2022, 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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 relevant laws and regulations in Norway 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Norge AS is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Norge AS er medlem av/ is a member of Den norske Revisorforening.



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 appear to be 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 statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statement 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are



inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Arendal, 20 April 2023
RSM Norge AS

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

Key Figures

<i>(USD million or as stated)</i>	2022	2021
Revenue	104.3	-
EBITDAR ¹	(60.3)	(7.6)
Operating profit (EBIT)	(146.1)	(7.9)
Net profit	(175.0)	(7.0)
Net cashflow from operations	(68,6)	(5.5)
Book equity	10.5	156.6
Total cash ¹	69.7	134.3
Number of flights	1,451	-
Number of operating destinations	7	-
Average stage length (km)	5,534	-
ASK ¹ (millions)	2,716	-
RPK ¹ (millions)	1,693	-
Number of passengers	295,839	-
Load factor ¹	62%	-
Airfare per passenger (USD) ¹	215	-
Ancillary per passenger (USD) ¹	47	-
Revenue per passenger (USD) ¹	262	-
CASK cash adjusted (US cents) ¹	4.81	-
CASK excl. fuel (US cents) ¹	6.94	-
CASK (US cents) ¹	9.22	-
Total number of aircraft in fleet at period end	15	1
Total number of aircraft in operation at period end	2	-
Total number of aircraft subleased out at period end	5	-

¹ = Non-IFRS alternative measures are explained and/or reconciled in the notes to the financial statements

Alternative Performance Measures

1. Definitions

An Alternative Performance Measure (“APM”) is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework. Norse prepares its financial statements in accordance with IFRS, and in addition uses APMs to enhance the financial statement readers’ understanding of the Company’s performance. Definition of APMs used by the Company in these financial statements are provided below

APM	Description
EBITDAR	Earnings before net financial items, income tax expense/(income), depreciation, amortization and impairment, restructuring items, aircraft leasing expenses and share of profit/(loss) from associated companies. EBITDAR enables comparison between the financial performance of different airlines as it is not affected by the method used to finance the aircraft
Total cash	The total of cash and cash equivalents, restricted cash and other financial assets that can be converted into cash immediately. The Company uses Total cash as an indication of its complete cash position
Equity ratio	Book equity divided by total assets
Airfare per passenger	Total airfare revenue divided by the number of passengers.
Ancillary per passenger	Total ancillary revenue, meaning all passenger revenue that is not the airfare, divided by the number of passengers.
Revenue per passenger	Total revenue that the Company earned from passengers, which consists of airfare and ancillary revenue, divided by the number of passengers.
CASK	Cost per available seat kilometre. Used to measure the unit cost to operate each seat for every kilometre
CASK (excluding fuel)	Cost per available seat kilometre, excluding the cost of fuel. Used to measure the unit cost to operate each seat for every kilometre, while fuel is excluded due to the nature of its pricing as a commodity due to market conditions being outside the control of the airline.
CASK (cash adjusted)	Cost per available seat kilometre, excluding the cost of fuel and the IFRS accounting cost of right-to-use asset. The right-to-use accounting amortization is excluded as it is significantly different from the lease accounting cost. CASK (cash adjusted) gives a more accurate indication of the cash cost of CASK excluding fuel.

Operational measures	Description
ASK	Available seat kilometres. Number of available passenger seats multiplied by flight distance
RPK	Revenue passenger kilometres. Number of sold seats multiplied by flight distance
Load factor	RPK divided by ASK. Indicates the utilization of available seats

1.1 Revenue per passenger

Airfare passenger revenue - USD millions	2022	2021
Number of passengers	63,680	-
Airfare per passenger - USD	295,839	-
	215	n/a
Ancillary passenger revenue - USD millions	13,880	-
Number of passengers	295,839	-
Ancillary per passenger - USD	47	n/a
Revenue per passenger - USD	262	n/a

1.2 CASK (cash adjusted)

USD millions	2022	2021
Operating profit/(loss)	(146,104)	(7,946)
<i>Add-back:</i>		
Revenue	(104,269)	-
Fuel, oil and emissions costs	61,793	-
Depreciation of right-of-use assets	57,873	238
Cost (adj.) sub-total	(130,707)	(7,708)
Available seat kilometres (millions)	2,716	-
CASK (cash adjusted) - US cents	(4.81)	n/a

1.3 CASK (excluding fuel)

USD millions	2022	2021
Operating profit/(loss)	(146,104)	(7,946)
<i>Add-back:</i>		
Revenue	(104,269)	-
Fuel, oil and emissions costs	61,793	-
Cost (adj.) sub-total	(188,580)	(7,946)
Available seat kilometres (millions)	2,716	-
CASK (excluding fuel) - US cents	(6.94)	n/a

1.4 CASK

USD millions	2022	2021
Operating profit/(loss)	(146,104)	(7,946)
<i>Add-back:</i>		
Revenue	(104,269)	-
Cost sub-total	(250,373)	(7,946)
Available seat kilometres (millions)	2,716	-
CASK - US cents	(9.22)	n/a

1.5 Total cash

USD millions	2022	2021
Cash and cash equivalents	64,709	134,252
<i>Restricted cash</i>	5,000	-
Total cash	69,709	134,252



Norse Atlantic ASA
Fløyveien 14,
4838 Arendal, Norway
flynorse.com

Designed by: [molte](#)