



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer: 926 493 647
Organisasjonsform: Aksjeselskap
Foretaksnavn: NORSE ATLANTIC AIRWAYS AS
Forretningsadresse: Fløyveien 14
4838 ARENDAL

Regnskapsår

Årsregnskapets periode: 01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern: Nei

Regnskapsregler

Regler for små foretak benyttet: Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Terje Bodin Larsen
Dato for fastsettelse av årsregnskapet: 18.12.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 22.07.2025



Resultatregnskap

| Beløp i: USD | Note | 2023 | 2022 |
|-------------------------------------------------|-------------|--------------------|---------------------|
| RESULTATREGNSKAP | | | |
| Inntekter | | | |
| Operational revenue | 4 | 244 434 000 | 90 763 000 |
| Sum inntekter | | 244 434 000 | 90 763 000 |
| Kostnader | | | |
| Technical maintenance | | 42 649 000 | 19 990 000 |
| Personnel expenses | 5,6 | 51 560 000 | 26 216 000 |
| Depreciation and amortization | 10.2,1 2 | 33 995 000 | 42 895 000 |
| Related parties expenses | 17 | 19 211 000 | 18 609 000 |
| Fuel, oil and emission costs | | 80 666 000 | 61 792 000 |
| Airport charges and handling | | 41 824 000 | 19 323 000 |
| Other operating cost | | 20 949 000 | 885 000 |
| Marketing costs | | 14 701 000 | 755 000 |
| Administrative expenses | 7 | 10 268 000 | 7 727 000 |
| Variable aircraft rentals | | 7 159 000 | 16 394 000 |
| Sum kostnader | | 322 982 000 | 214 586 000 |
| Driftsresultat | | -78 548 000 | -123 823 000 |
| Annen rentekostnad | | 3 780 000 | 1 847 000 |
| Related parties interest expense | | 16 792 000 | 19 334 000 |
| Related parties gain/loss on lease modification | | -26 438 000 | 0 |
| Other financial income/(expenses) | 8 | -706 000 | 2 185 000 |
| Sum finanskostnader | | -6 572 000 | 23 366 000 |
| Netto finans | | 6 572 000 | -23 366 000 |
| Resultat før skattekostnad | | -71 976 000 | -147 189 000 |
| Income tax | 9 | 0 | 0 |
| Årsresultat | | -71 976 000 | -147 189 000 |



Balanse

| Beløp i: USD | Note | 2023 | 2022 |
|------------------------------------------------|--------|--------------------|--------------------|
| BALANSE - EIENDELER | | | |
| Anleggsmidler | | | |
| Immaterielle eiendeler | | | |
| Aircraft and other tangible assets | 10 | 318 189 000 | 717 196 000 |
| Intangible assets | 12 | 3 324 000 | 2 801 000 |
| Investment in subsidiaries | 16 | 1 066 000 | 1 066 000 |
| Sum immaterielle eiendeler | | 322 579 000 | 721 063 000 |
| Sum anleggsmidler | | 322 579 000 | 721 063 000 |
| Omløpsmidler | | | |
| Varer | | | |
| Investment in subsidiaries | 13 | 3 326 000 | 2 596 000 |
| Sum varer | | 3 326 000 | 2 596 000 |
| Fordringer | | | |
| Credit card receivables | 14 | 60 214 000 | 31 371 000 |
| Trade and other receivables | 14 | 4 726 000 | 3 054 000 |
| Other current assets | 14 | 11 088 000 | 6 122 000 |
| Related parties receivables | 14, 17 | 37 700 000 | |
| Sum fordringer | | 113 728 000 | 40 547 000 |
| Bankinnskudd, kontanter og lignende | | | |
| Cash and cash equivalents | 14, 15 | 12 375 000 | 8 855 000 |
| Sum bankinnskudd, kontanter og lignende | | 12 375 000 | 8 855 000 |
| Sum omløpsmidler | | 129 429 000 | 51 998 000 |
| SUM EIENDELER | | 452 008 000 | 773 061 000 |
| BALANSE - EGENKAPITAL OG GJELD | | | |
| Egenkapital | | | |
| Innskutt egenkapital | | | |
| Selskapskapital | 18 | 34 000 | 34 000 |



Balanse

| Beløp i: USD | Note | 2023 | 2022 |
|-----------------------------------|---------------|---------------------|---------------------|
| Overkurs | | 29 656 000 | 29 656 000 |
| Annen innskutt egenkapital | | 20 380 000 | |
| Sum innskutt egenkapital | | 50 070 000 | 29 690 000 |
| Opptjent egenkapital | | | |
| Udekket tap | | 223 848 000 | 151 872 000 |
| Sum opptjent egenkapital | | -223 848 000 | -151 872 000 |
| Sum egenkapital | | -173 778 000 | -122 182 000 |
| Gjeld | | | |
| Langsiktig gjeld | | | |
| Annen langsiktig gjeld | | | |
| Lease liabilities non-current | 10, 14, 17 | 316 713 000 | 709 526 000 |
| Provisions | 11 | 13 257 000 | 15 571 000 |
| Related parties payables. | 14, 17 | 84 911 000 | 32 133 000 |
| Sum annen langsiktig gjeld | | 414 881 000 | 757 230 000 |
| Sum langsiktig gjeld | | 414 881 000 | 757 230 000 |
| Kortsiktig gjeld | | | |
| Deferred passenger revenue | 14 | 22 975 000 | 17 001 000 |
| Trade and other payables | 14 | 53 715 000 | 34 196 000 |
| Lease liabilities current | 10, 14, 17 | 22 608 000 | 28 922 000 |
| Related parties payables | 14, 17 | 111 607 000 | 57 894 000 |
| Sum kortsiktig gjeld | | 210 905 000 | 138 013 000 |
| Sum gjeld | | 625 786 000 | 895 243 000 |
| SUM EGENKAPITAL OG GJELD | | 452 008 000 | 773 061 000 |



RSM Norge AS

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To the General Meeting of Norse Atlantic Airways AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Norse Atlantic Airways AS (the Company), which comprise the balance sheet as at 31 December 2023, 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 material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements, and
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting 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 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 3.8 in the financial statements, which indicates that the Company incurred a net loss of MUSD 72 during the year ended December 31, 2023 and, as of that date, the Company's equity was negative with MUSD 173.8. As stated in Note 3.8, these events or conditions, along with other matters as set forth in Note 3.8, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Matters

The Company's financial statements have been submitted after the expiry of the statutory time limit for preparation of financial statements.

THE POWER OF BEING UNDERSTOOD ASSURANCE | TAX | CONSULTING

RSM Norge AS (organisasjonsnummer 982316588), RSM Advokatfirma AS (organisasjonsnummer 914095573),
RSM Norge Kompetanse AS (organisasjonsnummer 925107492).

RSM Norge AS er medlem av RSM-nettverket og driver under navnet RSM. RSM er foretreatningsnavnet som brukes av medlemmene i RSM-nettverket. RSM Advokatfirma AS og RSM Norge Kompetanse AS er selskaper tilknyttet RSM Norge AS.

Hvert medlem i RSM-nettverket er et selvstendig revisjons- og rådgivningsfirma med uavhengig virksomhet. RSM-nettverket er ikke selv en egen juridisk person av noen form i noen jurisdiksjon.

Penneo Dokumentnøkkel: 2MCJQ-0VAQU-5BUC1-1DGB0-36A7W-773E3





Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. 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.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report. 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.

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 IFRS Accounting 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 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 Company 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 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 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 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.

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. December 2024
RSM Norge AS

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

Penneo Dokumentnr: 2MCJQ-0VAQU-5BUC1-1DGBO-36A7W-773E3



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"Med min signatur bekrefter jeg alle datoer og innholdet i dette dokument."

Halvorsen, Eirik

Statsautorisert revisor

På vegne av: RSM Norge AS

Serienummer: no_bankid:9578-5995-4-96888

IP: 188.95.xxx.xxx

2024-12-20 10:47:18 UTC



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The Norwegian
Tax Administration

| | | |
|-------------------------------|-------------------------------|-------------------------------------------------------|
| Our date 21.07.2021 | Your date 29.06.2021 | Case officer Vibeke Horne |
| 800 80 000 skatteetaten.no | Your reference AR436592797 | Telephone +4790518192 |
| Org. nr: 974761076 | Our reference 2021/6078309 | Postal address Postboks 9200 Grønland 0134 OSLO |

NORSE ATLANTIC ASA
Sandvigveien 19
4816 KOLBJØRNSVIK

Confidential

Callers from abroad, please call +47 22 07 70 00

Att. Ben Boiling

Permission to prepare the annual accounts and directors' report in English language

With reference to your letter of 29 June 2021 with respect to the above matter regarding

Norse Atlantic ASA org. no 926 645 986
Norse Atlantic Airways AS org. no 926 493 647

Based on a total evaluation, the view of the tax office is that the mentioned companies may make the directors' report and annual accounts in English language according to the Norwegian Accounting Act § 3-4 third paragraph. The exemption requires that the information the decision is based on, does not change significantly.

A copy of this letter must be sent to the Register of Company Accounts in Brønnøysund together with the financial statements. It is incumbent on the companies to document by this letter that the permit is granted.

Background

Norse Atlantic Airways AS is a 100 % owned subsidiary of Norse Atlantic ASA, and they are part of an international group. The companies operates in the airline business. Norse Atlantic Airways AS is the administrative company in the Norse Group, and Norse Atlantic ASA is listed on the Euronext Growth stock exchange in Oslo. The communication internally, communication with the owner and communication in the group is in English.

Condition for the permission

According to the Norwegian Accounting Act § 3-4, third paragraph shall "the directors' report and annual accounts (...) be in Norwegian. The Ministry can in an individual decision decide that the directors' report and/or annual accounts may be in another language".

Ot. prp. nr. 42 (1997-1998) About Act about annual accounts etc., says the following about the purpose of the Accounting Act, refer section 1.1:

"The aim of the Government with respect to the Accounting Act is that it shall contribute towards providing informative accounts for different users of accounts. The users of accounts include investors and creditors, which provide capital for the companies. Other groups include those who have an interest in knowing how the companies are operated, for example employees and the local community. The



information to the capital market is an important basis for the correct pricing of financial instruments. The correct pricing of stocks is an important factor in securing the best possible allocation of resources in the economy. High quality accounts will also make it more difficult for market participants to obtain speculative gains as a result of non-publicly available information.”

One of the main goals of the Accounting Act is to contribute to “informative accounts for different users of accounts”. The users of the accounts will include investors, creditors, employees and the local community.

Hence, it is the view of the Ministry that it is crucial that the question of dispensation from the general rule that the annual accounts and/or directors’ report should be prepared in Norwegian, not in any significant way deviate from the consideration of users of the accounts.

As mentioned above it is particularly the consideration of the users of the account information, which has to be taken into consideration when considering the application for permission. In this assessment, the tax office has emphasized that the companies are part of an international group. Furthermore, all key players and partners in this industry understand and use English.

Please state “our reference” (see above) in all written communication with the Norwegian Tax Authorities.

Yours sincerely,

Vibeke Horne
Adviser
Customer Interaction Division, Customer Service
The Norwegian Tax Administration

This document has been electronically approved and therefore has no handwritten signatures.



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Norse Atlantic Airways AS

Board of Directors Report 2023

1. General information

Norse Atlantic Airways AS ("The Company") is a fully owned subsidiary of Norse Atlantic ASA (the "Parent"). 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 is located in Arendal, Norway.

The Company is a part of Norse Atlantic airways Group of companies ("Norse"). Norse is a new long-haul airline that offers affordable fares on transatlantic routes. 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 Company also provides management services to other companies within the Norse Group. The Company subleases 4 aircraft from its parent, Norse Atlantic ASA as at 31 December 2023. At the beginning of 2023 the Company subleased 9 aircrafts from Norse Atlantic ASA, during the timeframe from 1 of February to 31 of May, the agreement for 5 of the aircraft were terminated.

2. Comments to the financial statements

Income statement

During the period, the Company recorded a total operating revenue of USD 244.4 million (USD 90.8 million in 2022), consisting of USD 152.6 million in revenues from passengers (USD 63.7 million in 2022), USD 41.1 million in ancillary revenue (USD 13.9 million in 2022), USD 11.3 million in Cargo revenue (USD 10.3 million in 2022) and USD 39.5 million from other sources (USD 2.9 million in 2022).

The Company's operating expenses excluding depreciation, amortization, and aircraft leases during 2023 totalled USD 281.8 million (USD 155.3 million in 2022), consisting of USD 51.6 million in personnel expenses (USD 26.2 million in 2022), USD 186.1 million in aircraft operating costs (USD 102 million in 2022), USD 25 million in marketing and administrative costs (USD 8.5 million in 2022) and USD 19.2 million in related parties expenses (USD 18.6 million in 2022). Variable aircraft lease expenses were USD 7.2 million (USD 16.4 million in 2022), which is the amount the Company paid in cash for Power by the Hour aircraft lease costs. Norse recognized USD 34 million of depreciation and amortization during the Period (USD 42.9 million in 2022), of which USD 32.6 million related mainly to amortization of the aircraft right-to-use assets. Net financial income for 2023 was USD 6.6 million (net financial expense of USD 23.4 million in 2022). The Company recorded a net loss for the Period of USD 71,98 million (USD 147.2 million in 2022).

Balance sheet

As at 31 December 2023, Norse had gross assets of USD 452 million (USD 773.1 million in 2022), consisting of non-current assets of USD 322.6 million (USD 721.1 million in 2022) and current assets of USD 129.4 million (USD 52 million in 2022). Current assets consist mainly of USD 113.7 million of trade and other receivables (USD 40.5 million in 2022), Inventory of USD 3.3 million (USD 2.6 million in 2022) and USD 12.4 million of cash and cash equivalents (USD 8.9 million in 2022). Non-current assets consisted mainly of right-of-use assets related to aircraft and engine, and associated maintenance assets with a carrying value of USD 311 million (USD 710 million in 2022). The corresponding lease liability for all leases is a total of USD 339.3 million (USD 738.4 million in 2022). Other non-current assets consist of USD 11.7 million of capitalized software development, aircraft maintenance reserves, investment in subsidiaries and other property plant and equipment (USD 11.1 million in 2022). The Company's total liabilities were USD 625.8 million at yearend (USD 895.2 million in 2022), of which non-current liabilities were USD 414.9 million (USD 757.2 million in 2022), consisting of USD 316.7 million in lease liabilities (USD 709.5 million in 2022), provision of USD 13.3 million (USD 15.6 million in 2022) and related parties non-current loan of USD 84.9 million (USD 32.1 million in 2022). The lease liabilities

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Norse Atlantic Airways AS – 2023 Annual Report



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relate to the aircraft delivered in 2021/2022 and the redelivery back to parent of 5 aircraft in 2023. The provision is the estimate of redelivery costs for the same aircrafts at the end of the respective lease periods. The Company had current liabilities of USD 210.9 million (USD 138 million in 2022), of which USD 53.7 million (USD 34.2 million in 2022) were for trade and other payables, USD 23 million were deferred passenger revenue (USD 17 million in 2022), USD 111.6 million was current related parties loan (USD 57.9 million in 2022) and USD 22.6 million were current lease liabilities (USD 28.9 million in 2022). The Company's book equity was negative USD 173.8 million at the end of December 2023 (USD 122.2 million in 2022).

Cash flow

The Company's net increase in cash and cash equivalents during the period was USD 3.5 million (USD 15.3 million decrease in 2022). Net cash outflow from operating activities totalled USD 14.6 million (USD 16.7 million in 2022), a result of a loss for the period and a positive working capital movement. The net cash outflow of investing activities totalled USD 2.1 million through other investments (USD 11 million in 2022). The net cash inflow from financing activities of USD 20.1 million was mainly driven by loans from related parties (USD 10.2 million in 2022). The Company's cash and cash equivalents as at 31 December was USD 12.4 million (USD 8.9 million in 2022).

3. Going concern

Management and the Board of Directors take account of and consider all available information when evaluating the application of the going concern assumption. For this report, the going concern assumption has been evaluated for a period of 12 months following the end of the reporting period.

The going concern assumption of the Company is subject to material uncertainty.

Being an airline in its build-up phase, the Company has incurred losses over the first periods of operation, and as at 31 December 2023 the reported equity is negative USD 173.8 million.

The Company's total cash position as at 31 December 2023 is USD 12.4 million.

During Q3 2024, the Company and the Group has been through a process of shaping a strategic reorientation for Norse. The outcome of such process is a revised business plan implying the Company and the Group allocating a significant portion of its fleet capacity towards longer-term ACMI services. In November 2024, the Group has signed a detailed letter of intent to agree in principle on the commercial terms for a longer-term ACMI/wet lease agreement for the full capacity of six aircraft, two aircraft being deployed in February 2025 and additional four aircraft being deployed in September 2025. The arrangement is subject to final agreements, mutual corporate approvals and regulatory approvals. Subject to such regulatory approvals, the expected minimum contract value is at USD 462 million for the Group, and with additional upside if aircraft utilization is above minimum levels. In addition to this longer-term contract, Norse will continue to assign capacity to seasonal and adhoc ACMI/charter contracts.

The Company's plan implies a more modest capacity allocated to operation of routes within own scheduled network, in turn allowing for the Company focusing its most profitable routes. The revised business plan implies generation of year-round fixed revenue and cash flows, and a de-risking of the business model. The Company's debt to the Parent is subordinated to external debt.

Based on the major contract about to be entered into, as well as the Group's overall plans and ambitions, Norse has prepared financial forecasts that over time 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, commercial success expressed through achieved load factors and fares, as well as 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.



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Specifically, the Company also is in a position of owing an amount of USD 13 million of overdue passenger taxes to the US Internal Revenue Service (IRS). The US IRS has mechanisms of downpayment of such overdue taxes, under which individual agreements must be entered into. The Company has proactively entered into a dialogue with the US IRS aiming at establishing such a plan of downpayment.

The Company is financed by the Parent company. The Parent has in December 2024 improved its liquidity position by raising USD 15 million in additional capital, of which USD 8.7 million is from an equity private placement towards the Parent's major shareholder BT Larsen & Co Limited and USD 6.3 million in the form of a shareholder loan from BT Larsen & Co Limited, with final maturity of 31 December 2025. The direct private placement is planned to be followed by a repair issue expected to be launched early 2025, subject to prospectus and corporate resolutions, having potential of bringing in an additional amount of up to USD 37.5 million. The actual outcome of the repair issue is highly uncertain, whereas the share price during the subscription period will be a main driver for the expected outcome of such repair offering.

In addition to the above, the Parent has agreed that the maturity date for the USD 20 million revolving credit facility from the two major shareholders Scorpio Holdings Limited and B T Larsen & Co Limited, is extended to a new final maturity date of 31 March 2026.

The above measures are expected to strengthen the Parent's ability to provide sufficient financial support to the Company. However, there are several uncertainties affecting the financial position of the Company. This includes but is not limited to factors such as the commercial success of the Company during the winter season, the future development in jet fuel prices, the applied holdback mechanisms of credit card acquirers, the outcome of the downpayment plan to be established with the US IRS for the US passenger taxes, the outcome of the Parent's expected repair offering in early 2025, as well as general operational risks. On the other hand, there is upside potential on the commercial and financial performance of the Company and the Group's own scheduled network, whereas pre-sales on routes out for sale is trending well above the pre-sales realized at the same time the previous year.

Based on knowledge of the business plan established for the Group and the Company, in the Board of Directors' opinion, there is established a viable plan for the Group and the Company to be able to generate profits. In the Board of Directors' opinion, the going concern assumption is present and applies as basis for the Company's financial statements, but under the conditions described above, the going concern assumption is subject to material uncertainty. In the case that the going concern assumption should not serve as basis for the Company's financial statements, depending on the specific circumstances, some assets of the Company's may carry values lower than the values at which they are presented in these financial statements.



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4. Financial risk

As at 31 December 2023, the company does not have any interest-bearing debt to non-related parties. 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.

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 banks with highest credit rating and financial institutions. As at 31 December 2023 all of Norse's cash and cash equivalents were held with Nordea Bank.

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 cost is denominated in a mixture of USD and NOK. Personnel cost are in NOK. 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 2023 54 percent of the Company's cash and cash equivalents are held in foreign currencies, of which 28 percent is held in Norwegian Kroner ("NOK"). 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 2023 based on the contractual payment terms. The amounts disclosed below are undiscounted cash flows.

2023:

| <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 | 13,590 | 14,340 | 28,680 | 57,360 | 230,513 | 344,483 |
| Other lease payments | 3,989 | 4,037 | 7,802 | 15,723 | 57,485 | 89,036 |
| Total of lease liabilities | 17,579 | 18,377 | 36,482 | 73,083 | 287,998 | 433,519 |
| Deferred passenger revenue | 22,975 | - | - | - | - | 22,975 |
| Trade and other payables | 53,715 | - | - | - | - | 53,715 |
| Payable related parties | 55,803 | 55,803 | - | - | 84,911 | 196,518 |
| Total as at 31-Dec-2023 | 150,073 | 74,181 | 36,482 | 73,083 | 372,909 | 706,727 |



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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 | 19,183 | 26,830 | 67,290 | 204,120 | 607,551 | 924,974 |
| Other lease payments | 1,169 | 1,170 | 2,390 | 6,660 | 15,480 | 26,869 |
| Total of lease liabilities | 20,352 | 28,000 | 69,680 | 210,780 | 623,031 | 951,843 |
| Deferred passenger revenue | 17,001 | - | - | - | - | 17,001 |
| Trade and other payables | 34,196 | - | - | - | - | 34,196 |
| Payable related parties | 28,947 | 28,947 | 32,133 | - | - | 90,027 |
| Total as at 31-Dec-2022 | 100,496 | 56,947 | 101,813 | 210,780 | 623,031 | 1,093,068 |

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 interest-bearing debt to non-related parties. 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. 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.



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Technical and operational risk

Norse furthermore is subject to risks related to technical and operational matters. Being an airline implies the Company in general being subject to a wide set of laws and regulations. Continuous compliance with all such requirements is a prerequisite for the operations of the Company to run as planned. Operating technically highly advanced aircraft without any unplanned disruptions also implies operations being dependant on timely access to applicable spare parts and the services of key suppliers and business partners in relation to aircraft maintenance. The Company's operations furthermore are exposed to potential risks such as strikes, accidents, adverse weather conditions, changes in credit card settlement terms, interruptions in IT systems and more.

5. Working environment

In 2023 there was a total percentage sick-leave across the workforce out available working days during the Period of 4.15% in Norway and 3.04% in France. Throughout the year there were not reported any serious injuries, but there were reported a few minor accidents and injuries. The reports were mainly related to issues with crew accommodation, fatigue, missing equipment onboard the aircraft etc. We have focussed on establishing an appropriate reporting culture in 2023 and are pleased to see that this has given qualitative and quantitative results.

During 2023 the focus on improving the Company's systematic Health and Safety work has also given results. Norse Atlantic Airways AS has entered a cooperation with Occupational Health Service Provider Avonova and launched our HSE handbook. A Working Environment Committee ("Arbeidsmiljøutvalg") for the Norwegian entity has been established, and Health and Safety representatives have been elected among the employees

6. People and the organization

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

Norse has Directors and Officers (D&O) insurance that covers board members and executives of the Company.

Out of Norse's total number of employees as at 31 December 2023, 57 percent are male and 43 percent are female. One of Norse's Executive Management is female. Among other senior management personnel 73 percent are male and 27 percent are female. Among pilots 94 percent are male and 6 percent are female, while among cabin crew 34 percent are male and 66 percent are female. For other personnel, including admin staff, 76 percent are male and 24 percent are female.

7. 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 antibribery and anti-corruption. Norse will continue to develop its Corporate Social Responsibility ("CSR") policies and targets through 2024.



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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 employer relationship. 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.

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.

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.

Please refer to Norse's CSR contained within the Annual Report 2023 for Norse Atlantic ASA (group), available on the Company's website, for more information.

8. Transparency Act

The Company is obliged and committed to comply with the 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 applies relevant policies internally in its own organisation and externally towards suppliers, carries out risk-based due diligence assessments of own activities and in the supply chain, and implement improvement measures such as appropriate. The Company's yearly statements on the due diligence assessments are made available on the Company's website once approved by the Board of Directors. The Company published its first yearly statement in June 2023, and will publish an updated statement no later than 30 June 2024.

9. Outlook

Norse remains steadfast in its commitment to achieve the lowest Cost per Average Seat Kilometre ("CASK") in the Transatlantic market. The company will continue to benefit from favourable aircraft lease terms, from its Parent. The aircraft leases have no pricing increases nor inflationary adjustments during the lease term. Such fixed lease terms are highly favourable compared to current market rates for the aircraft type and stand as a notable advantage compared to prevailing market rates for similar aircraft. Should the Company's operations expand further, and the Company require additional aircraft to operate, the Company expects to be able to lease more aircraft from the Parent or other Group entities on a short-term or long-term basis.



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10. Allocation of net income

The Board of Directors has proposed that the net loss of USD 71,976 (in thousands USD) for the year 2023 to be allocated to the Company's accumulated losses.

Arendal, 18 December 2024

Signed by:

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Terje Bodin Larsen
Chairman

Signed by:

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Bjørn Tore Larsen
CEO



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Statement of Comprehensive Income

Income statement as at 31 December 2023:

| <i>(in thousands of USD)</i> | Notes | 2023 | 2022 |
|-------------------------------------------------------------------|----------|------------------|------------------|
| Revenue | | | |
| Revenue | 4 | 244,434 | 90,763 |
| Operating expenses | | | |
| Personnel expenses | 5, 6 | (51,560) | (26,216) |
| Fuel, oil and emission costs | | (80,666) | (61,793) |
| Airport charges and handling | | (41,824) | (19,323) |
| Technical maintenance | | (42,649) | (19,990) |
| Other operating costs | | (20,949) | (885) |
| Marketing and distribution costs | | (14,701) | (755) |
| Administrative costs | 7 | (10,268) | (7,727) |
| Related parties expenses | 17 | (19,211) | (18,609) |
| Total Operating exps excl. leases, dep & amort. | | (281,827) | (155,296) |
| Operating profit before leases, dep & amort. (EBITDAR) | | (37,394) | (64,533) |
| Variable aircraft rentals | | (7,159) | (16,394) |
| Depreciation and amortization | 10.2, 12 | (33,995) | (42,895) |
| Operating profit/(loss) | | (78,548) | (123,823) |
| Interest expenses | | (3,780) | (1,847) |
| Related parties interest expense | | (16,793) | (19,335) |
| Related parties gain/loss on lease modification | | 26,438 | - |
| Other financial income/(expenses) | 8 | 706 | (2,185) |
| Profit/(loss) before tax | | (71,976) | (147,189) |
| Income tax | 9 | - | - |
| Profit / (loss) for the year | | (71,976) | (147,189) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income for the year | | (71,976) | (147,189) |



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Statement of Financial Position

Balance as at 31 December 2023:

| <i>(in thousands of USD)</i> | Notes | 31 DEC 2023 | 31 DEC 2022 |
|--------------------------------------|------------|------------------|------------------|
| Non-current assets | | | |
| Aircraft and other tangible assets | 10 | 318,189 | 717,195 |
| Intangible assets | 12 | 3,324 | 2,801 |
| Investment in subsidiaries | 16 | 1,066 | 1,066 |
| Total non-current assets | | 322,579 | 721,063 |
| Current assets | | | |
| Credit card receivables | 14 | 60,214 | 31,371 |
| Trade and other receivables | 14 | 4,726 | 3,054 |
| Inventories | 13 | 3,326 | 2,596 |
| Other current assets | 14 | 11,088 | 6,122 |
| Related parties receivables | 14, 17 | 37,700 | - |
| Cash and cash equivalents | 14, 15 | 12,375 | 8,855 |
| Total current assets | | 129,429 | 51,998 |
| Total assets | | 452,008 | 773,061 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | 18 | 34 | 34 |
| Share premium | | 29,656 | 29,656 |
| Other paid-in capital | | 20,380 | - |
| Accumulated losses | | (223,848) | (151,872) |
| Total equity | | (173,778) | (122,182) |
| Non-current liabilities | | | |
| Lease liabilities non-current | 10, 14, 17 | 316,713 | 709,525 |
| Provisions | 11 | 13,257 | 15,571 |
| Related parties payables | 14, 17 | 84,911 | 32,133 |
| Total non-current liabilities | | 414,881 | 757,230 |
| Current liabilities | | | |
| Deferred passenger revenue | 14 | 22,975 | 17,001 |
| Trade and other payables | 14 | 53,715 | 34,196 |
| Lease liabilities current | 10, 14, 17 | 22,608 | 28,922 |
| Related parties payables | 14, 17 | 111,607 | 57,894 |
| Total current liabilities | | 210,906 | 138,013 |
| Total equity and liabilities | | 452,008 | 773,061 |

Arendal, 18 December 2024

Signed by:

4A9B7892322A4A5...
 Terje Bodin Larsen
 Chairman

Signed by:

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 Bjørn Tore Larsen
 CEO

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Statement of Cash flows

| (in thousands of USD) | Notes | 2023 | 2022 |
|------------------------------------------------------------------|----------|-----------------|-----------------|
| Cash flows from operating activities | | | |
| Profit/(loss) before tax | | (71,976) | (147,189) |
| Adjustments for items not affecting operating cash flows: | | | |
| Depreciation and amortization | 10.2, 12 | 33,995 | 42,895 |
| Interest expenses | | 20,573 | 21,182 |
| Interest income | | (459) | (160) |
| Share-based payments to employees | 5.2 | 228 | - |
| Provisions | 11 | 435 | - |
| Gain on lease terminations | | (26,438) | - |
| Net operating cash flows before working capital movements | | (43,643) | (83,272) |
| Working capital movements | | 29,013 | 66,563 |
| Net cash flows from operating activities | | (14,630) | (16,709) |
| Cash flows from investing activities | | | |
| Aircraft preparation investments | | - | (229) |
| Investment in subsidiaries | | - | (1,066) |
| Other investments | | (2,139) | (9,712) |
| Net cash flows from investing activities | | (2,139) | (11,007) |
| Cash flows from financing activities | | | |
| Loans from the Parent | | 52,777 | 32,133 |
| Lease installments | | (13,430) | (954) |
| Interest income | | 459 | 160 |
| Interest paid | | (19,727) | (21,173) |
| Net cash flows from financing activities | | 20,079 | 10,166 |
| Effect of foreign currency revaluation on cash | | 210 | 2,293 |
| Net increase in cash and cash equivalents | | 3,520 | (15,256) |
| Cash and cash equivalents at the beginning of the period | | 8,855 | 24,111 |
| Cash and cash equivalents at the end of the period | 15 | 12,375 | 8,855 |



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Statement of Changes in Equity

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 | Other paid-in capital | Accumulated losses | Total equity |
|---------------------------------------------------------------------------|-------------------------|-----------------------------|----------------------|------------------------------|---------------------------|---------------------|
| Balance as at 1 Jan 2022 | 3,000 | 34 | 29,656 | | (4,684) | 25,006 |
| Changes in Equity | | | | | | |
| Total comprehensive income for the period | | - | - | | (147,189) | (147,189) |
| Balance at 31 Dec 2022 | 3,000 | 34 | 29,656 | | (151,872) | (122,182) |

1 Jan 2023 to 31 Dec 2023

| <i>(in USD thousands except for number of shares and value per share)</i> | Number of shares | Issued share capital | Share premium | Other paid-in capital | Accumulated losses | Total equity |
|---------------------------------------------------------------------------|-------------------------|-----------------------------|----------------------|------------------------------|---------------------------|---------------------|
| Balance as at 01 Jan 2023 | 3,000 | 34 | 29,656 | | (151,872) | (122,182) |
| Changes in Equity | | | | | | |
| Total comprehensive income for the period | - | - | - | | (71,976) | (71,976) |
| Group contribution from parent | | | | 20,152 | - | 20,152 |
| Share based employee incentives | | | | 228 | | 228 |
| Balance at 31 Dec 2023 | 3,000 | 34 | 29,656 | 20,380 | (223,848) | (173,779) |



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Notes to the Financial Statements

1. General information

Norse Atlantic Airways AS ("The Company") is a fully owned subsidiary of Norse Atlantic ASA (the "Parent"). 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 is located in Arendal, Norway.

The Company is a part of Norse Atlantic Airways Group of companies ("Norse"). Norse is a new long-haul airline that offers affordable fares on transatlantic routes. 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 Company subleases 4 aircraft from its parent, Norse Atlantic ASA as at 31 December 2023. At the beginning of 2023 the Company subleased 9 aircraft from Norse Atlantic ASA, during the timeframe from 1 of February to 31 of May, the agreement for 5 of the aircraft was terminated.

2. Basis of preparation and material accounting policies

These financial statements have been prepared in accordance with IFRS Accounting Standards and IFRIC interpretations as adopted by the European Union and in accordance with Norwegian Accounting Act §3-9. These financial statements have been prepared on a historical cost basis with some exceptions, as detailed in the accounting policies below. The financial statements are presented in USD and all values are rounded to the nearest thousand (USD 1000) 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 financial statements are set out below. They have all been applied consistently throughout the Period.

2.1. 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 settlements of such transactions as well as from the translation at period and exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statements as *other financials income/(expense)*.

2.2. 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 contract liability and is included in '*Deferred passenger revenue*' in the Company's statement of financial position. The contract liability is measured on an individual basis for all tickets sold, and the contract obligation is then reduced in accordance with revenue recognition of flights performed in the period. 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.

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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.

Tickets sold through the Company's website are paid by debit card or credit card, whereas the various credit card acquirers settle the payments with the Company under various credit terms and rules of holdback. Receivables related to tickets sold, not yet settled with the Company, are recognized under the line item 'Credit card receivables' (being a contract asset) in the statement of financial position. Trade receivables under the line item 'Trade and other receivables' on the other hand will include receivables (contract assets) in relation to services invoiced directly from the Company to the customer, such as for services related to charter/ACMI and maintenance services.

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 'Deferred passenger revenue' 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 contract liability and is included in 'Other current liabilities' in the Company's statement of financial position.

Other revenues

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

2.3. 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



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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 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 statement of comprehensive income.

2.4. Intangible assets

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.

2.5. 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 entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

2.6. 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. Investment in subsidiary is recognized at historical cost and tested for impairment.



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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.

2.7. 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.

2.8. 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.

2.9. Statement of cash flows

The Company's 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.

2.10. 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 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 recognised at their nominal value and classified as non-current asset investments (long-term liabilities) in the statement of financial position.

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

2.11. Critical accounting estimates and judgments

Preparation of the Company's 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 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 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 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.



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3. Financial risk

As at 31 December 2023, the company does not have any interest-bearing debt to non-related parties. As at the year end, the Company's principal financial assets are its cash deposits held with banks. The Company's key financial risk is 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> | 31 DEC 2023 | 31 DEC 2022 |
|-------------------------------------------------------------------|--------------------|--------------------|
| Cash and cash equivalents held in foreign currencies | | |
| NOK | 3,499 | 2,227 |
| GBP | 538 | 1,380 |
| EUR | 2,589 | 993 |
| THB | 13 | - |
| Total Cash and cash equivalents held in foreign currencies | 6,639 | 4,599 |
| <i>Cash and cash equivalents held in USD</i> | <i>5,736</i> | <i>4,255</i> |

As at 31 December 2023 54% of the Company's cash and cash equivalents are held in foreign currencies of which 28% is held in Norwegian Kroner ("NOK).

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 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 2023 based on the contractual payment terms. The amounts disclosed below are undiscounted cash flows.



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2023:

| <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 | 13,590 | 14,340 | 28,680 | 57,360 | 230,513 | 344,483 |
| Other lease payments | 3,989 | 4,037 | 7,802 | 15,723 | 57,485 | 89,036 |
| Total of lease liabilities | 17,579 | 18,377 | 36,482 | 73,083 | 287,998 | 433,519 |
| Deferred passenger revenue | 22,975 | - | - | - | - | 22,975 |
| Trade and other payables | 53,715 | - | - | - | - | 53,715 |
| Payable related parties | 55,803 | 55,803 | - | - | 84,911 | 196,518 |
| Total as at 31-Dec-2023 | 150,073 | 74,181 | 36,482 | 73,083 | 372,909 | 706,727 |

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 | 19,183 | 26,830 | 67,290 | 204,120 | 607,551 | 924,974 |
| Other lease payments | 1,169 | 1,170 | 2,390 | 6,660 | 15,480 | 26,869 |
| Total of lease liabilities | 20,352 | 28,000 | 69,680 | 210,780 | 623,031 | 951,843 |
| Deferred passenger revenue | 17,001 | - | - | - | - | 17,001 |
| Trade and other payables | 34,196 | - | - | - | - | 34,196 |
| Payable related parties | 28,947 | 28,947 | 32,133 | - | - | 90,027 |
| Total as at 31-Dec-2022 | 100,496 | 56,947 | 101,813 | 210,780 | 623,031 | 1,093,068 |

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 banks with highest credit rating and financial institutions. As at 31 December 2023 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.

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.



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3.5. Fuel risk

The Company is exposed to fuel price risks as it represents a substantial part of operating expenses. Fuel risk therefore is an operational risk and does not constitute a financial risk as at 31 December 2023. 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 interest-bearing debt to non-related parties. The Company does not currently hedge its interest risk.

3.7. 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. 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.

In relation to CSRD, Norse has an ongoing work on completing its double materiality analysis, also adding further detail to the Company's considerations on climate risk in periods going forward.

3.8. Going concern

Management and the Board of Directors take account of and consider all available information when evaluating the application of the going concern assumption. For this report, the going concern assumption has been evaluated for a period of 12 months following the end of the reporting period.

The going concern assumption of the Company is subject to material uncertainty.

Being an airline in its build-up phase, the Company has incurred losses over the first periods of operation, and as at 31 December 2023 the reported equity is negative USD 173.8 million.

The Company's total cash position as at 31 December 2023 is USD 12.4 million.

During Q3 2024, the Company and the Group has been through a process of shaping a strategic reorientation for Norse. The outcome of such process is a revised business plan implying the Company and the Group allocating a significant portion of its fleet capacity towards longer-term ACMI services. In November 2024, the Group has signed a detailed letter of intent to agree in principle on the commercial terms for a longer-term ACMI/wet lease agreement for the full capacity of six aircraft, two aircraft being deployed in February 2025 and additional four aircraft being deployed in September 2025. The arrangement is subject to final agreements, mutual corporate approvals and regulatory approvals. Subject to such regulatory approvals, the expected minimum contract value is at USD 462 million for the Group, and with additional upside if aircraft utilization is above minimum levels. In addition to this longer-term contract, Norse will continue to assign capacity to seasonal and adhoc ACMI/charter contracts.

The Company's plan implies a more modest capacity allocated to operation of routes within own scheduled network, in turn allowing for the Company focusing its most profitable routes. The revised business plan implies generation of year-round fixed revenue and cash flows, and a de-risking of the business model. The Company's debt to the Parent is subordinated to external debt.

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Based on the major contract about to be entered into, as well as the Group's overall plans and ambitions, Norse has prepared financial forecasts that over time 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, commercial success expressed through achieved load factors and fares, as well as 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.

Specifically, the Company also is in a position of owing an amount of USD 13 million of overdue passenger taxes to the US Internal Revenue Service (IRS). The US IRS has mechanisms of downpayment of such overdue taxes, under which individual agreements must be entered into. The Company has proactively entered into a dialogue with the US IRS aiming at establishing such a plan of downpayment.

The Company is financed by the Parent company. The Parent has in December 2024 improved its liquidity position by raising USD 15 million in additional capital, of which USD 8.7 million is from an equity private placement towards the Parent's major shareholder BT Larsen & Co Limited and USD 6.3 million in the form of a shareholder loan from BT Larsen & Co Limited, with final maturity of 31 December 2025. The direct private placement is planned to be followed by a repair issue expected to be launched early 2025, subject to prospectus and corporate resolutions, having potential of bringing in an additional amount of up to USD 37.5 million. The actual outcome of the repair issue is highly uncertain, whereas the share price during the subscription period will be a main driver for the expected outcome of such repair offering.

In addition to the above, the Parent has agreed that the maturity date for the USD 20 million revolving credit facility from the two major shareholders Scorpio Holdings Limited and B T Larsen & Co Limited, is extended to a new final maturity date of 31 March 2026.

The above measures are expected to strengthen the Parent's ability to provide sufficient financial support to the Company. However, there are several uncertainties affecting the financial position of the Company. This includes but is not limited to factors such as the commercial success of the Company during the winter season, the future development in jet fuel prices, the applied holdback mechanisms of credit card acquirers, the outcome of the downpayment plan to be established with the US IRS for the US passenger taxes, the outcome of the Parent's expected repair offering in early 2025, as well as general operational risks. On the other hand, there is upside potential on the commercial and financial performance of the Company and the Group's own scheduled network, whereas pre-sales on routes out for sale is trending well above the pre-sales realized at the same time the previous year.

Based on knowledge of the business plan established for the Group and the Company, in the Board of Directors' opinion, there is established a viable plan for the Group and the Company to be able to generate profits. In the Board of Directors' opinion, the going concern assumption is present and applies as basis for the Company's financial statements, but under the conditions described above, the going concern assumption is subject to material uncertainty. In the case that the going concern assumption should not serve as basis for the Company's financial statements, depending on the specific circumstances, some assets of the Company's may carry values lower than the values at which they are presented in these financial statements.



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4. Revenue

| <i>(in thousands of USD)</i> | 2023 | 2022 |
|---------------------------------|----------------|---------------|
| Airfare passenger revenue | 152,556 | 63,680 |
| Ancillary passenger revenue | 41,064 | 13,880 |
| Total passenger revenues | 193,621 | 77,560 |
| Cargo | 11,264 | 10,308 |
| Total own flights | 204,885 | 87,868 |
| Charter | 4,616 | 1,209 |
| Other revenue | 7,694 | 795 |
| Related Parties revenue | 27,239 | 891 |
| Total Operating Revenue | 244,434 | 90,763 |

Airfare passenger revenue comprises only ticket revenue, while ancillary passenger revenue consists of other passenger related revenue than the ticket revenue. Other revenue earned in 2023 consists of revenue from maintenance services provided the Company's technical personnel to third parties.

The remaining performance obligations under contracts with customers are from contracts that originally had an expected duration of less than a year, and the Company therefore do not disclose further detail on duration of such remaining performance obligations.

5. Personnel expenses

| <i>(in thousands of USD)</i> | 2023 | 2022 |
|------------------------------------------|---------------|---------------|
| Salaries | 30,551 | 16,904 |
| Social security costs | 5,330 | 2,712 |
| Costs related to pension scheme benefits | 2,626 | 1,194 |
| Hired-in employees | 2,504 | 382 |
| Other employee costs | 10,549 | 5,023 |
| Total | 51,560 | 26,216 |

| | 2023 | 2022 |
|--------------------------------------------|-------------|-------------|
| Number of man-years during the fiscal year | | |
| Cabin Crew | 62 | 80 |
| Pilots | 80 | 89 |
| Non-Crew | 105 | 127 |
| Total | 247 | 296 |

The average number of employees in the Company during the Period was 247 (296 in 2022).

5.1. Pensions

During the period, the Company operated defined pension contribution plans in Norway and France, 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



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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.

5.2. Share-based payments to employees

The following represents the status of share-based payments to employees:

In May 2023, the Company's parent company, Norse Atlantic ASA (the Parent), introduced a long-term incentive program (LTIP) whereas senior employees of the Company are awarded with options to buy shares of the Parent. The scheme has a vesting period of 5 years, with 20% of awarded options vesting annually. Vested options are exercisable up until the seventh anniversary of the grant date.

The LTIP is an equity-settled, share-based incentive program under which the Company receives services from the employees as consideration for equity-instruments (share options) of the Parent. It is the obligation of the Parent to settle the share-based payment transactions. The Company recognises an increase in equity equal to the value of the contribution from the Parent. The fair value of the employee services received in exchange for the grants of the options is recognised as an expense over the vesting period, whereas the fair value is determined with reference to the fair value of the options granted.

The fair value of the options is estimated by an external party at the grant date, based on the Black-Scholes-Merton option pricing model, and with reference to relevant market data such as applicable. Employee retention rates are taken into consideration when estimating the number of options granted.

Provisions are made by the Company for social security contributions expected to fall due on exercise of share options. The provision is calculated on a nominal basis, according to the current intrinsic value of the options, considering the degree of vesting and expected employee turnover rates.

To estimate the fair value of the options, the following parameters have been applied:

- Current price of the share: The last available closing price of the Norse Atlantic ASA share at the grant date
- Strike price: Such as agreed, being a volume weighted average of traded share price over the past five days of trading prior to the grant date
- Volatility: Due to Norse Atlantic's limited length of share price history, the expected volatility is estimated using the historical or implied volatility of five benchmark listed airline entities
- Dividends: As future dividend distributions will not result in the amendment of the exercise price, no dividend parameter is considered
- Risk free interest rate: The exercise price is expressed in Norwegian Krone (NOK), and to find a zero-coupon government bond denominated in NOK, and with term similar to that expected of the options, reference is made to Norges Bank Statskasserveksler and Obligasjoner (bond).

| <i>(in NOK and number of options)</i> | 2023 | | 2022 | |
|---------------------------------------------|---------------------|---------------------------------|---------------------|---------------------------------|
| | No of share options | Weighted average exercise price | No of share options | Weighted average exercise price |
| Outstanding at the beginning of the period | - | - | - | - |
| Granted during the period | 2,562,500 | 12.57 | - | - |
| Outstanding at the end of the period | 2,562,500 | 12.57 | - | - |
| Exercisable at the end of the period | - | - | - | - |



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Measurement of fair value of granted share options¹:

(NOK or such as otherwise stated)

| | 2023 | 2022 |
|---------------------------|-----------|------|
| Number of options | 2,562,500 | - |
| Contractual life (years) | 7.00 | - |
| Strike price | 12.57 | - |
| Share price | 13.04 | - |
| Expected lifetime (years) | 4.00 | - |
| Volatility (%) | 72.33% | - |
| Interest rate (% p.a.) | 3.446 % | - |
| Dividend (% p.a.) | 0.0 % | - |
| Fair value per instrument | 7.29 | - |

1) Weighted average parameters at grant of share options

| | 31 DEC 2023 | 31 DEC 2022 |
|---------------------------------------------------------------------------------|----------------|----------------|
| Range of exercise prices of outstanding options (NOK) | 12.38 | - |
| | 12.75 | - |
| Weighted average remaining contractual life (years) | 6.62 | - |
| Liabilities from share-based payment transactions (thousands of USD) | - | - |
| | 2023 | 2022 |
| Total expense arising from share-based payment transactions | 228 | - |
| Portion of expense arising from equity settled share-based payment transactions | 228 | - |

6. Remuneration to Key Management personnel

2023:

| (in thousands of USD) | | Employment Country | Salaries ¹ | Other benefits ² | Defined pension contributions ³ | Total |
|-----------------------|-----------------------------------------|--------------------|-----------------------|-----------------------------|--------------------------------------------|--------------|
| Bjørn Tore Larsen | Chief Executive Officer | Norway | 165 | 3 | 14 | 183 |
| Anders Hall Jomaas | Chief Financial Officer ⁴ | Norway | 177 | - | - | 177 |
| Ben Boiling | Managing Director Norse UK ⁵ | Norway | 195 | 5 | 14 | 215 |
| Thom Arne Norheim | Chief Operational Officer | Norway | 166 | 11 | 14 | 192 |
| Kristin Berthelsen | Chief Culture Officer ⁶ | Norway | 273 | - | - | 273 |
| Total in 2023 | | | 977 | 20 | 43 | 1,040 |

1) Includes holiday pay

2) Other benefits include insurance, telephone, internet, etc

3) Defined pension contributions show pension premium paid

4) Anders Hall Jomaas was appointed Chief Financial Officer effective from 1 July 2023. Anders Hall Jomaas holds his employment with Shiphold Management AS, in turn providing his services under a contract with the Company. The amount presented represents the amount invoiced under the contract for the period. The Company's CEO, Bjørn Tore Larsen, is the controlling shareholder of Shiphold Management AS

5) Ben Boiling held the position as Chief Financial Officer up until 30 June 2023. Effective from 1 July 2023 he was appointed Managing Director Norse Atlantic UK

6) Kristin Berthelsen receives no salary or employment benefits directly from the Company as she is contracted through an engagement with Active Partner, a company Kristin jointly controls. The amount presented represents the amount invoiced under the contract for the period.



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As at 31 December 2023, none of the key management personnel are contractually entitled to any bonus.

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 | 12 | 194 |
| Ben Boiling | Chief Financial Officer ⁵⁾ | Norway | 163 | 3 | 12 | 178 |
| Thom Arne Norheim | Chief Operational Officer | Norway | 167 | 3 | 12 | 182 |
| Kristin Berthelsen | Chief Culture Officer ¹⁾ | Norway | 283 | - | - | 283 |
| Michael Scheurich | Chief Legal Officer | Norway | 160 | 3 | 12 | 175 |
| Total in 2022 | | | 954 | 11 | 48 | 1,013 |

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

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

6.1. Board remuneration

No remuneration has been paid to its Board of Directors during 2023.

7. Auditor's remuneration

| <i>(in thousands of USD)</i> | 2023 | 2022 |
|------------------------------|------------|-----------|
| Audit fee | 114 | 36 |
| Other services | 2 | 5 |
| Tax services | - | 2 |
| Total | 116 | 43 |

The company elected RSM Norge AS as its auditor for the 2023 financial year.

8. Other financial income/(expense)

| <i>(in thousands of USD)</i> | 2023 | 2022 |
|----------------------------------|------------|----------------|
| Other financial income/(expense) | 459 | 160 |
| Foreign exchange gains | 1,857 | 450 |
| Foreign exchange losses | (1,610) | (2,794) |
| Total | 706 | (2,185) |



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9. Income tax

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

(in thousands of USD)

| | 2023 | 2022 |
|-----------------------------------|----------|----------|
| Current tax: | | |
| Tax payable | - | - |
| Deferred tax | | |
| Changes in deferred tax | (14,506) | (27,434) |
| Deferred tax asset not recognized | 14,506 | 27,434 |
| 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:

(in thousands of USD)

| | 2023 | 2022 |
|------------------------------------------------|----------|-----------|
| Pre-tax profit for the Period | (71,976) | (147,189) |
| Income taxes calculated at 22% | (15,835) | (32,382) |
| Non-deductible expenses | 57 | 7 |
| Effect group contribution | 577 | 4,193 |
| Other effects due to timing and exchange rates | 694 | 748 |
| Deferred tax asset not recognized | 14,506 | 27,434 |
| Income tax expense | - | - |

The following table details net deferred tax liabilities/(assets) as at 31 December 2022:

(in thousands of USD)

| | 31-Dec-23 | 31-Dec-22 |
|----------------------------------------------|-----------------|-----------------|
| Deferred tax assets | | |
| Right of use lease asset | 68,412 | 156,348 |
| Other fixed assets | 443 | 13 |
| Lease liabilities | (74,651) | (162,458) |
| Provisions | (6,965) | (3,282) |
| Tax losses carried forward | (30,235) | (19,110) |
| Net deferred tax liabilities (assets) | (42,995) | (28,489) |

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 and tangible assets

10.1. Aircraft leases

At the beginning of 2023 Norse Atlantic Airways AS subleased 9 aircraft from its parent, Norse Atlantic ASA. During the timeframe from 1. February to 31. May, 5 of the aircrafts were transferred back to ASA due to terminalization of the contract. Thus, Norse Atlantic Airways AS subleased 4 aircrafts from 1. June to the end of 2023.



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On 29 March 2021 Norse Atlantic ASA 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.

Additionally, On 2 August 2021 Norse Atlantic ASA 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. The first aircraft was delivered in December 2021, with the delivery of the final aircraft taking place one year later in December 2022.

Norse Atlantic Airways AS subleases both BOCA and AerCap aircraft from its parent on a back to back basis, so the length of the leases is identical.

The leases are at historically low pricing and favourable lease terms including power by the hour payments for a minimum period of the first 12 months after aircraft deliveries.

10.2. Aircraft and other tangible assets

2023:

| <i>(In thousands of USD)</i> | ROU Aircraft | ROU Aircraft parts | ROU Other | Aircraft parts | Other tangibles | Total |
|---------------------------------------|---------------------|---------------------------|------------------|-----------------------|------------------------|----------------|
| Acquisitions: | | | | | | |
| Opening balance 01-Jan-2023 | 736,854 | 15,873 | 440 | 6,475 | 404 | 760,047 |
| Additions | - | 39,574 | - | 787 | 585 | 40,947 |
| Disposals | (436,047) | - | - | - | - | (436,047) |
| Acquisition cost 31-Dec-2023 | 300,807 | 55,447 | 440 | 7,262 | 990 | 364,947 |
| Depreciation: | | | | | | |
| Opening balance 01-Jan-2023 | (41,858) | (469) | (237) | (205) | (82) | (42,851) |
| Depreciation | (30,117) | (2,292) | (160) | (621) | (118) | (33,308) |
| Disposals | 29,402 | - | - | - | - | 29,402 |
| Depreciation per 31-Dec-2023 | (42,574) | (2,761) | (397) | (826) | (200) | (46,758) |
| Closing balance at 31-Dec-2023 | 258,234 | 52,687 | 43 | 6,436 | 790 | 318,189 |
| Useful life (years) | 6 - 16 | 10 - 12 | 2 - 3 | 10 | 3 - 5 | |



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2022:

| <i>(In thousands of USD)</i> | ROU Aircraft | ROU Aircraft parts | ROU Other | Aircraft parts | Other tangibles | Total |
|---------------------------------------|-------------------------|-----------------------------------|----------------------|---------------------------|----------------------------|----------------|
| Acquisitions: | | | | | | |
| Opening balance 01-Jan-2022 | 95,764 | - | 440 | - | 159 | 96,363 |
| Additions | 641,090 | 15,873 | - | 6,475 | 246 | 663,684 |
| Acquisition cost 31-Dec-2022 | 736,854 | 15,873 | 440 | 6,475 | 404 | 760,047 |
| Depreciation: | | | | | | |
| Opening balance 01-Jan-2022 | - | - | (77) | - | - | (77) |
| Depreciation | (41,858) | (469) | (160) | (205) | (82) | (42,774) |
| Depreciation per 31-Dec-2022 | (41,858) | (469) | (237) | (205) | (82) | (42,851) |
| Closing balance at 31-Dec-2022 | 694,996 | 15,404 | 203 | 6,269 | 322 | 717,195 |
| Useful life (years) | 6 - 16 | 10 - 12 | 2 - 3 | 10 | 3 - 5 | |

10.3. Lease liabilities

| <i>(In thousands of USD)</i> | 2023 | 2022 |
|-----------------------------------------|----------------|----------------|
| Opening balance | 738,448 | 95,975 |
| Additions/(Disposals) during the period | (360,725) | 642,885 |
| Interest accrued | 16,116 | 542 |
| Fixed lease payments during the period | (54,518) | (954) |
| Closing balance | 339,321 | 738,448 |
| <i>Of which:</i> | | |
| Due within 12 months | 22,608 | 28,922 |
| Due after 12 months | 316,713 | 709,526 |

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

2023:

| <i>(In thousands of USD)</i> | 2025 | 2026 | 2027 | 2028 | 2029 | 2030- | Total |
|------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Aircraft | 20,947 | 21,540 | 22,151 | 22,763 | 23,429 | 154,325 | 265,166 |
| Engines, wheels and brakes | 3,131 | 3,438 | 3,776 | 4,135 | 4,553 | 32,523 | 51,557 |
| Offices | - | - | - | - | - | - | - |
| Total | 24,078 | 24,978 | 25,927 | 26,899 | 27,982 | 186,848 | 316,713 |

2022:

| <i>(In thousands of USD)</i> | 2024 | 2025 | 2026 | 2027 | 2028 | 2029- | Total |
|------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| Aircraft | 45,511 | 46,841 | 48,316 | 49,840 | 51,367 | 452,723 | 694,597 |
| Engines, wheels and brakes | 850 | 938 | 1,030 | 1,132 | 1,241 | 9,600 | 14,790 |
| Offices | 137 | - | - | - | - | - | 137 |
| Total | 46,498 | 47,778 | 49,346 | 50,972 | 52,608 | 462,323 | 709,525 |

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10.4. 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.

10.5. 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.

Refer to note 11 for further information on Provisions.

11. Provisions

| <i>(In thousands of USD)</i> | 2023 | 2022 |
|------------------------------------------------|---------------|---------------|
| Balance as at 01-Jan | 15,571 | - |
| New provisions under ROU initial recognition | - | 14,918 |
| Group ROU movement to new AOC | (10,888) | |
| New maintenance provisions through profit/loss | 5,688 | |
| New other provisions through profit/loss | 435 | 653 |
| Interest charge on discounted provisions | 3,240 | |
| Amounts of provisions used during the period | (788) | |
| Balance as at 31-Dec | 13,257 | 15,571 |
| <i>Of which:</i> | | |
| Due within 12 months | - | - |
| Due after 12 months | 13,257 | 15,571 |



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12. Intangible Assets

2023:

(In thousands of USD)

| | Software | Total |
|--------------------------------|--------------|--------------|
| Acquisitions: | | |
| Opening balance 01-Jan-2023 | 3,151 | 3,151 |
| Additions | 1,210 | 1,210 |
| Acquisition cost 31-Dec-2023 | 4,361 | 4,361 |
| Amortisation: | | |
| Opening balance 01-Jan-2023 | (350) | (350) |
| Amortisation | (687) | (687) |
| Amortisation per 31-Dec-2023 | (1,037) | (1,037) |
| Closing balance at 31-Dec-2023 | 3,324 | 3,324 |
| Useful life (years) | 3 - 5 | |

2022:

(In thousands of USD)

| | 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 |
| Useful life (years) | 3 - 5 | |

13. Inventory

(In thousands of USD)

| | 31 DEC 2023 | 31 DEC 2022 |
|--------------|--------------|--------------|
| Engine oil | 6 | - |
| Consumables | 3,319 | 2,596 |
| Total | 3,326 | 2,596 |



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14. Financial assets and liabilities

Financial assets measured at amortized cost are as follows:

| <i>(in thousands of USD)</i> | 31 DEC 2023 | 31 DEC 2022 |
|----------------------------------------------------------|--------------------|--------------------|
| Financial assets: | | |
| Credit card receivables | 60,214 | 31,371 |
| Other receivables | 4,726 | 3,054 |
| Other current assets: Prepayments | 11,019 | 3,699 |
| Other current assets: Deposits | 70 | 2,423 |
| Cash and cash equivalents | 12,375 | 8,855 |
| Related parties receivables | 37,700 | - |
| Total financial assets at amortised cost | 126,104 | 49,402 |
| Financial liabilities: | | |
| <i>(in thousands of USD)</i> | 31 DEC 2023 | 31 DEC 2022 |
| Lease liabilities non-current | 316,713 | 709,525 |
| Related parties payables non-current | 84,911 | 32,133 |
| Deferred passenger revenue | 22,975 | 17,001 |
| Trade and other payables | 53,715 | 34,196 |
| Lease liabilities current | 22,608 | 28,922 |
| Related parties payables current | 111,607 | 57,894 |
| Total financial liabilities at amortised cost | 612,529 | 879,672 |
| Total net financial liabilities at amortised cost | 486,426 | 830,270 |

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.

15. Cash and cash equivalents

Cash and cash equivalents consist of cash deposits held at call with banks. The Company has restricted cash in form of advance tax payments for employees of USD 1,038,889 (2022: USD 791,617).

| <i>(In thousands of equivalent USD)</i> | 31 DEC 2023 | 31 DEC 2022 |
|-----------------------------------------|--------------------|--------------------|
| USD | 5,736 | 4,255 |
| NOK | 3,499 | 2,227 |
| GBP | 538 | 1,380 |
| EUR | 2,589 | 993 |
| THB | 13 | - |
| Total cash and cash equivalents | 12,375 | 8,855 |



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16. Investment in subsidiaries

(in thousands of USD)

| Name of the subsidiary | Country of incorporation | Equity interest as at 31-Dec-23 ² | Equity investment | |
|----------------------------------------|--------------------------|----------------------------------------------|-------------------|--------------|
| | | | 2023 | 2022 |
| Norse Atlantic Airways US LLC | USA | 100% | 1,066 | 1,066 |
| Total equity investment at cost | | | 1,066 | 1,066 |

* Voting rights are equivalent to shareholding for all companies

Investment in subsidiary is recognized at historical cost and tested for impairment.

17. Balances with related parties

17.1. Subsidiaries

During the reporting period, the structure of Group company is as follow:

| Name of the Group company | Date of establishment | Country of incorporation | Number of shares | Ownership |
|-------------------------------|-----------------------|--------------------------|------------------|-----------|
| Norse Atlantic Airways US LLC | 2/8/2022 | USA | 100 | 100% |

Norse Atlantic Airways US LLC has business address in 5525 NW 15th Avenue, Suite 202 Fort Lauderdale, FL 33309 USA. As at 31 December 2023 the company reported a profit of USD 0,5 million and total equity of USD 1,9 million.

17.2. Transactions with other group companies

During the period ended 31 December 2023, the Company has provided below presented payables and liabilities to related parties. All numbers below listed in thousand USD.

2023:

| (in thousands of USD) | Norse Atlantic ASA | Norse Atlantic US Holding AS | Norse Atlantic UK Ltd | Norse Atlantic USA LLC | Norse Atlantic Airways USA LLC | Total |
|-----------------------------------------------|--------------------|------------------------------|-----------------------|------------------------|--------------------------------|----------------|
| Current receivable from related parties | 28,983 | 3,877 | 1,434 | - | 3,406 | 37,700 |
| Total receivable | 28,983 | 3,877 | 1,434 | | 3,406 | 37,700 |
| Lease payables to related parties non-current | 265,156 | - | - | - | - | 265,156 |
| Lease payables to related parties current | 19,600 | - | - | - | - | 19,600 |
| Current payable to related parties | 31,602 | - | 73,235 | 6,769 | - | 111,607 |
| Non-current payable related parties | 84,911 | - | - | - | - | 84,911 |
| Total payables | 401,269 | - | 73,235 | 6,769 | - | 481,273 |

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2022:

| (in thousands of USD) | Norse Atlantic ASA | Norse Atlantic US Holding AS | Norse Atlantic UK Ltd | Norse Atlantic USA LLC | Norse Atlantic Airways USA LLC | Total |
|--------------------------------------------------|--------------------------|------------------------------------------|-----------------------------|------------------------------|-----------------------------------------|----------------|
| Lease payables to related parties non-current | 694,597 | - | - | - | - | 694,597 |
| Lease payables to related parties current | 28,014 | - | - | - | - | 28,014 |
| Current payable to related parties | 46,568 | - | 8,685 | - | 2,642 | 57,894 |
| Non-current payable related parties | 32,086 | - | 48 | - | - | 32,133 |
| Total payables | 801,265 | - | 8,733 | - | 2,642 | 812,639 |

17.3. Transactions with related parties

Effective 1 July 2023, the Company entered into an agreement with Shiphold Management AS for the provision of the services of Chief Financial Officer, Anders Hall Jomaas. The services are rendered at a rate of USD 27,300 per month and at a total cost of USD 163,800 for the period from 1 July 2023 to 31 December 2023. The Company's CEO, Bjørn Tore Larsen, is the controlling shareholder of Shiphold Management AS.

18. Share capital

The Company has one class of ordinary shares and accounts for these shares as equity. At 31 December 2023 the Company's authorized and issued number of shares are 3,000, all with par value NOK 100 per share.

18.1. Share holder

The Company is 100% owned by Norse Atlantic ASA and consolidated into the consolidated financial statements of Norse Atlantic ASA with Business address Fløyveien 14, 4838 Arendal. The consolidated financial statement is available at the Company's website, flynorse.com.

19. Events after balance sheet date

Other than the measures to improve the Parent's liquidity position as described in Note 3.8, there were no significant events or transactions that occurred after the balance sheet date that would require disclosure or have a material impact on the financial statements or accompanying notes.