



Group Consolidated **Annual Report 2022**

www.atlanticaairways.com

*Annual report presented and adopted at
annual general meeting, on April 21st 2023*



Statements and reports

Management's Report	4
Independent Auditor's Report	6

Management's Review

Company Information	8
Group Overview	8
Group Highlights and Key Figures	9
Management's Review	11

Annual Consolidated Accounts January 1st - December 31st 2022

Accounting Policy	32
Income Statement	33
Balance Sheet	34
Statement of Changes in Equity	42
Cash Flow Statement	43
Notes	44



The board of directors and the executive management have today presented the group and annual report of P/F Atlantic Airways for the financial year January 1st to December 31st 2022.

The group consolidated annual report has been presented in accordance with the Faroese Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the group accounts and annual accounts provide a true and fair view of the group's and company's assets and liabilities and its financial position as on December 31st 2022 and of the company's results of its activities in the financial year January 1st to December 31st 2022.

The management's report contains, in our opinion, a fair account of the circumstances described in the report.

The group consolidated annual report is recommended for approval at the general meeting.

Sørvágur, the 17th of March 2023

EXECUTIVE MANAGEMENT

Jóhanna á Bergi
CEO

Marius Davidsen
CFO

BOARD OF DIRECTORS

Niels Mortensen
Chairman

Kaj Johannessen
Vice-chairman

Esther Dahl

Annika Larsen Black

Andrass Weihe

Jens Eystein í Løðu



Photo: Nicolás Vera-Ontiz

To the shareholders of P/F Atlantic Airways

REPORT ON THE ANNUAL ACCOUNTS

We have audited the consolidated annual accounts of P/F Atlantic Airways for the financial year 1 January – 31 December 2022, which comprise accounting policies used, profit and loss account, balance sheet, statement of change in equity, cash flow statement and notes. The consolidated annual accounts are prepared in accordance with the Faroese Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2022 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2022 in accordance with the Faroese Financial Statements Act.

BASIS FOR OPINION

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

THE MANAGEMENT'S RESPONSIBILITIES FOR THE CONSOLIDATED ANNUAL ACCOUNTS AND THE ANNUAL ACCOUNTS

The management is responsible for the preparation of consolidated annual accounts and annual accounts that give a true and fair view in accordance with the Faroese Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of consolidated annual accounts and annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and

the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED ANNUAL ACCOUNTS AND THE ANNUAL ACCOUNTS

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in the Faroe Islands, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- | Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- | Obtain an understanding of the 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 group's and the company's internal control.
- | Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- | Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained,

whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and 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 consolidated annual accounts and the annual accounts 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 group and the company to cease to continue as a going concern.

- | Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.
- | Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

STATEMENT ON THE MANAGEMENT'S REVIEW

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts and the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management's review provides the information required under the Faroese Financial Statements Act.

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts or the annual accounts and that it has been prepared in accordance with the requirements of the Faroese Financial Statement Acts. We did not find any material misstatement in the management's review.

Tórshavn, 17th of March 2023

P/F Januar

State Authorized Public Accountants

Hans Laksá

State Authorized Public Accountant

THE COMPANY

P/F Atlantic Airways, Faroe Islands
 Vágur Airport
 FO 380 Sørvágur
 Faroe Islands
 Tel.: +298 341000
 Website: www.atlantic.fo
 Reg.no.: 1223
 Vatno: 379778
 Fiscal year: 1 January – 31 December

THE BOARD

Niels Mortensen, chairman
 Kaj Johannessen, Vice-chairman
 Esther Dahl
 Annika Larsen Black
 Andrass Weihe
 Jens Eystein í Løðu

MANAGEMENT

Jóhanna á Bergi, CEO
 Marius Davidsen, CFO

AUDITOR

P/F Januar, State Authorized Public Accountants
 Óðinshædd 13
 P.o box 30
 FO 110 Tórshavn
 Tel.: 31 47 00
 Fax: 35 17 01
 Email: januar@januar.fo
 Website: www.januar.fo

SUBSIDIARY

P/F Hotel Atlantic, P/F
 Flogvøllurin, 380 Sørvágur

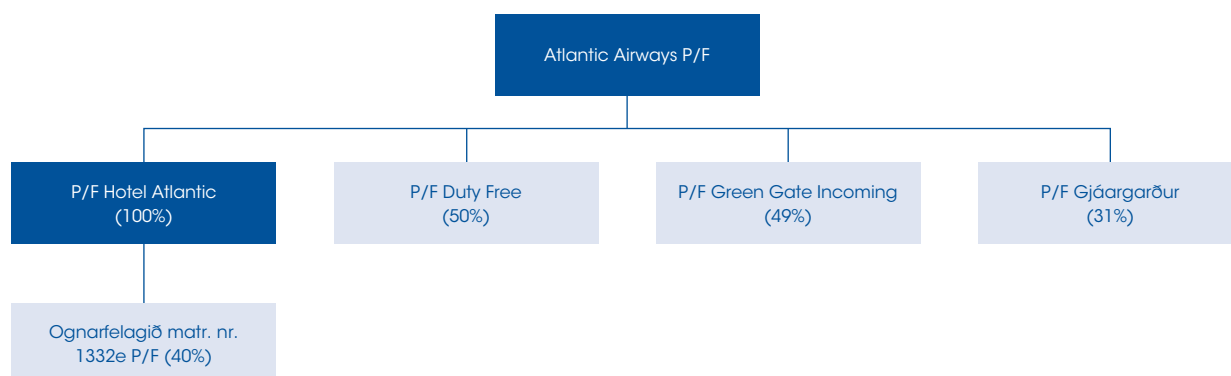
ASSOCIATED COMPANIES

P/F Duty Free, P/F
 Flogvøllurin, 380 Sørvágur

P/F Greengate Incomming, P/F
 Niels Winthersgøta 5, 100 Tórshavn

P/F Gjáargarður, P/F
 Dalavegur 20, 476 Gjógv

GROUP OVERVIEW



INCOME STATEMENT	2022 (THOU.)	2021 (THOU.)	2020 (THOU.)	2019 (THOU.)	2018 (THOU.)
Net sales	740.135	446.822	292.818	570.692	545.896
Result before financial items	27.939	-2.612	-115.268	13.480	25.137
Net financial items	-2.668	-8.639	-12.907	-4.001	-5.379
Result after tax	20.991	-9.616	-104.571	7.831	16.201
BALANCE SHEET					
Total assets	714.414	742.520	764.939	572.227	602.720
Equity	278.852	254.876	245.734	258.630	242.047
CASH FLOWS					
Net cash flow from operating activities	90.464	53.678	-72.912	47.625	81.797
Net cash flow used in investing activities	28.378	-7.683	-35.461	-22.335	-29.807
Net cash flow from financing activities	-77.990	-31.096	127.000	-31.096	-31.096
Cash flows for the period	40.852	14.899	18.627	-5.806	20.894
EMPLOYEES					
Number of full-time employees in average	226	184	160	195	184
FINANCIAL RATIOS IN %					
EBIT margin	3,8	-0,6	-39,4	2,4	4,6
Current ratio (%)	163,2	165,0	157,4	166,0	142,0
Solvency ratio (%)	39,0	34,3	32,1	45,2	40,2
Return on equity (%)	7,9	-3,8	-41,5	3,1	6,8

The Key Figures and ratios have mainly been calculated in accordance with recommendations from the Danish Society of Investment Professional and only deviate on a few counts.

EBIT margin	$\frac{\text{EBIT} \times 100}{\text{Net sales}}$
Current ratio	$\frac{\text{Total current assets} \times 100}{\text{Total current liabilities}}$
Solvency ratio	$\frac{\text{Equity, end of period} \times 100}{\text{Total assets, end of period}}$
Return on equity	$\frac{\text{Net result} \times 100}{\text{Average equity}}$



Atlantic Airways in brief

OUR ORIGIN AND OBJECTIVE

Atlantic Airways was established in order to develop the Faroese airline industry and airline services, and through this establish a competent aviation environment in the Faroe Islands.

Since the company's establishment in 1987, it has grown from a small company with one aircraft and limited capabilities to a company, which operates several aircraft and helicopters. At year-end 2022, Atlantic Airways had 176 full-time equivalent employees, and operated 3 aircraft and 2 helicopters.

Atlantic Airways exists to connect the Faroe Islands to the world, to tie the islands closer together and for safety. Atlantic Airways operates a regular, flexible and diverse route network from the Faroe Islands with competitive prices. The airline uses state of the art technology and equipment, and it uses fully modern communication services. The customer is at the centre of all our activities. We work closely with customers and the community to better our services and experiences.

For Atlantic Airways safety comes first, regularity is a constant goal, the customer is at the centre of all matters, the employees are skilled and service-minded, and the results create value. The company's field of activities is scheduled flights and helicopter flights with the Faroe Islands as our cornerstone, as well as charter flights using excess capacity. In addition, the field of activities are developed from the airline's core competences and we participate in the development of the tourism industry, cargo transportation and other forms of transportation.

The scheduled flights are divided into Denmark, NORTH and SUN routes, in addition to a new route to Paris and an intended route to New York in Autumn of 2023. The number of low price tickets has increased significantly both to Denmark and the NORTH-routes. The NORTH routes have improved connection between the Faroe Islands and the neighbouring countries of Iceland, Norway and Scotland significantly. Helicopter rescue services and scheduled services are today conducted with modern helicopters, which has increased the service level significantly for the remoter parts of the islands, health services, sailors and other travellers.

Atlantic Airways also prioritizes being a valued and respected member of our local society, creating value, competences and jobs for the Faroese community.

THE HISTORY OF ATLANTIC AIRWAYS IN BRIEF

Atlantic Airways was formed in 1987 and has continually developed airline travel to and from the Faroe Islands since the first operation in 1988 on 28 March. The number of

departures to Copenhagen has increased to five per day, both morning and evening. Since 1995, the company has stepwise established flight connections to the neighbouring countries Norway, Iceland and UK and France as well as connections to southern Europe. This continued development has increased passenger numbers at the Vágur Airport from around 46,000 in 1994 to more than 350,000 in 2022. The company has been at the forefront in promoting the Faroe Islands abroad as a tourist destination, as well as in developing local tourism.

The company has provided domestic helicopter services in the Faroe Islands since 1994 and Search and Rescue (SAR/HEMS) since 2001. In addition, Atlantic Airways has assisted all oil companies involved in oil exploration in Faroese waters.

Atlantic Airways has from day one focused on qualifying the work force in the Faroe Islands to conduct a range of jobs within the aviation industry. Atlantic Airways has trained hundreds of people as engineers, pilots, cabin crew as well as other jobs within the field of aviation.

Management's Review

OPERATIONS 2022

The full-year result for Atlantic Airways was a profit of DKK 21.0 million after tax, compared to a deficit of DKK 9.6 million in 2021. The pre-tax result was a profit of DKK 25.6 million in 2022 compared to a deficit of DKK 11.7 million in 2021. Earnings before interest, depreciation and amortization (EBITDA) was a profit of DKK 78 million compared to a profit of DKK 43 million in 2021. Total revenue for the year 2022 was DKK 689.3 million, compared to DKK 410.2 million in 2021. A 68% increase (121 million).

The Group result after tax was also a profit of DKK 21.0 million in 2022 compared to a deficit of DKK 9.6 million in 2021. The Group earnings before interest, depreciation and amortization (EBITDA) was a profit of DKK 80 million in compared to a profit of DKK 49 million in 2021.

RECORD NUMBERS OF TRAVELLERS IN 2022

Following the limited activity in the first quarter of 2022, because of the omicron variant and strict travel restrictions and lockdowns, aviation travel picked up the pace in the second quarter. The airline maintained nine travel destinations in 2022. The number of passengers became a record high of 350,599 passengers, which is 4% higher than in 2019, the last year before the Corona pandemic started. The increase is particularly from foreign travellers.

In March of 2023, an Airbus A320 aircraft on long-term loan, will join the fleet. Atlantic Airways will then have four

Airbus A320 aircraft and two AW139 helicopters. Two of the aircraft are Airbus A320neo, which are the more energy-efficient of their kind. All the aircraft are equipped with the state-of-the-art navigational system RNP AR 0.1.

Competitiveness will improve and it will be easier to organise airline traffic with four Airbus A320 aircraft, which are all the same size. A329 aircraft are also more sustainable compared to A319, considering CO₂-emissions for each seat and number of trips.

READY FOR FUTURE GROWTH IN THE AVIATION INDUSTRY

Interest in the Faroe Islands as a travel destination is great and it is expected that more travellers will arrive in the coming years, especially foreign travellers. That is why it is important all the time to ensure competitiveness and to make the necessary adjustments. Atlantic Airways has laid a course for the years 2022-2025 and work is underway to develop destinations and measure that will improve the airline's operations.

EMPHASISING SUSTAINABILITY

Atlantic Airways emphasises sustainability and its goal is to fly as environmentally sustainable as possible. Sustainability is on the agenda in all the airline's departments, which are working diligently and continuously along the sustainable line.

Ever since 2008, the CO₂-emission for each seat on the airline's route network has dropped by 48%, because of the new and improved larger and more environmentally friendly aircraft. In 2022, Atlantic Airways also undertook new campaigns to reduce fuel consumption and CO₂-emissions. The airline is encompassed by three initiatives concerning CO₂-emission in aviation: the EU ETS - quotas for aviation within the EU and EFTA countries, CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), as well as the UK ETS quota initiative for Britain.

GOALS AND OBJECTIVES

Atlantic Airways exists to connect the Faroe Islands to the world for the benefit of the Faroese people and Faroese society, all the while providing foreigners with more opportunities to visit the Faroe Islands, and to tie the islands closer together, as well as for safety. Atlantic Airways operates a regular, flexible and diverse route network from the Faroe Islands with competitive prices. The airline uses state of the art technology and equipment, and it uses fully modern communication services. The customer is at the centre of all our activities. We work closely with customers and the community to better our services and experiences.

For Atlantic Airways, safety comes first, regularity is a constant goal, the customer is at the centre of all matters, the employees are skilled and service-minded, and the results create value. The company's field of activities is scheduled flights and helicopter flights with the Faroe Islands as our cornerstone, as well as charter flights using spare capacity. In addition, the field of activities are developed from the airline's core competences, and we participate in the development of the tourism industry, cargo transportation and other forms of transportation, as well as other areas stemming from our core competences.

STATE-OF-THE-ART HELICOPTER SIMULATOR IN THE FAROE ISLANDS

In June of 2022 news broke that Atlantic Airways had founded the Atlantic Airways Aviation Academy and had bought a state-of-the-art AW139 Reality H Full Flight Helicopter Simulator, which will be fully operational in the second quarter of 2024. Atlantic Airways and the Faroe Islands will become an international hub for helicopter training where helicopter pilots from around the world will come here to use the most state-of-the-art helicopter simulator available today.

A new building to be used for the purpose is being built to the west of the industrial area further up from the Vagar airport. The operation of the helicopter simulator is expected to be expense neutral in three years, because the simulators available today do not live up to the requirements posed on rescue helicopters, in addition to the fact that the available simulator hours are too few.

CODESHARE CO-OPERATION

Atlantic Airways and KLM and Air France entered into a codeshare agreement, which means that several of Atlantic Airways' main scheduled flights also carry the KLM and Air France flight numbers, enabling travellers to travel all the way to the Faroe Islands, and it entails that the Faroe Islands make the list of all KLM and Air France travel destinations around the world. In 2023, Atlantic Airways will have three weekly scheduled flights to Paris from April to October. Atlantic Airways is working to strengthen co-operation with other airlines intends to make more such codeshare agreements in the future.

HILTON GARDEN INN FAROE ISLANDS

The subsidiary, P/F Hotel Atlantic, operates the new Hilton Garden Inn hotel in the capital, which features 130 rooms and five meeting and conference rooms. The hotel is part of the world-famous Hilton chain of hotels, which has more than 150 million people in its loyalty programme, Hilton Honors, and which is capable of attracting customers to the Faroe Islands from e.g. the USA and Asia, where the Hilton chain is particularly strong. P/F Hotel Atlantic leases the building from P/F Ognarfelagið matr. nr. 1332e, of which the

company owns 40% together with the pension company LÍV, which owns 60%.

Occupancy in Faroese hotels is expected to increase in the coming years. However, a possible economic recession in Europe may have a negative impact on the hotel industry in 2023.

FINANCIAL OUTLOOK 2021

Atlantic Airways expects more passengers and increased activities in 2023, especially in charter activity, as increased fuel expenses and increases in price and wage expenses will have a negative impact on developments. The airline expects a similar result in 2023 as in 2022. The result may be affected by an increasing price and wage expenses, competition, increasing fuel price and CO2 quotas, the war in Ukraine, and other risk that are mentioned under the heading Risk management in the annual report.

Operational Review

The total number of passengers on the company’s scheduled services increased from 200,511 passengers in 2021 to 350,599 passengers in 2022. The effect of the Covid 19 global pandemic continued into the first quarter of 2022, when the omicron variant swept the world. Traffic then recovered and the number of passengers reached record highs in 2022.

The fixed-wing fleet was airborne for 8,654 block hours in 2022 compared to 4,984 block hours in 2021. The increase is 3,670 block hours, or 74%. The fixed-wing fleet was airborne 2% fewer hours compared to 2019.

The total fleet production was 9.479 block hours in 2022 compared to 5.748 block hours in 2021. The increase is 143,730 hours (65%) from 2021 to 2022. Compared to 2019, total production was 2022 3% lower in 2022.

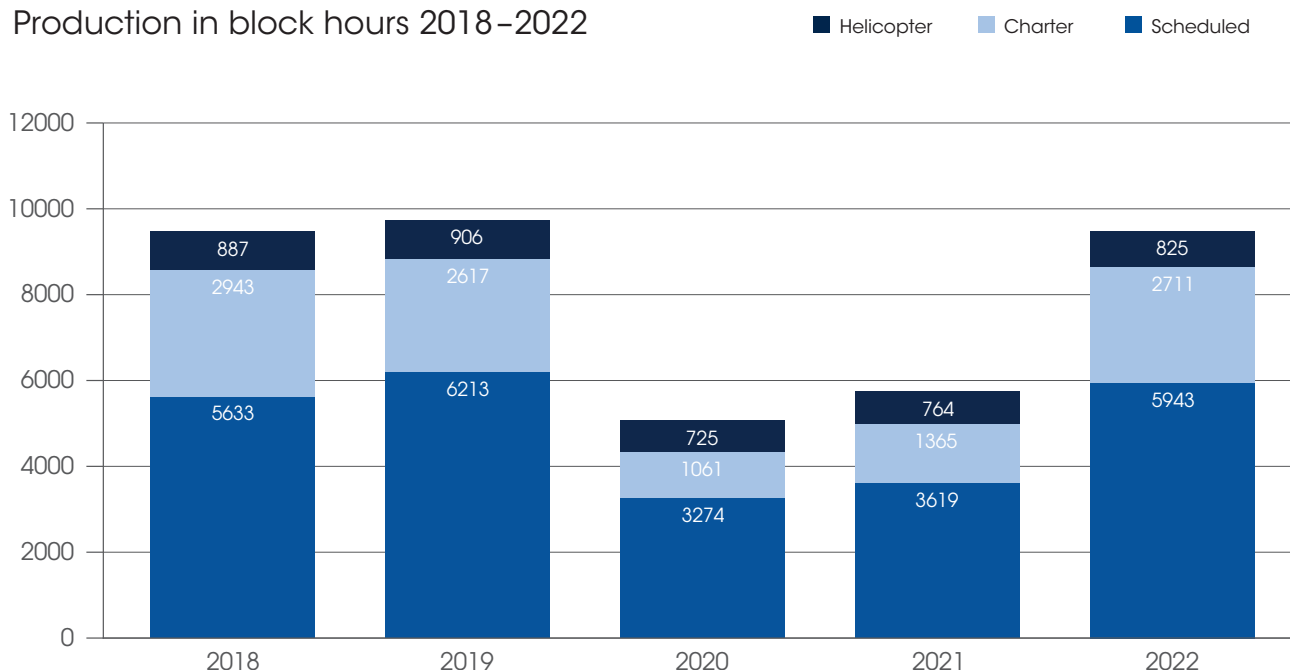
Scheduled services accounted for 63% of total fleet productions in 2022, CMI/charter operations for 29% and helicopter services accounted for 9%. In 2021, scheduled services accounted for 63% of fleet production, ACMI/charter operations for 24%, and helicopter services accounted for 13%.

Scheduled services increased by 64% from 3,619 block hours in 2021 to 5,943 block hours in 2022. Compared to 2019, scheduled services decreased by 4% in 2022.

ACMI/charter operations doubled in 2022 compared to 2021, the increase was 99%, from 1,365 block hours in 2021 to 2,711 block hours in 2022.

Helicopter operations increased by 8% from 764 block hours in 2021 to 825 block hours in 2022. Compared to 2019, helicopter operations decreased by 9% in 2022.

Production in block hours 2018–2022



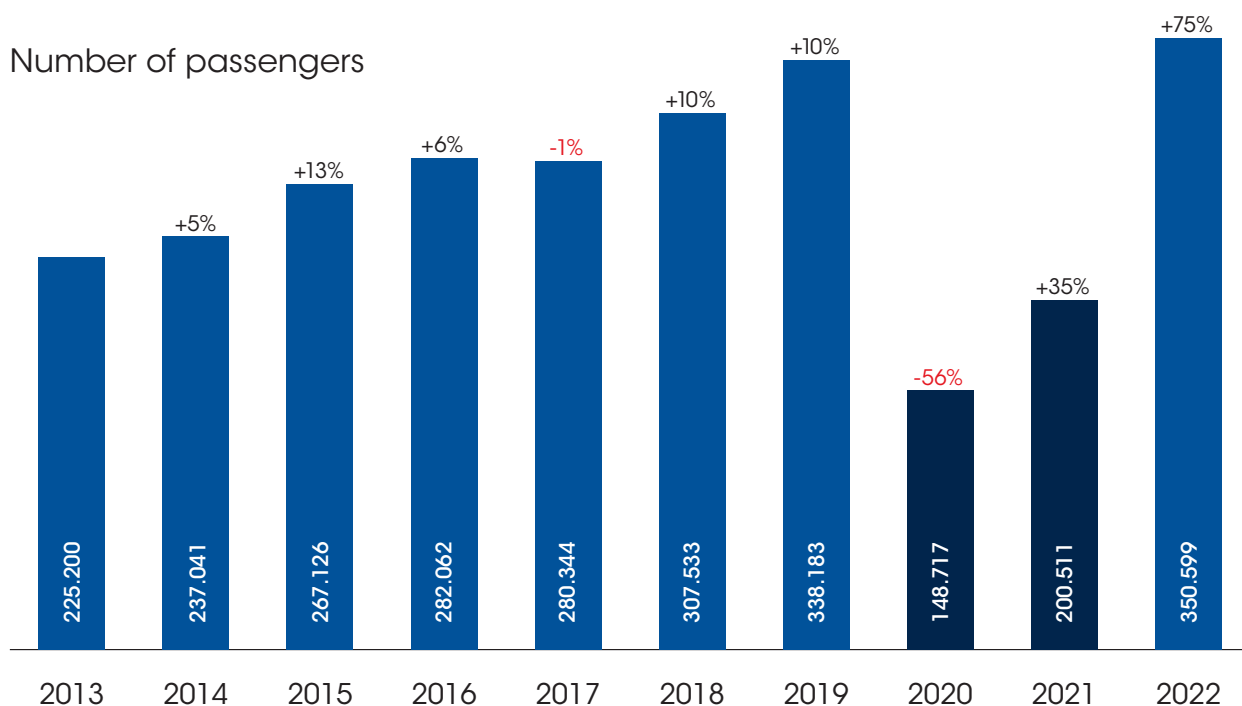
PASSENGERS	2022	2021	CHANGE	CHANGE %
Scheduled services	350.599	200.511	150.088	75%
Helicopter services	13.360	11.463	1.897	17%
Charter	101.927	39.165	62.762	160%

BLOCK HOURS	HOURS	HOURS	HOURS	%
Scheduled services	5.943	3.619	2.324	64%
Charter operations	2.711	1.365	1.346	99%
Total fixed wing	8.654	4.984	3.670	74%
Helicopter operations	825	764	61	8%
Total production	9.479	5.748	3.730	65%

SCHEDULED SERVICES

When the coronavirus pandemic died down in spring of 2022, the aviation industry recovered. Passenger numbers on scheduled flights increased by 75% in 2022 from 200,511 passengers in 2021 to 350,599 passengers in 2022. The increase was 150,088 passengers. The passenger numbers are also an increase when compared to pre-pandemic figures from 2019. Passenger numbers increased by 4% in 2022 compared to 2019. The number of travel destinations in 2022 was 10 compared to 8 in 2021 and 10 in 2019.

The seasonal fluctuations in scheduled traffic are usually high. Frequencies to Danish airports vary from 17 per week during the traditionally low-activity winter season to 35 per week during high season in the summer season. In the first quarter of 2022, the number of passengers on scheduled flights was significantly lower due to the corona virus pandemic.

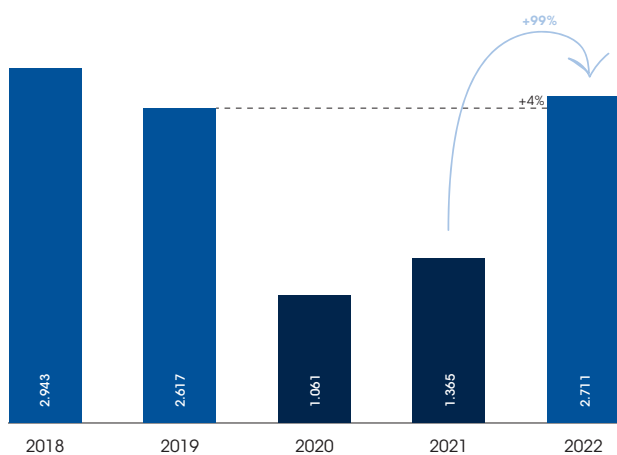


CHARTER OPERATIONS

The corona virus pandemic affected the charter operations in the first quarter of 2022. After that charter operations have recovered from 1,365 block hours in 2021 to 2,711 block hours in 2022, which is a 4% increase compared to 2019, the final year before the corona virus pandemic.

The airline leases out excess capacity not needed for scheduled services is sold to Charter/ACMI activity in order to improve profitability. In 2022, the airline provided services such as charter series for various tour operators in Denmark and ad hoc flights in Europe, in addition to ACMI flights.

Block hours

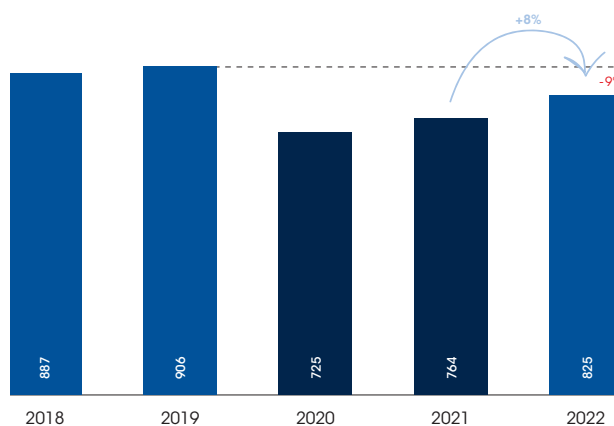


HELICOPTER OPERATIONS

In 2022, helicopter operations were predominantly Search-and-Rescue (SAR) on behalf of the Faroese Ministry of Fishery and domestic transport to the most remote islands on behalf of SSL, the National Faroese Transport Company using two modern AW 139 helicopters. The helicopters have been prepared for Search-and-Rescue (SAR) coverage 24 hours a day all year. The company's helicopters were airborne for 825 block hours in 2022 compared to 764 block hours in 2021. Activities have been lower than before the Covid pandemic. In 2022, helicopter operations were 9% lower than in 2019. The contribution in this segment is primarily reflected in the level of provided helicopter capacity agreements in terms of search and rescue and domestic flights.

There is a ten-year contract with the Faroese Ministry of Fishery and the Ministry of Foreign Affairs and Trade to provide helicopter Search and Rescue (SAR) and domestic transport to the most remote islands. The contract is in effect from 2016-2025. The service has improved significantly with these two new AW 139 helicopters, which can reach the 200 nautical mile limit of Faroese territorial waters,

Block hours



where they can perform rescue operations for 30 minutes. The helicopters have 14 seats, compared with 9 seats on the old Bell 412 helicopters.

The SAR service was called out on 58 occasions in 2022 compared to 50 occasions in 2021. The airline has provided domestic helicopter services in the Faroe Islands since 1994 and SAR operations since 2001.

OTHER INCOME

Together with Vágur airport, Atlantic Airways has established the company P/F Duty Free, which operates duty-free sales in the airport. Atlantic Airways also owns the subsidiary P/F Hotel Atlantic, which opened a new hotel in Tórshavn in October of 2020. The new hotel – called Hilton Garden Inn Faroe Islands – is operated in collaboration with the international hotel chain Hilton.

Atlantic Airways also operates cargo and mail transportation between the Faroe Islands and the world on its scheduled flights.

THE FLEET

Three fixed-wing aircraft were in service at year-end 2022. Two Airbus A320neo and one Airbus A320.

One of them are in the airline's ownership, while the airline leases - on a long-term contract - the two A320neo aircraft, which have at least 15% lower oil usage and CO2 emissions than other Airbus aircraft of the same size. The average age is approximately four years.

In December of 2022, the last Airbus A319 was sold to the American airline CFM Materials. The aircraft was leased to an airline on the Canary Islands for a short period of time.

In March of 2023, an Airbus A320 is expected to join the fleet in its place. From that day, the fleet will have four Airbus A329 aircraft and two AW 139 helicopters.

Atlantic Airways has signed a contract for the purchase of two new Airbus A320neo aircraft from the Airbus factory. These aircraft will join the fleet in the summer of 2027 and the autumn of 2028, respectively. The aircraft were originally scheduled to join the fleet in 2023 and 2024, however, the reception of the aircraft was postponed due to the global pandemic.

Atlantic Airways flies the most advanced airspace technology in Europe, according to manufacturer Airbus. As the first airline in the world, the company has since 2014 operated the world's first RNP AR 0.1 approach combined with ILS. Atlantic Airways is using this advanced navigation technology at Vágur Airport with all the aircraft and as a result Atlantic Airways can land safely in Vágur airport in significantly poorer weather conditions than before. The RNP AR 0.1 procedures have enabled significantly higher on-time performance and flight regularity compared to the previous years.

Fleet at year-end	Number	Ownership	Production year
A320neo	2	0	2019-2020
A320	1	1	2016
AW139	2	2	2015-2016

At year-end 2022, the helicopter fleet consisted of two Agusta Westland AW 139 helicopters. The average age of the rotor wing fleet is approximately seven years.



OY-RCX (INGÁLVUR) S/N 8918
Type: Airbus 320-251N



OY-RCL (TITA) S/N 10006
Type: Airbus 320-251N



OY-RCJ (WILLIAM) S/N 7465
Type: Airbus 320-214



OY-RCM (ELINBORG) S/N 05084
Type: Airbus 320-214



OY-HIH (RUTH) SN: 31718
Type: Agusta Westland 139



OY-HIL (SÁMAL) SN: 31722
Type: Agusta Westland 139



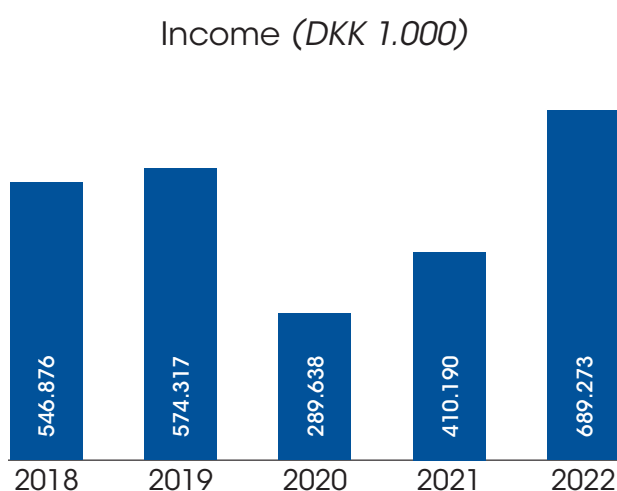
Photo: Nicolás Vera-Ortiz

Financial Review

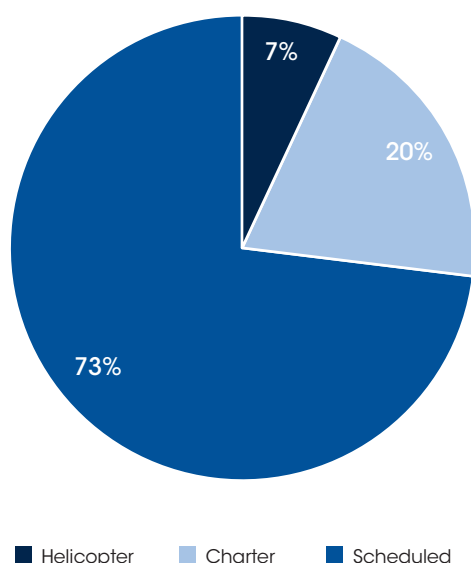
FINANCIAL STATEMENT, JANUARY 1ST – DECEMBER 31ST 2022

Revenue

Atlantic Airways' total revenues was DKK 689.3 million in 2022 compared to DKK 410.2 million in 2021. The increase was DKK 279.1 million, which come from increased activities after the severe effect of the global corona virus pandemic in 2020–2021.



Income distribution



Operating expenses

Operating expenses increased by DKK 218 million in 2022 to DKK 491 million compared to 2021. The increase is from an increase in flight activities in 2022, and an increase in fuel expenses compared to 2021.

Fuel is one of the main operating expenses in aviation. In 2022, fuel costs – including CO2 quota expenses – amounted to 27% of the total operating expenses, compared to 15% in 2021. The airline has a partial hedging policy for fuel expenses.

Employee expenses

Employee expenses amounted to DKK 120.3 million in 2022 compared to DKK 94.4 million in 2021. The number of full-time equivalent employees was 176 in 2022, compared to 138 in 2021.

Depreciations

Depreciation and impairment amounted to DKK 48 million in 2022, which is unchanged compared to 2021.

Financial items

Net financial items amounted to DKK -4 million including result from associated companies, compared to DKK -7 million in 2021.

The result before tax was a profit of DKK 25.6 million compared to DKK 11.7 million in 2021.

The result after tax was a profit of DKK 21.0 million compared to a profit of DKK 9.6 million in 2021

Return on equity after tax was 8 per cent in 2022 compared to -4 per cent in 2021.

BALANCE SHEET

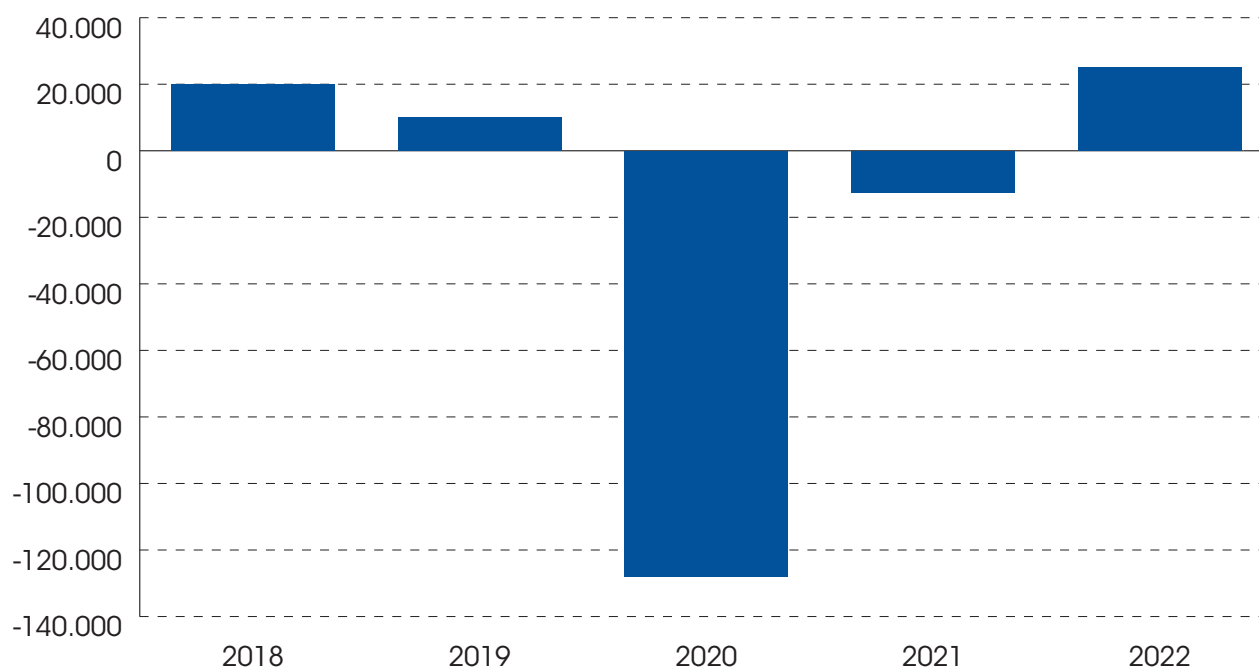
Assets

Total non-current assets decreased by DKK 73 million in 2022 from DD 490 million at the start of the year to DKK 416 million at year-end 2022. The main cause of the change is the sale of an Airbus A319 in 2022.

Total current assets increased by DKK 41 million in 2022 from DD 222 million by the start of the year to DKK 267 million at year-end 2022.

Available cash and cash equivalents at year-end 2022 were DKK 221 million compare to DKK 177 million at the start of the year. Available cash and cash equivalents for the Group at year-end DKK 225 million compared to DKK 184 million at the start of the year.

Result before tax (DKK 1.000)



Equity

Total equity as of 31 December was DKK 279 million and an equity ratio of 39%. Compared to the start of the year, equity has increased by DKK 24 million and the equity ratio increased by 3%. The change in equity is from change in value adjustments of derivative financial assets.

Liabilities

The company's total liabilities as of 31 December was DKK 377 million compared to DKK 435 million at the end of the previous year. Long-term debt has increased from DKK 304 million to DKK 221 million by the end of 2022.

Balance sheet

The balance sheet total as of 31 December 2022 was DKK 713 million, which is DKK 28 million lower than the previous year.

Going concern disclosure

The Board of Directors and the Executive Management have in connection with the financial reporting process assessed whether it is justified that the going concern assumption be upheld. The Board of Directors and the Executive Management have concluded that on the reporting date there are no factors that give rise to doubts as to whether the company can or will continue operations until at least the next

balance sheet date. Therefore, the financial report has been prepared in the reality of continued operations.

Allocation of profit/loss

The recommendation regarding the allocation of net profit/loss is shown in the income statement.

Events after the End of the Financial Year

There have been no events from the balance sheet date until today that might affect the true and fair view of the annual report.

Outlook for 2023

AVIATION INDUSTRY AND THE GLOBAL ECONOMY

Global aviation increased in 2022 compared to 2021, however, it has not yet reached the pre-Covid levels that we saw in 2019, the last year before Covid-19 affected the world. According to the International Air Transport Association (IATA), global aviation dropped 32% in 2022, compared to 2019. The decrease in Europe was 22% compared to 2019. Intercontinental flights, have not yet fully recovered.

The progress in the aviation industry is expected to continue in 2023 and that it will reach the 2019-level in 2024. Despite these expectations of progress, increase will be lower than in 2022. Competition in the aviation industry remains fierce, while increasing fuel prices continue to have an effect on the industry. The aviation industry also faces technological challenges, considering long-term goals concerning zero net emissions of greenhouse gasses in 2050.

The commercial airline industry is linked to the strength of the economy in the countries, from which the passengers come. IMF (The International Monetary Fund) expects a 2.9% economic increase in 2023 compared to 3.4% in 2022.

FAROESE ECONOMY

The Faroese Economic Council estimates that the Faroese GDP in current prices increased 11.2 per cent in 2022, compared to 7.3 per cent in 2021. However, when taking into account the recent increase in prices, the Economic Council estimates that the increase in fixed prices has been roughly 3.9 % in 2022. The increase in 2023 is expected to be 2.6% in current prices.

The Faroese economy is still characterised by economic growth with a low unemployment and a lack of work force, while prices and interests are increasing. There is no indication of a decline in private consumption in The Faroe Islands. The Economic Council also states that tourism may experience a lower growth due to the effect of inflation on demand from foreign travellers.

According to the most recent indices from the Economic Council, the service industry is less optimistic this year compared to last summer and the Faroese households are more cautious.

SCHEDULED SERVICE

In 2023, Atlantic Airways will fly directly from Faroe Islands to 11 different destinations: Copenhagen, Billund, Aalborg, Oslo, Reykjavík, Edinburgh, Paris, Barcelona and Mallorca, Gran Canaria and New York. A higher number of passengers is expected compared to 2022, especially because of the fact that the corona virus pandemic limited air traffic in the first quarter of 2022.

The airline operates a route with flights several times a day between the Faroe Islands and Copenhagen, in addition to maintaining regular flights to Billund, Reykjavík and Oslo all year round, to Edinburgh from April to December and to Aalborg from June to October. Additionally, Atlantic Airways operated direct flights to Barcelona and Mallorca in peak season, to Gran Canaria during the winter season, and according to plan, to New York from late August to October in 2023.

The Faroese people's desire for travel remains great and the number of foreign travellers has also increased in 2022. Interest in the Faroe Islands as a travel destination continues to be big, which is why it is estimated that passenger numbers will slowly increase in the coming years, especially travellers from other countries.

Atlantic Airways is ready for continued growth in the Faroese tourism industry with its four Airbus A320 aircraft later this spring. This growth will also benefit from the added hotel capacity in relation to pre-covid times.

CHARTER OPERATIONS

Atlantic Airways' charter activities are based on using excess capacity not needed for scheduled services in order to improve profitability. Charter activities in 2023 is expected to be higher than in 2022 because the fleet is being expanded in March with a new Airbus A320. Most of the charter activities comes from Denmark for Danish travel agents to various travel destinations in the south of Europe.

HELICOPTER OPERATIONS

Atlantic Airways connects the islands through scheduled helicopter flights to the remote islands and creates safety with helicopter Search and Rescue. As part of a ten-year contract with the Faroese Government, two relatively new AW139 helicopters provide domestic transport to the most remote islands and helicopter Search and Rescue (SAR) coverage 24 hours a day. Production in 2023 will be roughly the same as in 2022.

FINANCIAL FORECAST 2023

Atlantic Airways expects roughly the same result in 2023 as in 2022. The airline expects more travellers and higher activity, particularly charter activity, which, however, will be impeded by an increase in fuel expenses as well as increase in cost and wages, because of the inflation. The danger of recession in the European economy as well as the Faroese, the competition on the Copenhagen route and, continued high inflation, increasing fuel prices and CO2 quotas, the war in Ukraine and any other risks that are mentioned in the annual report in the section 'Risk management', however, may have an adverse effect on the result on the financial performance of the company.



Ownership

SHARE CAPITAL

The share capital remains unchanged at DKK 104,500,000. The share capital consists of one class of shares distributed over 1,045,000 shares. All shares have the same rights. There is one vote per share.

SHAREHOLDER

The Faroese Government (Ministry of Foreign Affairs and Trade) owns 67% of the shares and 33% are the company's own shares.

DIVIDEND

The board of directors propose that no dividend will be distributed to the shareholder at the Annual General Meeting in April 2023 in line with the proposal for the renationalization acts of the Faroese Parliament from February 2014. No dividend was paid out in 2022 for the financial year 2021.

CAPITAL AND SHARE STRUCTURE

The Board of Directors considers that the company's capital and share structures, its strategy and long-term value creation are in the best interest of the shareholder and the company.

Corporate Governance

In this part is the statement on corporate governance. This statement forms part of the management's review in Atlantic Airways' Annual Report for the period 1 January – 31 December 2022

Atlantic Airways was delisted from the stock exchanges in Copenhagen and Reykjavik in 2014, which meant that the company is no longer subject to any recommendations on Corporate Governance. However, Atlantic Airways has nonetheless chosen to follow the Danish Recommendations on Corporate Governance and to comply with the recommendations where possible. A comprehensible table overview of the company's compliance with the Danish Recommendations, as well as explanations of departures, is provided on the company's website.

The Danish Recommendations on Corporate Governance were last updated in December 2020 and are valid from the fiscal year 2021. The full version of the Danish Recommendations on Corporate Governance can be found on the website.

The following subsections address main aspects of corporate governance in Atlantic Airways.

ANNUAL GENERAL MEETING

The Annual General Meeting represents the supreme authority in the affairs of the company, within the limits established by the Articles of Association. The Annual General Meeting of Atlantic Airways shall be held before the end of April each year. Shareholders and their advisors may attend the Annual General Meeting, and the meetings are open to representatives of the press.

BOARD OF DIRECTORS

The Board ensures a prudent organization of the company's business and manages the company's general affairs as well as ensures that the best interests of the company's shareholders are guarded. The Board seeks to promote the long-term development of the company and endeavours to keep the organization and operations consistent with the company's mission and strategy.

The Board of Directors consists of 6 members. Two of the members are elected by the employees. Election of board members among the staff is conducted every four years in accordance with relevant legislation. The other 4 board members are elected at the Annual General Meeting.

All persons elected to the Board of Directors must be properly qualified and be able to devote the time required by the duties involved. The specific requirements for the skills of board members should ideally take keen notice of the following preferred skills, competencies and characteristics: experience within the aviation industry or other related fields of transport, relevant commercial experience, personal management experience relevant to the company's scope and size, governmental relations and issues, financial management and investor relations, performance and cost management, legislative insight and/or professional experience and strategic expertise and/or change management experience. The listed skills are not only relevant skills and competencies of various members but are also listed to ensure that the Board of Directors represents a diversity of relevant skills and knowledge.

The Chairman's role is to organize and chair the meetings, to act as a contact person to the executive management, prepare the meeting agenda and ensure timely release of meeting material to members before the meetings, ensure notice to the entire Board of meetings, ensure that the most significant issues of the company are addressed, ensure that legal requirements of the Board are met and to act as an external spokesman.

The main duty of the deputy chairman is to step in as acting Chairman of the Board, should this become necessary, in addition to being an active partner to the chairman.

The Board of Directors appoints the CEO and other members of the Executive Management.

The Board of Directors convene when the Chairman deems it necessary or when one of the members or the management requests it.

The Board of Directors has held 9 meetings in 2022.

Niels Mortensen, Chairman of the Board

Born: 28 October 1966 (male)

Address: Traðavegur 12, FO-100 Tórshavn, Faroe Islands

Joined the Board: March 2013

Special skills: Commercial experience

Chief Occupation: CEO of SMS P/F and NM Holding

Experience: Danske Bank 1987–1992, P/F SMS 1992–

Other board duties: P/F Hotel Atlantic (Chairman), P/F Ognarfelagið matr. nr. 1332e (CEO and board member), P/F Petur Larsen and P/F Duty Free

Education: Niels Brock Business School, Danske Bank

Expiry of the current election period: April 2023

Considered independent of the Company

Kaj Johannessen, Vice-chairman of the Board

Chairman of the Board 1 January – 8 March 2013

Vice-chairman 2009–2012, and from 14 May 2013

Chairman of the Nomination Committee 2013

Chairman of the Audit Committee

Born: 8 November 1960 (male)

Address: Inni á Fløtum 13, FO-180 Kaldbak, Faroe Islands

Joined the Board: April 2009

Special skills: Expertise in financial and accounting matters, Governmental matters

Chief Occupation: CEO of P/F Farcod, P/F Enniberg og P/F Ametyst and P/F Havborg.

Experience: CEO of P/F Enniberg since 2016. Advisor in the Ministry of Transport, Infrastructure and Labour 2015–2016. Advisor in the Ministry of Finance 2013–2015. Advisor in the Ministry of the Interior 2008–2013. Senior Bank clerk in Føroya Banki (Bank Nordik) 2000–2008. Member of the chairmanship of the Faroese Council of Economic Advisers 2006–2009. Economist at Landsbanki Føroya 1993–2000 and Managing Director of Menningargrunnur Ídnaðarins 1990–1993. Examiner in economics at the Faroese University (Fróðskaparsetur Føroya) since 2001. Examiner in managerial economics at the Faroese Business College since 2009–2013.

Other board duties: P/F Enniberg, P/F Farcod, P/F Havborg, P/F SMS, P/F Miðlon, P/F Dvølján, Norriq Holding A/S, Investeringsselskabet af 5. oktober 2012 Aps and P/F Atlantic Petroleum.

Education: Mr. Johannessen has a MSc in Economics and Business Administration from Copenhagen Business School 1990, specializing in Financing, International Business and Management Accounting

Expiry of the current election period: April 2023

Considered independent of the Company

Eystein í Løðu, Member of the Board

Born: 5 July 1973 (male)

Address: Smiðjuvegur 14, FO-386 Bøur

Joined the Board: April 2019

Special skills: Employee of Atlantic Airways

Chief Occupation: Safety Manager

Experience: Employee of Atlantic Airways since 1994, except 2000–2001.

Other board duties: None

Education: Flight mechanic and psychotherapist

Expiry of the current election period: April 2023

Considered dependent of the Company as employee representative

Esther Dahl, Member of the Board

Born: 20 September 1970 (female)

Address: Hornavegur 27, FO-450 Oyri, Faroe Islands

Joined the Board: May 2020

Special skills: Commercial experience, experience concerning the labour market

Chief Occupation: HR- & HTU- and communication manager, Faroe Ship

Experience: HR- & HTU- manager, Klaksvíkar sleipistöð, 2019–2022. Advisor in the Faroese Employer's Association 2005–2019 (particularly labour market, contract negotiations and shipping). Ad head of section, the Prime Minister's Office (foreign affairs) 2000–2005. Faroese ambassador to Bruxelles 1998–2000.

Other board duties: Council member Sunda municipality since 2020.

Member of the Council on working environment (since 2006), Competition Council of the Faroes (since 2006).

Education: Cand. negot

Expiry of the current election period: April 2023

Considered independent of the Company

Andrass Weihe, Member of the Board

Born: 30 March 1986 (male)

Address: Torkilsgøta 15, FO-188 Hoyvík, Faroe Islands

Joined the Board: June 2020

Special skills: Atlantic Airways employee

Chief Occupation: Freight and cargo in Atlantic Airways

Experience: Employee of Atlantic Airways since 2007

Other board duties: None

Education: Examined freight forwarder 2018

Expiry of the current election period: April 2023

Considered dependent of the Company as employee representative

Annika Larsen Black, Member of the Board

Born: 11 June 1963 (female)

Address: Nicolai Mohrgøta 8, FO-188 Hoyvík, Faroe Islands

Joined the Board: April 2021

Special skills: Commercial experience in sales and marketing and project management

Chief Occupation: Manager of Hotel Djurhuus

Experience: Co-ordinator, Yrkisdepilin, 2021–2022, education co-ordinator Vestmanna upper secondary school 2017–2021, project management MICE Faroe Islands 2016–2020, sales manager, Smyril Line 2009–2013, sale and service 62N 2007–2008, sales and marketing manager Flogfelag Føroya 1995–2007.

Other board duties: None

Education: Master of project management and process optimisation (MPF)

Expiry of the current election period: April 2023

Considered dependent of the Company as employee representative

AUDIT COMMITTEE

The Board has not formed a separate Audit Committee. The Board of Directors decided at a board meeting in March 2010 in accordance with Article 29 of the Faroese Audit Act that the Board executes the activity of the Audit Committee. Kaj Johannesen is chairman of the audit committee.

EXECUTIVE MANAGEMENT

The Executive Management of Atlantic Airways is made up of the Chief Executive Officer and the Chief Financial Officer, who are responsible for the daily operations of the company. The CEO is also "Accountable Manager" for the airline and as such has the ultimate responsibility to comply with the standards and requirements set by the aviation authorities.

Jóhanna á Bergi, CEO

Born: 29 September 1970

Address: Traðagøta 18, FO-700 Klaksvík, Faroe Islands

Experience: Mrs. Á Bergi has been CEO of Atlantic Airways since September 2015. CEO of Faroe Ship P/F 2006–2015, Sales and Marketing Director of JFK 1998–2006 and Sales Manager at Faroe Seafood 1994–1998.

Other board duties: P/F Hotel Atlantic, Visit Faroe Islands P/F, Føroya Grunnurin and Norðoya Íløgufelag, P/F Norðoyatunnilin

Education: Mrs. Á Bergi has a MSc in Management from Robert Gordon University 2004. Export and Marketing from the Danish School of Export and Marketing 1994

Marius Davidsen, CFO

Born: 31 July 1958

Address: Í Fornanum 3, FO-380 Sørvgøgur, Faroe Islands

Experience: Mr. Davidsen has been CFO of Atlantic Airways since January 2005. Mr. Davidsen has been involved with Atlantic Airways since it commenced operations in 1987/88. Financial manager since 1988 and deputy for the CEO since June 1993. Mr. Davidsen is also CEO of Duty Free P/F

Other board duties: P/F Hotel Atlantic

Education: Mr. Davidsen is educated from Business School in Tórshavn

AUTHORIZED SIGNATORIES

The company is bound by the joint signature of a Chief Executive Officer and the Chairman of the Board, or by the joint signatures of two members of the Board of Directors.

REMUNERATION OF BOARD AND MANAGEMENT

The remuneration of the Board and Management are in accordance with the company's remuneration policy, available on the company's website. The remuneration policy was adopted by the Board of Directors and the General Meeting in April 2012.

The purpose of P/F Atlantic Airways' remuneration policy is to ensure appropriate corporate governance in the company and fulfil the long-term value creation for the company's shareholders.

The Board of Directors is remunerated with a fixed fee. The remuneration is not included in any sort of incentive or performance-related pay. The remuneration is set at DKK 120,000 a year. The chairman of the Board of Directors receives double the basic remuneration and the deputy chairman receives one and a half of the basic remuneration. Remuneration for the Auditing Committee is set at DKK 20,000 a year. The chairman of the auditing committee receives triple remuneration. If a board member assumes certain ad hoc tasks beyond the duty as board member, then the board sets a fixed remuneration for such tasks.

The remuneration reflects the competences, responsibility and efforts of the board members, the activity of the company, the scope of the workload and the number of board meetings.

Executive Management is contractually employed. The remuneration is reviewed and evaluated regularly. All adjustments to existing management contracts are made in writing and adopted by the Board of Directors.

Decisive to the remuneration to Executive Management is the objective to ensure the company's continued possibilities to attract and maintain the best qualified members of Executive Management. The details in the total remuneration to the Executive Management are comprised in consideration of market practice and the company's specific needs.

Remuneration of Executive Management may be comprised of fixed pay, value-based bonus and pension. The total level for the non-variable elements in the remuneration is established in consideration of market level, as e.g. the company's size and course of development are taken under consideration. Remuneration to Executive Management is currently only comprised of fixed pay and pension, corresponding to a pre-defined part of the fixed remuneration.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATING TO FINANCIAL REPORTING

The Board and Executive Management have the overall responsibility for the company's risk management and internal control procedures in connection with the financial reporting process, including the adherence to legal and other requirements for presentation. The company's control and risk management systems are intended to effectively identify, manage and minimize the risk of error in the financial reporting process, and provides an adequate degree of certainty; though not complete certainty, that erroneous use of assets, losses and/or material errors and omissions in connection with the presentation of the accounts are avoided.

The Board and the Executive Management set out and approve overall policy, procedures, and control on important areas in connection with the presentation of accounts.

The Executive Management has the daily responsibility for legal and other requirements being adhered to as regarding the presentation of accounts, and regularly informs the Board on this matter.

The Board of Directors annually, and when it is deemed needed, reviews and discusses the applied accounting policies and changes in these, as well as significant estimates relating to the financial reporting.

The Board of Directors performs an annual assessment of the company's risk management and internal control procedures, including an overall assessment of risk in connection with presentation of accounts. Part of this assessment is to determine the risk of fraud, and possible changes required to reduce and/or eliminate such risk.

A reporting process has been established under which monthly reports are made to the Board of Directors, explaining deviations from the expected results and key figures for the business segments.

Risk management

Atlantic Airways is exposed to a number of significant risks, which may affect the business, financial results and long-term objectives. Both the Board of Directors and Executive Management incorporate the identification and management of risks as an integral part of their activities. By identifying substantial areas of risk, as well as areas of opportunity, at an early point, Atlantic Airways is able to act accordingly and take due measures in its operations. The Executive Management currently reports to the Board of Directors on the development within the most important areas of risk and compliance with adopted policies.

GENERAL AND SPECIFIC RISKS

The profit and loss account can be affected by the economic conditions in the Faroese and international markets. In addition, the profit and loss account and the balance sheet can be affected by increased competition, changes in oil prices, changes in the price of carbon emission permits, changes in the European Emissions Trading Scheme, demand for airline travel, demand for fixed-wing and rotor-wing charter operations, the general level of cost, the weather and traffic disruption, volcanic ash, operations and accidents, regulation, technology, financial risk, credit risk, and currency risk.

The airline industry has relatively high fixed costs in connection with each flight. These expenses are not directly influenced by the number of passengers carried on each flight, and thus changes in load factor influence the profitability of the company. Atlantic Airways monitors the load factor closely to ensure prudent operation of flights.

FUEL

As an essential and highly consumable resource in our operations, fuel is a material cost to the company. The volatility in the jet fuel price can significantly impact fuel costs and the operating results. Jet fuel costs represented 20% of the operating expenses and fuel is settled in USD. Historically, there have been significant changes in fuel prices and operations are affected differently from year to year.

In order to manage the risk exposure of fuel price volatility, and subsequent impacts on the company's expenses, the Board has approved a policy to hedge fuel in DKK. Use of hedging means that the fuel cost per period is not as low as the spot-based price when prices decrease, however when spot prices increase the fuel cost also rises more slowly.

CO2 EMISSIONS

In 2012 aircraft operators became part of the European Emission Trading Scheme or EU ETS in short. Initially, the scheme encompassed all aviation in the EU and EFTA countries and to and from these countries. Later the EU restricted

the scheme to only encompass aviation in the EU and EFTA countries in the years 2013 to 2023. Flights to and from the Faroe Islands are therefore not covered at the moment, however, the airline's flights in and between EU and EFTA countries, primarily charter flights, is encompassed by the EU ETS scheme.

It is necessary for the company to purchase carbon emission permits for its flights in EU and EFTA countries. A minor quota of free CO2 emission allowances has been allocated to the company because of historical rights. The CO2 market has historically been volatile. In 2018, the price of CO2-quotas increased from 8 EUR/tCO2 to 90 EUR/tCO2.

The airline is also encompassed by the British UK ETS CO2 emission, which covers flights from Britain to EU and EFTA countries, in addition to CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), which is a Global Market-Based Measure regarding carbon emission for international aviation. The CORSIA measure is primarily based on the notion that an increase in CO2 emissions from 2021 will be offset through purchase of so-called offsetting permissions "Carbon Offsetting." According to this new measure, Atlantic Airways must – from 2021 to 2029 – buy offsetting permissions in relation to how much the international flights exceed the emissions in the base year 2019. The offsetting will be based on own emissions in the base year times the percentage growth of emission from global aviation relative to the base year. After 2029, the measure will also take into account growth in emission from the individual airline itself. When global aviation will resume again, the CORSIA measure will start to have an effect on the airline's expenses.

WEATHER AND TRAFFIC DISRUPTIONS

The company is exposed to various disruptive factors such as adverse weather conditions (crosswind, turbulence, fog, frost and snow), volcanic ash and congested airports. Especially weather conditions across the Faroe Islands hamper flight operations and increase costs. In 2022, the airline's cost of cancellations and disruption was DKK 14.1 million due to cancellations compared to DKK 3.3 million in 2021. Additionally, the airline's operations will be affected by EU legislation concerning compensation in special cases of delay. The modern RNP AR 0.1 navigational system has improved regularity significantly and expenses related to delays and cancellations.

CURRENCY RISK

The financial performance of the company can be significantly affected by changes in foreign exchange rates, especially between DKK and USD. Aircraft purchases, aircraft leasing payments, aircraft insurance and maintenance expenditure are mainly in USD. Part of revenues and cost are in GBP. The company continually evaluates the exposure to

exchange rate fluctuations, particularly between the Danish krone and the US dollar.

The Board has approved a policy to hedge USD currency exposure from aircraft leasing.

INTEREST RATE RISK

The company is exposed to interest rate risks through investments and financing. As of 31 December 2022, the company had DKK 249 million in interest-bearing liabilities. The majority of the interest-bearing liabilities is in fixed interest. The company's total equity is still high in proportion to total assets. The equity ratio was 39 at year-end.

LIQUIDITY RISK

The company aims to maintain sufficient reserves of cash and cash equivalents in order to meet its liquidity requirements. The 2022 liquidity has been positive. The parent company's liquidity on 31 December 2022 was DKK 211 million and DKK 215 million for the Group. The company has in addition access to DKK 30 million in credit facilities. The company's credit facility was unused as of 31 December 2022. Liquidity is deemed sufficient. Cash at hand is usually affected by seasonal fluctuations.

MARKET COMPETITION

The airline's main revenues stem from the scheduled flights between the Faroe Islands and Copenhagen. The competition with excess capacity has affected the income and result of the airline. Negative effect of the competitive situation on the airline's profitability is expected to be visible in 2023.

Knowledge and Human Resources

Atlantic Airways' knowledge resources, here in particular human resources, are vital for the competitiveness of the company. The company considers relevant knowledge and work experience of great importance in all core areas of airline activity. Our objective is to develop and retain our qualified personnel and to be the company of first choice among the best people on the Faroese job market.

The company is the only one of its kind in the Faroe Islands, and therefore places great emphasis on educating and training local workforce.

Beyond the company's own internal regulations and requirements on employees' abilities and qualifications, the company also has to comply with strict demands from the authorities to train and maintain the skills of its personnel,

such as those performing flight operations, maintenance and ground-handling in addition to other staff with direct responsibilities towards the aviation authorities.

Safety management, quality assurance, sales, service and planning are other core functions in the airline needed to be taken care of at a professional level. Atlantic Airways therefore places great emphasis on improving qualifications in all areas of its business.

Corporate Social Responsibility (CSR)

CSR IN ATLANTIC AIRWAYS 2022

At Atlantic Airways, we are committed to conducting our business in a responsible and transparent manner, striving to serve the Faroese society and community as well as to provide competitive services to our passengers, and to manage our social and environmental footprints.

Atlantic Airways is one of the largest enterprises in the Faroe Islands with 176 employees. We are linking the Faroe Islands with the world through scheduled connections to several destinations. Atlantic Airways also runs a helicopter operation providing domestic services and SAR operations in Faroese territories. Also, we play an important role in developing tourism in the Faroe Islands.

It is the airline's policy that all activities be conducted in such a manner that commercial, societal and environmental considerations are taken. Thus, we have defined three key areas:

- | *Business operations:* Health & safety, environment, safety / compliance management
- | *Workplace:* Employee satisfaction, well-being, education and competence development
- | *Community:* Together we develop the Faroe Islands, sponsorships and donations

Business operations

ENVIRONMENT

The airline emphasises sustainability in all areas and works diligently and persistently on the course of sustainability. Several measures have been put into place. Wrappings from hospitality items onboard have been exchanged for environmentally friendly wrappings, passengers are offered the opportunity to order food before departure, which decrease the amount of waste on board the aircraft and greater usage of technology in the aircraft has decreased the paper usage on board the aircraft. In addition, the airline has updated its fleet, which means that the fuel usage has diminished for each seat and each passenger.

The airline industry relies heavily on fuel and consequently causes CO2 emissions, which are believed to be the main cause of climate change. With increasing fuel costs, it makes sense business-wise and for the environment to do what we can to reduce our fuel consumption and CO2 emissions.

The airline has two new Airbus A320neo aircraft, which are the most energy-efficient of its kind. The aircraft's fuel consumption and CO2 emissions are at least 15% lower than other Airbus aircraft of the same size. In 2022, average CO2 consumption for each seat was in scheduled service was 72 kilos, compared with the average consumption per passenger on the scheduled services in 2008. The decrease is 48% and is related to the renewal of the fleet bringing in larger and more environmentally friendly aircraft. In 2022, the total CO2 emissions from Atlantic Airways' scheduled services was 37.807 tonnes. Atlantic Airways has registered all its fuel consumption and CO2 emission from aircraft since 2010 because of environmental demands from EU authorities.

Finally, we are aware of our environmental impact in regard to the use of chemicals and toxic substances. These are required by aircraft manufacturers for maintenance, but we are very conscious of limiting our use to as little as possible.

Also, we have procedures in place for the disposal of toxic materials. Waste is sorted between burning materials, non-burning materials, paper, fuel, lubricants and organic waste, and these are recycled or disposed in a controlled manner in order to minimize harm to the environment.

HEALTH AND SAFETY

It is central for our license to operate that we are in compliance with relevant legal and industry requirements in regard to health and safety issues. In addition, we are concerned about our employees, and do our utmost to ensure that they have a safe work environment. We are regularly conducting training in health & safety for our employees.

Each work-related accident or incident will be evaluated and mitigating measures will be taken to avoid repetition of any such occurrences.

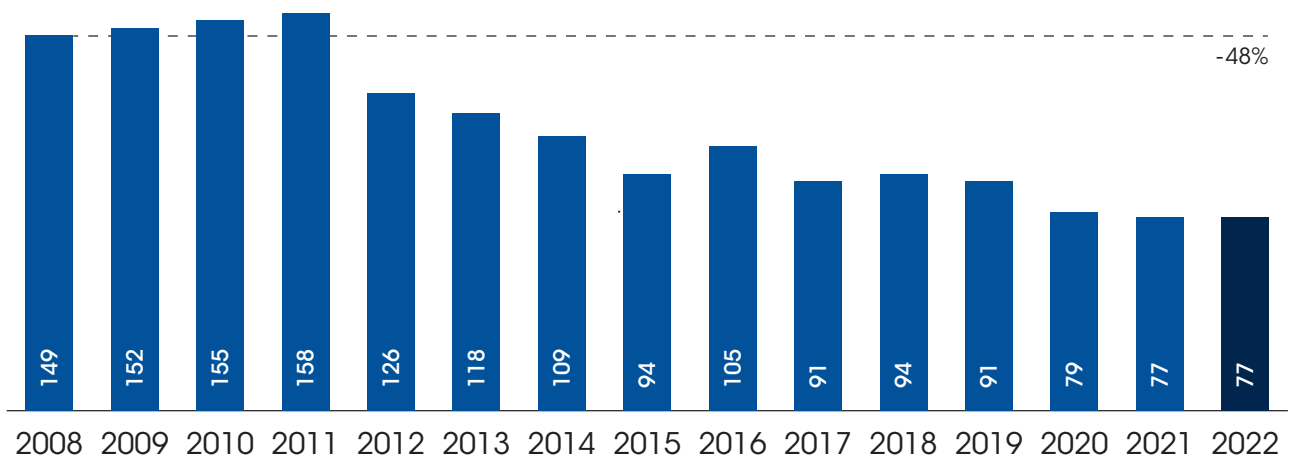
SAFETY MANAGEMENT

Safety management is a structured approach to manage identified hazards and eliminate/mitigate associated risks in both the operational, ground and technical environment. This proactive approach to safety is implemented in the company in addition to the system reactive approach, where reported events are investigated to a level, where possible non-compliances are identified, and control measures put in place to eliminate the risk of their reoccurrence. The goal is to identify all hazards, report all occurrences, assess associated risks, and mitigate to a level as low as reasonably practicable (ALARP).

'Just Safety Culture' is part of the system, in which each employee is encouraged to provide safety-related information in a non-punitive environment.

In addition to the operational reporting system, Flight Data Monitoring (FDM) is essential for the fixed-wing fleet. From

Fuel burn per seat 2008 – 2022



FDM data, we are able to identify possible hazards, which are not within operating procedures. From statistical and trend data, we are able to identify and predict where to increase our focus.

Within the technical environment, there is a strong focus to learn from mistakes and reduce human error events, which compromise the safety of the operating environment. This is systemized through the Maintenance Error Management System (MEMS), which encourages and facilitates incident reporting and investigation, utilizing human error events as learning tools.

Based on several years of reporting and investigation, the company has identified five 'Key Behaviours for Line and Base maintenance work, which is being fostered within the maintenance and inspection work processes to reduce mishaps and maintain safety.

These Key Behaviours are:

- | Review maintenance instructions (before starting the work)
- | Document job status (to ensure the next shift knows exactly, what has been done)
- | Separate inspection (after critical tasks have been performed)
- | A last set of eyes (after the job is done, just to make completely sure that the aircraft is left airworthy)
- | Take a moment to focus (before undertaking a critical or demanding task)

COMPLIANCE MANAGEMENT

Compliance management is the company's exercise to ensure that the outcome of the activities in operations and maintenance meets the regulatory, customer and company requirements. The quality policy is the foundation under the compliance management.

The performance of the compliance management system is evaluated 4 times per year by senior management. The evaluation is based on Key Performance Indicators from all departments, as well as the independent compliance monitoring reports from both internal and external (e.g. the aviation authorities) audits.

Workplace

EMPLOYEE SATISFACTION AND WELL-BEING

Atlantic Airways is a major employer in the Faroe Islands, offering our employees highly skilled and international careers in an interesting industry.

At Atlantic Airways, we focus on our employees' satisfaction and well-being. Knowing that satisfied and motivated employees are more productive and efficient, we have initiated surveys among staff groups to measure job satisfaction and well-being. In 2021, a survey was conducted among all staff groups focusing on mental work environment and workplace environment. The survey showed that employee satisfaction is high. Based on the survey, we have developed action plans focusing on improvements of key areas.

EDUCATION

The airline is the only one of its kind in the Faroe Islands and we see this as a core responsibility to develop local talent in the Faroese work market. In a small society as the Faroese, it is central to be able to make it attractive for young people to either stay in the Faroe Islands or to return after their education abroad. Thus, we offer several education opportunities and also reach out to Faroese students abroad to promote the idea of a career with us.

COMPETENCE DEVELOPMENT

We have a significant focus on competence development of our employees. Our goal is to train and keep our competent employees on the Faroese work market. In addition, we are aware that this is a central parameter for employee satisfaction, ensuring the continuous development of each individual employee.

Our competence development activities can be divided into mandatory training and additional training. In 2022, the airline's expenses on mandatory and additional training was DKK 7.0 million.

Community

DEVELOPING THE FAROE ISLANDS TOGETHER

As an active company in the Faroese community, Atlantic Airways exists to connect the Faroe Islands to the surrounding world and to tie the islands closer together and for safety. Atlantic Airways operates a regular, flexible and diverse route network from the Faroe Islands with competitive prices. We work closely with customers and the community to better our services and experiences. The reliable scheduled services allow our passengers, young & old, strong & weak, people & cargo to travel for purposes of business & culture,

fun & serious and in joy & sadness. For us, it is of the utmost importance that The Faroe Islands is a good place to live and work. This is why we stay in regular contact with local interest groups to find solutions and ideas as to how we may improve our services and products.

In addition, we are engaged with the broader development of business and the business community through the Faroese Employers' Association. A strong Faroese working market provides economic activity and jobs for people on the islands - and eventually business for us.

Finally, we are naturally engaged with tourism development and the international branding of the Faroe Islands abroad, as tourism is another potential growth opportunity for our business at the same time as it provides economic opportunity for the community.

SPONSORSHIPS AND DONATIONS

Atlantic Airways is an active participant in Faroese society, and we support Faroese sport and culture through sponsorships and other supportive actions, because we believe in a healthy sports and cultural community.

In sports, most sponsorships are centred on national teams and national unions rather than local teams, and we also want to cultivate great talents that can make a name for themselves outside of the Faroe Islands.

The company has been the main sponsor of the Faroese National Football Team since 1995. Atlantic Airways also supports the national teams in handball, volleyball, swimming, chess. There is a general agreement in place with the ÍSF (National Sport Union) to support the smaller unions' international activities.

Atlantic Airways has among other things sponsored various music festivals. The latest initiative has been the foundation "Loftbrúgv," which has been established together with the Nordic House, Tórshavn Municipality and The Ministry of Culture. This foundation will support cultural activities abroad with regard to air travel.

In late 2016, Atlantic Airways established the art subsidy scheme Listaflog, whose purpose is to support Faroese art financially and through flight tickets on the scheduled services in connection with work with art or specific art projects. The annual total subsidy amount is DKK 100,000, which is distributed once every year on 28 March, which is the anniversary of Atlantic Airways' first flight.



Photo: Shutterstock, Nick Fox

The annual report of Atlantic Airways P/F for the period 1 of January to 31 of December 2021 has been prepared in accordance with the Faroese Financial Statements Act, Class C large.

The annual report is prepared according to the same accounting principles as the previous year and in Danish Kroner (DKK).

Figures in the income statement, balance sheet and notes etc. are rounded off to whole figures and comparative figures from the previous year are rounded off to whole thousands. Because the figures are rounded separately, there may be differences between the additions and the sum of the underlying figures.

RECOGNITION AND MEASUREMENT IN GENERAL

Income is recognized in the profit and loss account on currently with its realization, including the recognition of value adjustments of financial assets and liabilities. Similarly, all costs, these including depreciation, amortisation, write-downs, provisions, and reversals which are due to changes in estimated amounts previously recognized in the profit and loss account are recognized in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described below for each individual accounting item.

At recognition and valuation, considerations are made for expected losses and risk that may appear before the annual report is completed and which concern circumstances that were present at the end of the accounting year.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are translated to the functional currency of the company at exchange rates at the dates of the transactions. Foreign currency differences arising on retranslation are recognised in the income statement.

Receivables, liabilities and other financial items in foreign currency that have not been settled at the end of the accounting period are recognised at currency rate at the end of the accounting period. The difference between the currency rate at the end of the accounting period and the rate, which was current at the acquisition date is recognised in the income statement under financial items.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Positive and negative current value is recognised in assets and liabilities, respectively.

Changes in current value of the derivative financial instruments that are intended for at fulfil the requirements of hedging the current value of a recognised asset or liability are recognised in the income statement together with any changes in current value of the hedged asset or liability.

Changes in fair value of the derivative financial instruments that are intended for at fulfil the requirements of hedging future assets and liabilities are recognised in the receivables or liabilities and the equity.

Should future transactions end in recognition of either asset or liability, figures that are recognised in the equity, will be transferred from the equity and will be recognised at fair value for either the asset or liability. If future transactions end in income or expenses, the figures that are recognised in the equity, will be transferred to the income statement for the period when the hedging affects the income statement.

For any derivative financial instruments that do not meet the requirements to be treated as hedged instruments, changes in current value will be recognised are the incur in the income statement.

Changes in current value of derivative financial instruments that are used to hedge net investment in independent foreign subsidiaries or associated companies, are recognised directly in the equity.

CONSOLIDATION

The consolidated financial statements comprise the parent company, Atlantic Airways, and its subsidiaries, where Atlantic Airways directly or indirectly holds more than half of the voting rights in an undertaking or otherwise has power to control management and operating policy decisions. Companies, where the Group own between 20% and 50% of the voting rights, and has significant influence, but not controlling power, are associated companies. See group structure.

The consolidated financial statements combine the financial statements of the parent and the individual subsidiaries in accordance with the Group's accounting policies, in which invoice and costs, shareholdings, balances and dividends as well as realised and unrealised gains and losses on intragroup transactions have been eliminated.

The assets of acquired subsidiaries, including identifiable intangible assets, as well as liabilities and contingent liabilities, are recognised at the date of the acquisition at fair value in accordance with the acquisition method.

Acquired or newly established companies are recognised from the day of procurement. Sold or divested companies are recognised up until the divestment date. Comparative figures are not corrected in relation to the acquired, sold or divested companies.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the preacquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

The profit and loss account

NET TURNOVER

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

COST VALUE

Encompasses purchase of raw material and other material, discount and storage facilities deducted in the year.

OTHER OPERATING INCOME

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

OPERATING COSTS

Operating costs comprise purchase of raw material and other material, discount and storage facilities deducted in the year,

in addition to cost for, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

STAFF COSTS

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

DEPRECIATION, AMORTISATION AND WRITE-DOWN

Depreciation, amortisation and write-down comprise depreciation on, amortisation of and write down relating to intangible and tangible fixed assets respectively.

NET FINANCIALS

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

Interest and other costs concerning loans for financing the production of intangible and tangible fixed assets and concerning the production period are not recognised in the cost of the fixed asset.

RESULTS FROM EQUITY INVESTMENTS IN GROUP ENTERPRISE AND ASSOCIATE

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the group enterprise is recognised in the profit and loss account at a proportional share of the group enterprise's results after tax.

After full elimination of intercompany profit or loss and deduction of amortisation of consolidated goodwill, the equity investment in the associated enterprise is recognised in the profit and loss account at a proportional share of the associated enterprise's results after tax.

TAX OF THE ANNUAL RESULT

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company has chosen to be jointly-taxed with associated companies. The company fulfils the conditions in the Faroese tax regulations concerning joint taxation of parent company and its subsidiaries.

The current Faroese corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses)

The Balance Sheet

INTANGIBLE FIXED ASSETS

Development projects, patents, and licences

Intangible assets that is software are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in the income statement on a straight-line basis over 3–5 years.

TANGIBLE ASSETS

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and write-down. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset. The depreciation period is fixed at the acquisition date and re-evaluated annually. If the residual value exceeds the book value of the asset, the depreciation expires.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and write-down.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life and the residual value of the individual assets:

	Useful life	Residual Value
Buildings	5–25 years	0
Aircraft and helicopters	15–17 years	0
Other machinery, material and furniture	3–15 years	0

Minor assets with an expected useful life of less than 1 year are recognized as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

LEASING CONTRACTS

Leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

WRITE-DOWN OF FIXED ASSETS

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Write-down takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised write-down is reversed when the condition for the write-down no longer exist. Write-down relating to goodwill is not reversed.

INVESTMENT PROPERTY

Current value of hedging is based on market price if it is available. If there is no market price available, the current value is assessed to discount the difference between the future price according to the hedging, and the current future price for the remaining amount by using a risk free interest rate based on government bonds.

FINANCIAL FIXED ASSETS

Equity investments in group enterprise and associate

Equity investments in group enterprise and associate recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis

of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprise and associate are transferred to the reserves under the equity for net revaluation as per the equity method. Dividend from group enterprise expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprise and associate.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprise and associate are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprise and associate, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future

net income from the enterprise or the activity, to which the goodwill is attached.

OTHER SECURITIES AND EQUITY INVESTMENTS

Securities and equity investments recognised under fixed assets comprise listed bonds and shares which are measured at fair value on the balance sheet date. Listed securities are measured at market price.

Other unlisted securities and equity investments are recognised at purchase price. If repurchase value is lower than purchase value, the unlisted securities and equity investments are depreciated to the lower value.

INVENTORIES

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, write-down takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

DEBTORS

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, write-down takes place at the net realisable value.

ACCRUED INCOME AND DEFERRED EXPENSES

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

SECURITIES AND EQUITY INVESTMENTS

Securities and equity investments recognised as current assets are measured at fair value on the balance sheet date.

AVAILABLE FUNDS

Available funds comprise cash at bank and in hand.

EQUITY**Revaluation reserves**

Revaluations of land and buildings with deduction of deferred tax are recognised under revaluation reserves. The reserves are reduced when the value of revalued buildings is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued book value of the buildings and depreciation based on the original cost of the buildings. The reserves are dissolved partly or totally in case of sale of land and buildings and reduced in case of write-down of land and property.

RESERVES FOR NET REVALUATION AS PER THE EQUITY METHOD

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates. It is not possible to recognise the reserves with a negative amount.

CORPORATE TAX AND DEFERRED TAX

Current tax liabilities are recognized in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

LIABILITIES

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between

the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

ACCRUED EXPENSES AND DEFERRED INCOME

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

CASH FLOW FROM OPERATING ACTIVITIES

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

CASH FLOW FROM INVESTMENT ACTIVITIES

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interest-bearing debt, and payment of dividend to the shareholders.

Segment information

Information on activity and geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.



Note	(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
		2022	2021	2022	2021
1	Net sales	740.135	446.822	688.279	401.294
	Other income	995	8.896	995	8.896
	Operating expenses	-520.407	-293.455	-491.215	-273.162
3	Employee expenditures	-140.718	-113.078	-120.292	-94.364
	Result before depreciation, amort. and impairment (EBITDA)	80.005	49.185	77.767	42.664
	Depreciations, amort. and impairment	-52.066	-51.797	-47.989	-47.856
	Result before financial items (EBIT)	27.939	-2.612	29.778	-5.192
4	Other financial income	983	459	146	196
	Other financial expenses	-15.327	-11.665	-14.590	-10.911
	Income from capital shares in associates	0	0	1.502	1.695
	Income from capital shares in associates	11.676	2.567	8.763	2.484
	Result before taxes (EBT)	25.271	-11.251	25.599	-11.728
5	Tax of result	-4.280	1.635	-4.608	2.111
	Annual result	20.991	-9.617	20.991	-9.617
	PROPOSED DISTRIBUTION OF THE RESULT:				
	Result of the year brought forward			20.991	0
	Brought forward			0	-9.617
	Total			20.991	-9.617

Note	Assets	(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
			2022	2021	2022	2021
	Intangible assets					
6	Software		1.237	896	854	464
	Total intangible asset		1.237	896	854	464
7	Aircraft and maintenance		288.541	404.711	288.541	404.711
8	Hangar, buildings and land		23.383	24.221	23.383	24.221
9	Operating equipment		48.304	51.918	15.869	17.269
10	Prepaid aircraft acquisitions		49.392	8.391	49.392	8.391
11	Spare parts		1.059	1.258	1.059	1.258
	Total tangible assets		410.679	490.499	378.244	455.850
12	Investment in subsidiaries		0	0	24.918	24.944
13	Investment in associates		18.258	11.582	12.062	8.299
15	Other shares		213	213	213	213
14	Subordinated loan		12.800	12.800	0	0
	Total financial assets		31.271	24.595	37.193	33.456
	Total non-current assets		443.187	515.990	416.291	489.770

Note	Assets	(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
			2022	2021	2022	2021
	Current assets					
	Inventories		690	178	260	178
	Inventories in total		690	178	260	178
	Trade receivables		19.245	14.535	16.603	12.724
	Receivables subsidiaries		0	0	6.883	6.987
	Receivables associates		34	208	34	208
16	Deferred income tax		676	363	0	0
	Other receivables		22.863	18.168	19.985	16.876
17	Derivatives		0	5.883	0	5.883
18	Prepayments		2.427	2.765	2.388	2.650
	Total receivables		45.245	41.922	45.893	45.328
	Other shares		32	21	32	21
	Shares in total		32	21	32	21
	Cash and cash equivalents		225.260	184.409	221.211	176.868
	Total current assets		271.227	226.530	267.396	222.395
	TOTAL ASSETS		714.414	742.520	683.687	712.165

Note	Equity and liabilities	(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
			2022	2021	2022	2021
	Equity					
19	Share capital		104.500	104.500	104.500	104.500
	Revaluation reserve		1.640	1.640	1.640	1.640
	Reserve for net. val. acc- to the equity method		10.267	6.587	10.267	6.504
	Value adjustm. of cash flow hedges		-435	-3.419	-435	-3.418
	Retained earnings		162.880	145.568	162.880	145.651
	Total equity		278.852	254.876	278.852	254.877
	Provisions					
20	Deferred income tax liabilities		28.000	22.737	28.000	22.737
	Total provisions		28.000	22.737	28.000	22.737
	Debt					
	Mortgage loans		241.324	327.615	221.075	303.508
21	Total long-term debt		241.324	327.615	221.075	303.508
21	Mortgage loans		26.953	33.990	23.096	31.096
	Trade payables		32.058	23.061	29.729	20.469
	Debt to subsidiaries		0	0	0	1.425
23	Current income tax liabilities		0	173	0	0
	Other debt		39.031	32.756	34.739	30.741
24	Deferred income and accruals		62.379	47.312	62.379	47.312
22	Derivatives		5.817	0	5.817	0
	Total short-term debt		166.238	137.292	155.760	131.043
	Total liabilities		407.562	464.907	376.835	434.551
	TOTAL EQUITY AND LIABILITIES		714.414	742.520	683.687	712.165
2	Auditor's remuneration					
25	Mortgaging and contingent liabilities etc.					

STATEMENT OF CHANGES IN EQUITY

	GROUP					
(DKK 1.000)	Share capital	Revaluation reserves	Reserve for net. val. acc. to the equity method	Hedging reserve	Retained earnings	Total
Equity 1. january 2021	104.500	1.640	4.020	-22.179	157.752	245.733
Result for the period	0	0	0	0	-9.617	-9.617
Increase of share capital	0	0	2.567	0	-2.567	0
Value adjustm. of cash flow hedges	0	0	0	18.760	0	18.760
Equity 1. january 2022	104.500	1.640	6.587	-3.419	145.568	254.876
Deferred result	0	0	0	0	20.991	20.991
Part of annual result	0	0	8.763	0	-8.763	0
Dividend	0	0	-5.000	0	5.000	0
Value adjustm. of derivatives	0	0	0	2.984	0	2.984
Value adjustm. of cash flow hedges	0	0	-83	0	83	0
	104.500	1.640	10.267	-435	162.880	278.852

	ATLANTIC AIRWAYS					
(DKK 1.000)	Share capital	Revaluation reserves	Reserve for net. val. acc. to the equity method	Hedging reserve	Retained earnings	Total
Equity 1. january 2021	104.500	1.640	4.020	-22.179	157.752	245.733
Result for the period	0	0	0	0	-9.617	-9.617
Part of annual result	0	0	2.484	0	-2.484	0
Value adjustm. of cash flow hedges	0	0	0	18.761	0	18.761
Equity 1. january 2022	104.500	1.640	6.504	-3.418	145.651	254.877
Result of the year	0	0	0	0	20.991	20.991
Part of annual result	0	0	8.763	0	-8.763	0
Dividend	0	0	-5.000	0	5.000	0
Value adjustm. of cash flow hedges	0	0	0	2.983	0	2.983
	104.500	1.640	10.267	-435	162.880	278.852

Note (DKK 1.000)	GROUP	
	2022	2021
Net profit/loss for the period	20.991	-9.616
26 Adjustments	49.670	47.595
27 Changes in operating assets and liabilities	19.974	15.700
Cash flow ordinary operations	90.635	53.679
Interest income etc	2	-1
Cash flow ordinary operations	90.637	53.678
Paid corporate tax	-173	0
Cash flow from operating activities	90.464	53.678
Purchase of intangible assets	-618	0
Purchase of tangible assets	-53.555	-7.950
Sale of intangible assets	81.100	267
Other cash flow from investment activities	1.451	0
Cash flows from investing activities	28.378	-7.683
Repayments of long-term loans	-77.990	-31.096
Cash flows from financing activities	-77.990	-31.096
Change in cash flow	40.852	14.899
Cash and cash equivalents at the beginning of the period	184.407	169.508
Cash and cash equivalents at the end of the period	225.259	184.407
Cash and cash equivalents		
Cash and cash equivalents	225.259	184.407
Cash and cash equivalents at the end of the period	225.259	184.407

Notes

1. Segmentbýti og útgreining av ferðafólkatali	45
2. Auditor's remuneration	46
3. Employee expenditures	
4. Other financial income	47
5. Income tax	
6. Software	
7. Aircraft and maintenance	
8. Hangar, buildings and land	48
9. Operating equipment	
10. Pre-paid aircraft acquisitions	49
11. Spare parts	
12. Investment in subsidiaries	50
13. Investment in associates	51
14. Subordinated loan	
15. Investment in other shares	52
16. Deferred income tax	
17. Derivatives	
18. Prepayments	
19. Share capital	
20. Deferred income tax liabilities	53
21. Long-term debt	
22. Derivative financial instruments, liabilities	
23. Income tax	54
24. Prepayments	
25. Mortgaging and contingent liabilities etc.	
26. Adjustments	55
27. Change in working capital	

1. SEGMENT INFORMATION - GROUP	AIRCRAFT		HELICOPTER		HOSPITALITY		GROUP IN TOTAL	
(DKK 1.000)	2022	2021	2022	2021	2022	2021	2022	2021
Net sales	639.003	352.571	49.276	48.723	51.856	45.528	740.135	446.822
Other income	995	8.896	0	0	0	0	995	8.896
Total revenue	639.998	361.467	49.276	48.723	51.856	45.528	741.130	455.718
Operating expenses	610.269	372.102	49.227	43.125	53.694	43.103	713.191	458.330
operating result	29.729	-10.635	49	5.598	-1.839	2.425	27.939	-2.612
Effects of subsidiaries	-	-	-	-	-	-	0	0
Effects of associated companies	8.763	2.484	-	-	2.913	83	11.676	2.567
Financial income	-0	63	0	0	983	396	983	459
Financial expenses	-10.222	-6.954	-4.222	-3.841	-883	-871	-15.327	-11.665
Result before tax	28.270	-15.041	-4.174	1.757	1.174	2.033	25.271	-11.251
Income tax	-5.359	2.317	751	-316	328	-366	-4.280	1.635
Profit	22.911	-12.725	-3.423	1.441	1.502	1.667	20.991	-9.617
GEOGRAPHICAL SEGMENTS	FAROE ISLANDS		EUROPE				TOTAL	
<i>Net revenue comprises the following markets:</i>	2022	2021	2022	2021			2022	2021
Total revenue	621.163	407.349	119.967	48.369			741.130	455.718

Income from Europe comprises from activity, which is not registered as activity in or with the Faroe Islands as destinations (Charter activity).

1. SEGMENT INFORMATION - ATLANTIC AIRWAYS	AIRCRAFT		HELICOPTER		GROUP IN TOTAL	
(DKK 1.000)	2022	2021	2022	2021	2022	2021
Net sales	639.003	352.571	49.276	48.723	688.279	401.294
Other income	995	8.896	0	0	995	8.896
Total revenue	639.998	361.467	49.276	48.723	689.274	410.190
Operating expenses	610.269	372.257	49.227	43.125	659.496	415.382
operating result	29.729	-10.790	49	5.598	29.778	-5.192
Effects of subsidiaries	1.502	-	-	-	1.502	1.695
Effects of associated companies	8.763	2.484	-	-	8.763	2.484
Financial income	146	196	0	0	146	196
Financial expenses	-10.368	-7.070	-4.222	-3.841	-14.590	-10.911
Result before tax	29.773	-15.180	-4.174	1.757	25.599	-11.728
Income tax					-4.608	2.111
Profit					20.991	-9.617
GEOGRAPHICAL SEGMENTS	FAROE ISLANDS		EUROPE		TOTAL	
<i>Net revenue comprises the following markets:</i>	2022	2021	2022	2021	2022	2021
Total revenue	569.307	361.821	119.967	48.369	689.274	410.190

Income from Europe comprises from activity, which is not registered as activity in or with the Faroe Islands as destinations (Charter activity).

	ATLANTIC AIRWAYS	
	2022	2021
<i>Specification of numbers of passengers</i>		
Passengers, scheduled services	350.599	200.511
Passengers, ACMI/charter operations	101.927	39.165
Passengers, fixed wing	452.526	239.676
Passengers, helicopter	13.360	11.463
Total passengers	465.886	251.139
Block hours		
Block hours, scheduled services	5.943	3.619
Block hours, ACMI/charter operations	2.711	1.365
Block hours, fixed wing	8.654	4.984
Block hours, helicopter	825	764
Total block hours	9.479	5.748

	GROUP		ATLANTIC AIRWAYS	
(DKK 1.000)	2022	2021	2022	2021
2. Auditor's remuneration				
Total remuneration to P/F Januar, State Authorized Public Accountants	289	263	254	226
Remuneration reg. the compulsory audit	160	157	125	125
Other services	129	106	129	101
	289	263	254	226
3. Employee expenditures				
Wages	122.363	98.118	104.659	81.862
Pensions	12.691	10.328	10.830	8.606
Other employee expenditures	5.664	4.632	4.803	3.896
	140.718	113.078	120.292	94.364
Management	2.762	2.586	2.762	2.586
Board	1.060	1.063	1.060	1.063
	3.822	3.649	3.822	3.649
Number of employees in average	226	184	176	138

Remuneration of the Management comprises two managers.

	GROUP		ATLANTIC AIRWAYS	
(DKK 1.000)	2022	2021	2022	2021
4. Other financial income				
Other financial income	983	459	0	51
Financial income, subsidiaries	0	0	146	145
	983	459	146	196
5. Income tax				
Taxes	0	173	0	0
Changes in deferred taxes during the period	4.280	-1.808	4.608	-2.111
	4.280	-1.635	4.608	-2.111
6. Software				
Acquisition value as of January 1 st	20.886	20.886	20.397	20.397
Additions during the period	618	0	618	0
Acquisition value as of December 31st	21.504	20.886	21.015	20.397
Amortisations as of January 1 st	-19.941	-18.564	-19.933	-18.556
Amortisations during the period	-326	-1.426	-228	-1.377
Amortisations as of December 31st	-20.267	-19.990	-20.161	-19.933
Book value as at December 31st 2022	1.237	896	854	464
7. Aircraft and maintenance				
Acquisition value as of January 1 st	708.216	707.559	708.216	707.559
Additions during the period	3.682	657	3.682	657
Disposal during the period	-240.791	0	-240.791	0
Acquisition value as of December 31st	471.107	708.216	471.107	708.216
Depreciations and impairments as of January 1 st	-303.504	-262.318	-303.504	-262.318
Depreciations and impairments during the period	-42.281	-41.187	-42.281	-41.187
Depreciations and impairments of disposal	163.219	0	163.219	0
Depreciations and impairments as of December 31st	-182.566	-303.505	-182.566	-303.505
Book value as at December 31st	288.541	404.711	288.541	404.711

(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
8. Hangar, buildings and land				
Acquisition value as of January 1 st	49.252	45.577	49.252	45.577
Additions during the period	4.807	3.675	4.807	3.675
Disposal during the period	-3.675	0	-3.675	0
Acquisition value as of December 31st	50.384	49.252	50.384	49.252
Revaluations as of January 1 st	2.000	2.000	2.000	2.000
Revaluations as of December 31st	2.000	2.000	2.000	2.000
Depreciations and impairments during the period	-27.030	-25.070	-27.030	-25.070
Depreciations and impairments of disposal	-2.118	-1.961	-2.118	-1.961
Depreciations and impairments as of December 31 st	147	0	147	0
Depreciations and impairments as of December 31st	-29.001	-27.031	-29.001	-27.031
Book value as at December 31st	23.383	24.221	23.383	24.221
9. Operating equipment				
Acquisition value as of January 1 st	86.887	84.606	47.020	47.598
Additions during the period	4.090	3.618	2.277	1.480
Disposal during the period	-226	-1.338	-226	-2.058
Acquisition value as of December 31st	90.751	86.886	49.071	47.020
Depreciations and impairments as of January 1 st	-34.968	-27.309	-29.751	-26.704
Depreciations and impairments during the period	-7.705	-8.729	-3.677	-4.837
Depreciations and impairments of disposal	226	1.070	226	1.790
Depreciations and impairments as of December 31st	-42.447	-34.968	-33.202	-29.751
Book value as at December 31st	48.304	51.918	15.869	17.269

(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
10. Pre-paid aircraft acquisitions				
Acquisition value as of January 1 st	8.391	8.391	8.391	8.391
Additions during the period	41.001	0	41.001	0
Acquisition value as of December 31st	49.392	8.391	49.392	8.391
Book value as at December 31st	49.392	8.391	49.392	8.391

Prepaid aircraft acquisitions in the balance sheet for 2021, are for the purchase of two Airbus A320 aircraft, which will be delivered in 2027 and 2028, in addition to pre-payments for the helicopter simulator.

11. Spare parts				
Acquisition value as of January 1 st	3.354	3.354	3.354	3.354
Acquisition value as of December 31st	3.354	3.354	3.354	3.354
Amortisations as of January 1 st	-2.095	-1.886	-2.095	-1.886
Amortisations during the period	-200	-210	-200	-210
Depreciations and impairments as of December 31st	-2.295	-2.096	-2.295	-2.096
Book value as at December 31st	1.059	1.258	1.059	1.258

(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
12. Investment in subsidiaries				
Acquisition value as of January 1 st	0	0	26.500	25.000
Additions during the period	0	0	-1.500	1.500
Acquisition value as of December 31st	0	0	25.000	26.500
Revaluations as of January 1 st	0	0	-1.556	-3.250
Adjustment of previous revaluations	0	0	-28	0
Share of result before amortisations of goodwill	0	0	1.502	1.694
Revaluations as of December 31st	0	0	-82	-1.556
Book value as at December 31st	0	0	24.918	24.944

Financial highlights of the subsidiaries according to the latest approved annual reports

(DKK 1.000)	Equity portion	Equity	Net profit	Book value in Atlantic Airways
P/F Hotel Atlantic, Flogvøllurin, 380 Sörvágur	100 %	24.918	1.502	24.918
		24.918	1.502	24.918

(DKK 1.000)	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
13. Investment in associates				
Acquisition value as of January 1 st	4.995	4.995	1.795	1.795
Acquisition value as of December 31st	4.995	4.995	1.795	1.795
Revaluations as of January 1 st	6.587	4.020	6.504	4.020
Share of result acc. to the latest financial statement	11.676	2.567	8.763	2.484
Dividends paid during the period	-5.000	0	-5.000	0
Revaluations as of December 31st	13.263	6.587	10.267	6.504
Book value as at December 31st	18.258	11.582	12.062	8.299

Financial highlights of the associates according to the latest approved annual reports.

(DKK 1.000)	Equity portion	Equity	Net profit	Book value in Atlantic Airways
P/F Duty Free, Flogvöllurin, 380 Sörvágur	50 %	19.696	17.683	9.848
P/F Greengate Incomming, Niels Winthersgøta 5, 100 Tórshavn	49 %	2.203	-22	1.102
P/F Gjáargarður, Dalavegur 20, 476 Gjógv	30,5 %	3.722	-221	1.112
		25.621	17.440	12.062

14. Subordinated loan				
Acquisition value as of January 1 st	12.800	12.800	0	0
Acquisition value as of January 1st	12.800	12.800	0	0
Book value as at December 31st	12.800	12.800	0	0
Comprised of:				
Subordinated loan to P/F Ognarfelagið matr.nr. 1332e	12.800	12.800	0	0
	12.800	12.800	0	0

	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
<i>(DKK 1.000)</i>				
15. Investment in other shares				
Acquisition value as of January 1 st	1.213	1.213	1.213	1.213
Acquisition value as of December 31st	1.213	1.213	1.213	1.213
Revaluations as of January 1 st	-1.000	-1.000	-1.000	-1.000
Revaluations as of December 31st	-1.000	-1.000	-1.000	-1.000
Book value as at December 31st	213	213	213	213
16. Deferred income tax				
Deferred income tax as of January 1 st	363	713	0	0
Deferred income tax in the period	313	-350	0	0
	676	363	0	0
17. Derivatives				
Currency hedges	0	585	0	585
Swap derivatives (jet fuel)	0	5.298	0	5.298
	0	5.883	0	5.883
18. Prepayments				
Prepayments reg. rentals	0	134	0	134
Other prepayments	2.427	2.631	2.388	2.516
	2.427	2.765	2.388	2.650
19. Share capital				
Share capital as of January 1 st	104.500	104.500	104.500	104.500
	104.500	104.500	104.500	104.500

The share capital with the total of DKK 104,500,000 consists of one class of 1,045,000 shares with the same rights.

Changes in share capital during the last five years:
2020: Increase of DKK 1,000,000.

	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
(DKK 1.000)				
20. Deferred income tax liabilities				
Deferred income tax liabilities as of January 1st	22.737	20.730	22.737	20.730
Deferred income tax in the period	4.608	-2.111	4.608	-2.111
Income tax recognized in equity	655	4.118	655	4.118
	28.000	22.737	28.000	22.737

	Liability total 31/12 2022	Short-term debt	Long-term debt 31/12 2022	Due for payment after 5 years
21. Long-term debt				
GROUP				
Mortgage loans	268.277	26.953	241.324	142.656
	268.277	26.953	241.324	142.656
ATLANTIC AIRWAYS				
Mortgage loans	244.171	23.096	221.075	133.977
	244.171	23.096	221.075	133.977

	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
(DKK 1.000)				
22. Derivative financial instruments, liabilities				
Jet fuel swap transactions	5.817	0	5.817	0
	5.817	0	5.817	0

	GROUP		ATLANTIC AIRWAYS	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
(DKK 1.000)				
23. Income tax				
Calculated income tax during the period	173	0	0	0
Calculated income tax last year	-173	0	0	0
Total as of December 31 st	0	173	0	0
	0	173	0	0
24. Prepayments				
Prepayments, ticket fares	62.379	47.312	62.379	47.312
	62.379	47.312	62.379	47.312

25. Mortgaging and contingent liabilities etc.

ATLANTIC AIRWAYS

Fixed-wing Aircraft and helicopters with a book value as at 31 of December 2022 of DKK 289 million are mortgaged for DKK 507 million.

As a lessee, the Company has in place three operating leases. Those are for two 2 A320 NEO aircraft and one A320.

The leasing obligations are:
In the year 2023: DKK 57.3 million.
After 5 years: DKK 19.4 million.

The company guarantees for mortgages for associated company for keep their operations going for 6 years from 1 January 2021.

The company has provided guarantees for DKK 2.4 million.

Of cash at hand DKK 2.5 million is guaranteed.

The company has rented administration facilities from Vagar Airport in the new Terminal building. The yearly payment is 0.8 million.

The company has made an agreement with the Airbus factory concerning the purchase of two A320 neo aircraft. The first will arrive in 2027 and the second in 2028.

The airline has entered into an agreement to purchase a helicopter simulator.

The company is the parent company in joint-taxation and is responsible for tax demands and interest in the jointly-taxed companies.

GROUP

P/F Hotel Atlantic has a rental agreement with Ognarfelagið matr. nr. 1332e, regarding a building in Torshavn. The rental agreement can be terminated by written notice with a time limit for 24 months, but not before 20 years after, the rental agreement takes place, expected in 2020.

As guarantee for debt to credit institutions, P/F Hotel Atlantic has given a DKK 30 million guarantee, in addition to goods and service assets, inventory, operating inventory and machinery and permits for an accounting value of DKK 35,504 thousand at 31 December 2023.

(DKK 1.000)	GROUP	
	2022	2021
26. Adjustments		
Depreciation, amortisation and write-down of tangible and intangible assets	52.066	51.797
Income from equity investment in associate	-11.676	-2.567
Dividend from associate	5.000	0
Tax on ordinary results	0	173
Deferred tax	4.280	-1.808
	49.670	47.595
27. Change in working capital		
Change in inventories	-511	-47
Change in debtors	-9.104	1.844
Change in trade creditors and other liabilities	29.589	13.903
	19.974	15.700

