

The Flyr logo is positioned in the upper right corner of the image. It features the word "Flyr" in a white, italicized, sans-serif font. The background of the entire image is a photograph of a Flyr aircraft on a tarmac. The aircraft is white with a teal and black checkered tail. A group of nine crew members, including pilots and cabin crew, are walking towards the camera in the foreground. They are wearing teal uniforms. The scene is set against a clear blue sky and an airport terminal in the background.

Flyr

**Annual report 2021**

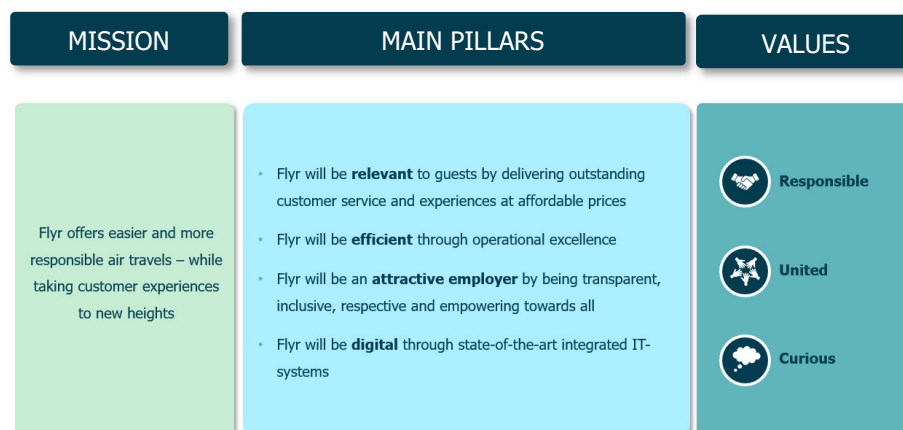
## Annual Report 2021

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## This is Flyr

Flyr is a low-cost carrier (LCC) with a demand driven and sustainable business model, focusing on serving the Norwegian market with domestic and international flights from its base at Oslo Airport. The Company targets a modern, digital and efficient setup to ensure high operational efficiency through simplicity, optimized resource utilization and smart use of technology.



# Annual Report 2021

## 2021 in brief

### Highlights

- Flyr established the World's first pure NDC/OneOrder based airline with focus on developing organization and technological infrastructure in 2021
- Raised NOK 600 million in private placement and listed at Euronext Growth
- Signed collective bargaining agreements with pilot and cabin unions
- Received Air Operator's Certificate (AOC) from CAA Norway
- Start tickets sales in late May with first flight to Tromsø on June 30th

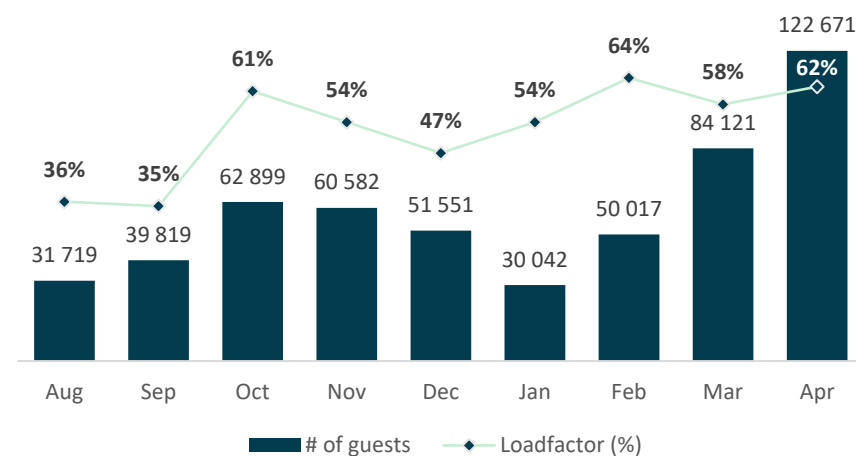
### Subsequent events

- Raising NOK 500 million in new equity January and May 2022, re-establishing financial buffer
- Entered in a strategic marketing agreement with TV 2 Invest and private placement of NOK 10 million in March 2022
- Launched its benefit program Flyr +, giving members a combination of discounts, vouchers and other goods
- Received five additional aircraft, whereof four new Boeing 737-8, giving Flyr a total fleet ten aircraft by end of May 2022.
- Exercised options for 4 Boeing 737-800 for delivery in 2023

### Key financial figures

(1,000 NOK)	FY 2021	FY 2020
Operating revenue	125 939	0
EBITDAR	-381 782	-9 142
Operating profit (EBIT)	-419 996	-9 379
Net profit/(loss)	-437 045	-9 466
Book equity per share (NOK)	1,09	1 037,61
Equity ratio (%)	19,1 %	58,95 %
Cash and cash equivalents	209 731	13 840

### Traffic figures and ratios



# Annual Report 2021

## Letter from the CEO

### From newcomer to a true challenger

*Flyr is all about high-quality travel experience at low-cost. Looking back at our first year of operation we have been reconnecting families and friends, getting people to a much-needed vacation, or taking them to that important business meeting. We are humble and grateful to all the people entrusting and choosing us for their travel needs.*

Passion for customer care lies in our DNA. We take pride in delivering unique and unrivalled hospitality. We also seek to modernize our customer experience as technology continues to evolve without losing sight of offering a low-cost, high-quality travel experience.

We value the Nordic employment model and the transparent and trustful relationship with our employee's organisations, and our talented and customer centric employees enjoy the privilege of working under predictable conditions. We believe this is the best way of safeguarding high-quality service and ensuring operational reliability. We call it customer care with local language and presence.

And our effort is paying off. Flyr is already recognized as a leader in our industry, with excellent customer feedback. This adds to the fantastic recognition we have received from our guests flying with us, also confirmed by the recent ranking of Flyr as the best of all domestic airlines in the Customer Service Award. We are convinced that happy customers will choose Flyr again.

Our modern, state-of-the-art, technology platform is well established, securing an easy and smooth customer experience for booking through our Flyr app and website. Digitalization is key to our business model, and we keep developing our customer offering by adapting new services as we go. Our partnership with VIPPS has been very successful leading us to develop new popular products like the Flyr UNG youth ticket, using VIPPS for login, payment, and age verification

We increased our fleet to 5 aircraft in operation by the end of 2021. After almost a year of operation, we have a low fixed cost base from an automated platform and a lean organization. We have adjusted our route offering to reflect market development, and our concept has been proven robust, with flexible operations

and high customer satisfaction. In addition, our financial buffer is also improved after raising new equity in 2022.

2022 looks promising with an improving load factor. I believe we are well positioned for market recovery, with 44 routes to 37 destinations planned for the summer. We also strive to get the best available solutions in terms of sustainability. For this reason, we signed an agreement with ALC for the lease of 6 factory new Boeing 737-8 with delivery from early 2022 towards the summer 2022, with an option of additional 4 factory new 737-8 to be delivered in 2023. The option was exercised in 2022. This decision will make Flyr's aircraft fleet one of the most emission efficient in the Nordics.

In order to be successful going forward, we need to build value through our brand. The brand trackers show that Flyr has a positive and strong development of the brand recognition in Norway. Our dedicated marketing and social media team delivers content with appeal in many channels, also targeting the young customers. Together with our employees we seek to challenge the existing and finding innovative and new ways of running our business, building a culture where everyone's idea is valued.

With all these great efforts we aim to continuously build the responsible airline for the future. Many thanks to our employees, our partners, customers, and shareholders, who supports us on our mission.

We hope to see you onboard again very soon.



*Tonje Wikstrøm Frislid  
Chief Executive Officer*

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## Operations

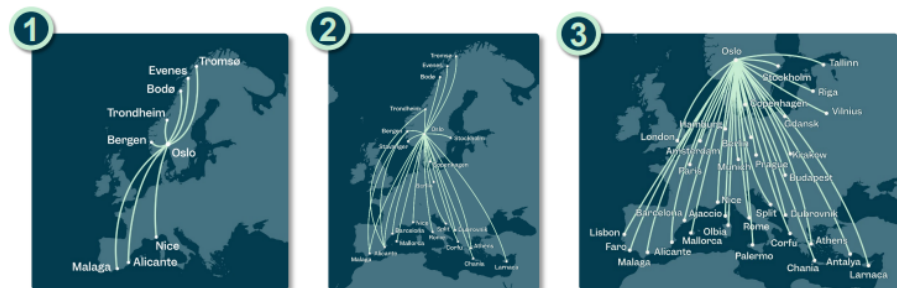
### Demand driven growth

Flyr has a demand driven growth strategy focusing on stepwise expansion, targeting domestic high demand routes and selected European leisure destinations. The company's initial focus has been on Norwegian domestic flights, ensuring efficient domestic transportation, before gradually scaling up and advancing to international routes.

Flyr's 2021 route offering consists of several flights per day during winter and summer months, including domestic flights and flights to Scandinavia and Europe. The 2022 summer-program will consist of slightly more flights to destinations in Europe and Scandinavia to capture increased demand in leisure travel during the summer.

The Flyr product, including the integrated loyalty program Flyr+, offers high value for money, with a simplified and easy-to-use booking process compared to the rest of the industry – emphasising on mobile-first approach throughout the entire digital platform and a state-of-the-art mobile app, meeting the demand of the modern traveller.

### Step vice route development



### Long term ambitions

Flyr has a long-term ambition of 50 routes, domestic and leisure, to 35 destinations handled with a fleet of some 28-30 aircraft. The growth will be supported by best-in-class digital platform for sales, distribution and decision making.

Through its demand driven growth strategy, the company aim to adapt supply to actual demand, securing sustainable expansion by optimising capacity utilisation and avoiding flights with low load factors. Flyr has committed to net zero-emission by 2050 and will collaborate with the industry and the government to achieve this target, including by continuing its focus on building a new environmentally efficient fleet and by using sustainable fuel.

### Solid fundamentals in the Norwegian airline market

The Norwegian domestic aviation market is characterized by relatively few competitors, stable market composition and high activity between major cities such as Oslo, Trondheim, Stavanger, and Bergen. This lays the foundation for solid earnings potential for low-cost carriers and makes the Norwegian domestic market one of the most attractive in Europe.

In general, short-haul routes in Europe are dominated by large countries or those where geography makes air travel the only viable option. With few adequate alternatives to air travel for medium-long distances on Norway, air travel will continue to remain an important part of the core transportation infrastructure in the future. In addition, the Norwegian air travel market has historically been characterized by steady growth, mainly driven by an increase in leisure travel.

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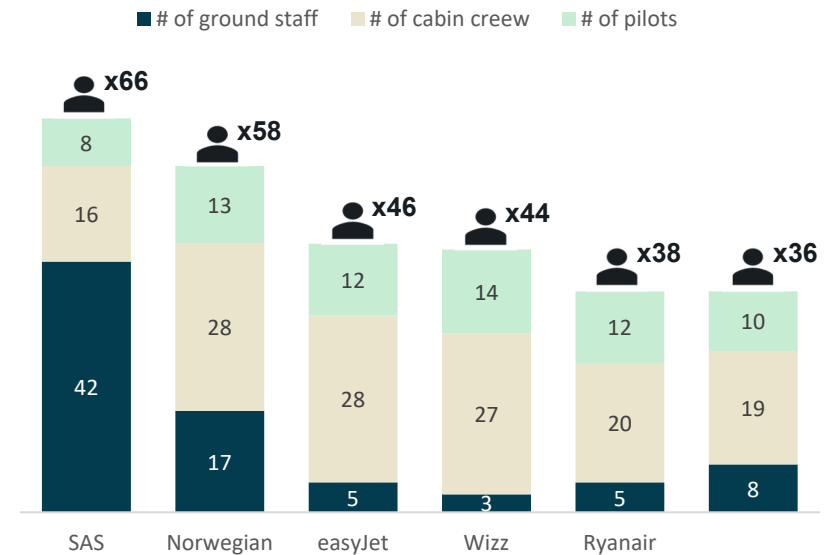
### Efficient and responsible organizational structure

Flyr has a strong management team with extensive aviation experience and know-how. The Flyr management has built a scalable organisation with focus on social responsibility through domestic collective bargaining agreement. To be competitive with Norwegian salary levels, Flyr is following stringent planning principles to ensure optimal crew utilization and industry leading organizational efficiency. This is possible through a flat organizational structure with a high degree of digital and automated processes to reduce the number of FTEs per aircraft.

Flyr is targeting competitive efficiency level against European ULCC and has an ambition of 38 employees per aircraft during the second half of 2022 with 12 aircraft, and a long-term ambition of 36 FTE per aircraft.

To realize an efficient administration, Flyr has created a lean, efficient and flat organizational structure with a high degree of digital and automated processes, which in turn will support data driven decision making.

### Number of employees per aircraft – Pre Covid-19 levels



Note: (1) #AC As of year-end 2019 for SAS, avg. year-end 2018 & 2019 for easyJet, Norwegian, Ryanair and "equivalent AC 2019" for Wizzair. Year 5 estimates for Flyr | Sources: Company reports

## Annual Report 2021

### IT platform enhancing customer experience and cost efficiency

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Continued technology and solution development is a core component of Flyr's strategy. Flyr is developing automated processes with structured data, utilizing current and future digital technologies for real-time interactions, centred on customer journey and optimization of business processes. Simplifying booking with frictionless point-to-point journey with no unforeseen charges or costs for the customer.

Flyr has implemented a modern NDC One Order IT architecture that enables data-driven, compliant, relevant and personalized communication across multiple customer journeys and channels. Providing customers with an easy-to-understand, single ID, fully tracked and personalized order system. Combined with simple booking via app or online, and innovative product solutions, Flyr aims for industry leading customer experience.

### Modern fleet

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Flyr is focused on building a modern, fuel-efficient and technologically advanced aircraft fleet to assure economical flight operations and provide maximum passenger comfort and convenience. The company started building its fleet with favourable market conditions due to the Covid-19 pandemic, with aircraft leasing prices at up to a 50% discount compared to historical levels. In addition, the market conditions provide a level of flexibility, making it possible to balance attractive terms with the right duration and structure.

In late 2021, Flyr signed lease agreements with Air Lease Corporation (ALC) for six new Boeing 737-8 aircrafts to be delivered during the first half of 2022 with an option for four additional aircraft with delivery in 2023. The option was exercised in May 2022. This will provide Flyr with one of the youngest and most environmentally efficient fleet in the Nordics as Boeing 737-8 emits up to 14 percent less emissions on average than previous models.

### New Boeing 737-8

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*Photo: Adrian Olstad*

## Sustainability

### Our sustainability vision:

*"We aim to be the preferred airline with respect to social responsibility by our current and potential future guests, employees, partners and by the society in general, and to be a key contributor in the development towards green aviation."*

The aviation industry's long-term future is predicated on a successful transition to sustainable operations that fit within the framework of a net-zero carbon society.

Flyr started up in mid-2021 and this sustainability report only covers six months of operations. There has been limited time and resources available to collect data that measure our performance along key parameters and the timeline is also too short to give meaningful insight into how we will fare going forward. Nevertheless, we are dedicating significant resources to sustainability and will be able to present a more comprehensive report with a full data set from FY'22 and onwards that fully demonstrates our vision for Flyr.

As a freshly established airline, sustainability is fundamental to our business model and strategy. For Flyr, sustainability includes all aspects related to environmental, social and governance matters. To succeed, sustainability must be ingrained in our DNA, all the way from the Board of Directors and management to every employee in our company. We all have a responsibility to contribute to finding solutions and opportunities.

Flyr has set out with clear targets to guide our performance within the key areas:

<b>Environmental aspects</b>	Operate the most fuel- and emission-efficient fleet, focus on waste management and use partnering strategies to help develop sustainable aviation fuels.
<b>Social aspects</b>	Be a responsible employer that promotes diversity and equality and ensures community development through using local partners.
<b>Governance aspects</b>	Incorporate sustainability in our corporate strategy and performance measurement with transparent and compliant reporting, supply chain management and close dialogue with authorities and other industry participants.

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The Board of Directors and executive management have the overall responsibility for sustainability matters. In addition, Flyr has established a dedicated team within our strategy department to strengthen the operational execution of our sustainability strategy.

Our sustainability strategy is anchored around the United Nations' Sustainability Development Goals (SDGs). We have identified four SDGs of particular relevance to Flyr:



The most critical of these relates to SDG no 13 – Climate Action and guides our efforts towards achieving meaningful reductions in GHG-emissions from our fleet. However, we take an active role in promoting SDG 12 through our efforts in waste management and recycling, SDG no 8 through ensuring direct employment and close union dialogue, as well as SDG no 5 through a good gender balance in our workforce.

## Environmental responsibility

### Targeting zero-emissions by 2050

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Flyr supports the International Air Transport Association (IATA) ambition of a net-zero aviation industry by 2050. Flyr also shares the views expressed in the latest Aviation Sustainability Report (2017) prepared by the Federation of Norwegian Aviation Industries (NHO Luftfart) in cooperation with the Norwegian aviation industry and regulators, which cites fleet renewal and the introduction of sustainable jet fuels as the main drivers to reduce GHG emissions from aviation.

We support joint efforts to reduce greenhouse gas emissions from our industry and aim to be a partner for the governments and institutions in finding solutions for sustainable development.

Our main efforts towards achieving lower emissions are focused on the following:

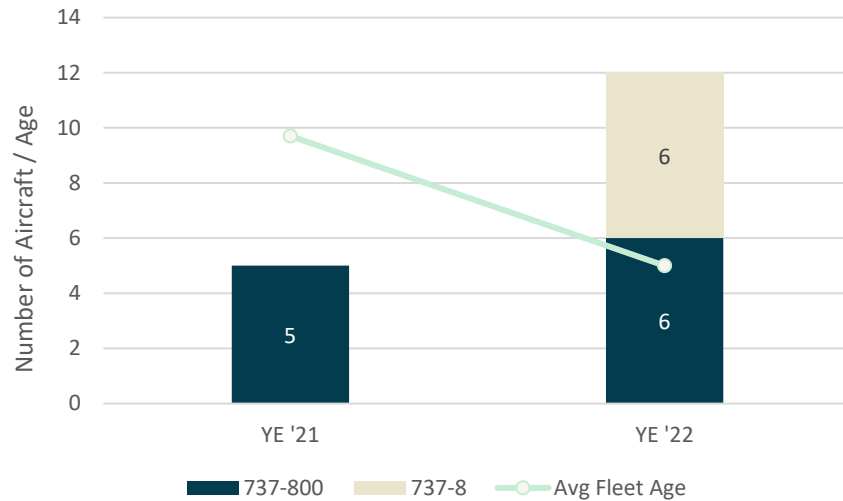
#### a) Fuel efficient fleet

At the end of 2021, Flyr had a fleet of five Boeing 737-800 with an average age of 9.7 years. During the first seven months of 2022, Flyr is taking delivery of six new Boeing 737-8 aircraft, which will reduce the average fleet age to five years. According to Boeing, the new 737-8 emits up to 14 per cent less emissions than previous models, so our fleet will generate about 7 per cent less emissions by the end of 2022 than the year before.

The main driver behind the lower emissions is lower fuel consumption. Flyr's own observations from operating the first 737-8s delivered indicate that the reduction in fuel consumption is well in line with Boeing's estimates. Therefore, renewing the fleet makes obvious sense both from an environmental and financial perspective – we save costs and reduce our climate impact at the same time.

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## Flyr fleet composition



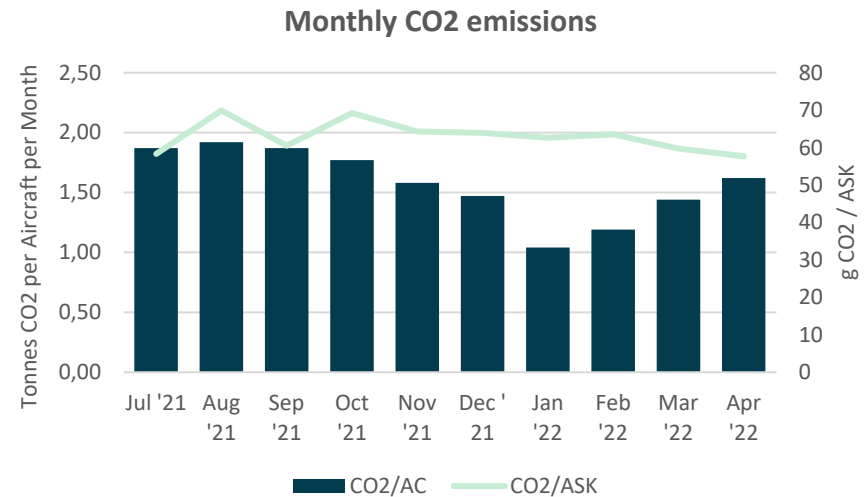
Flyr has options for an additional four 737-8 with delivery in 2023 and will therefore be well placed to cement our position as the operator of one of the most fuel-efficient fleets in the Nordics.

Flyr reports monthly CO<sub>2</sub>-emissions per aircraft in our monthly traffic figures. You can find these reports here:

<https://flyr.com/en/reports-and-presentations>

The reports to date are summarized in the chart below. Note that the numbers for Q1'22 for CO<sub>2</sub>/AC are artificially low due to the Omicron-wave as flights were restricted to a minimum, resulting in less take-off activity, which is typically a key driver for fuel consumption.

## Monthly CO<sub>2</sub> emissions



### b) Carbon offsets

Flyr buys CO<sub>2</sub> quotas for the carbon footprint we have from our own operations through the EU ETS-scheme. Flyr is the only major airline operating in Norway that pays for all (100%) of our emissions by purchasing quotas under this scheme. As a new entrant we don't get any free historical allowances under EU ETS, or "free pollution allowances" as many call them, this in contrast to many of our closest competitors. We believe in a market based system for trading emission quotas, like EU ETS, as it puts a price on emissions and strongly incentivizes emission reduction, but it is important that the EU moves quickly to abolish the system of granting free allowances to airlines in accordance with the EU Commission proposals in the "fit for 55" package presented in June 2021, otherwise competition will remain distorted and some airlines will be disincentivized to cut emissions faster as they effectively are allowed to continue to pollute without having to pay for it. EU ETS is a direct mean to encourage action to limit climate change impacts, but this cannot be the sole long-term

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solution. In addition to our commitments under EU ETS, Flyr is evaluating several carbon offset schemes for introduction, alongside investments in a modern, more fuel efficient fleet.

### c) Supporting development of sustainable aviation fuels (SAFs)

Flyr operates medium-haul point-to-point routes that are among the best suited for the application of SAFs. Medium-haul routes accounts for approximately 43 per cent of the aviation industry's GHG emissions, so successful implementation of SAFs would make a meaningful contribution towards sustainable aviation.

At this point in time, SAFs are prohibitively expensive and scarce in supply. Flyr engages in a close dialogue with regulators and industry partners to promote the development of SAFs that can be cost-efficient and abundant.

The aviation industry already uses Aviation Alternative Fuels (AAFs) as "drop-in fuels" in the existing fuel mix, albeit to a small degree (less than 0.1%, according to the EU). AAFs can be made from coal, natural gas, biomass and hydrogenated fats and oils.

The way forward is to turn the AAFs in to SAFs, meaning that they are produced in a sustainable way. Examples of SAFs that may come into wider use include so-called electro-fuels, which is based on green hydrogen, as well as synthetic biofuels based on gasification of biomass. Both solutions require significant amounts of renewable energy, hydrogen, sustainable carbon and biomass. The potential emission savings is estimated to 60%-70% compared to traditional fuels, but the production cost at time being is around 2-8 times higher. It is estimated that by 2050, SAFs may make up nearly half of all aviation fuel consumption.

### d) In-flight initiatives

Flyr is focused on demand driven route offering and point-to point-operations. From an environmental perspective, this increases the potential load factor and reduces emissions per passenger.

Our Code of Conduct and our Procurement Policy form guidelines for sustainable decisions within our company and in purchasing from suppliers. We continuously focus on implementing solutions in our operations that can reduce our environmental footprint:

- In August 2021, we were the first airline company to sign a letter of intent with the Norwegian start up MSG aviation for automated and more emission efficient de-icing. Through this, Flyr will take part in a pilot project at the Oslo Gardermoen Airport. This project is supported by our effort to seek improvements in the use of de-icing liquids that reduce the environmental footprint.
- Onboard our flights, we focus on weight optimization to save fuel consumption and emissions. One aspect of this is to minimize paper weight through having fully paperless cockpits and no paperback in-flight magazine. Over time we will introduce our menu electronically.
- We aim to increase recycling and have established a second-hand uniform web shop. We also purchase used mobile phones and tablets.

### e) Waste management

We are monitoring the use of plastic onboard and make continuous steps to reduce this. Together with our catering partners we are looking into more sustainable packaging for food onboard, although the Covid-19 pandemic has made it more difficult to put new materials in use.

An overall goal is to reduce food waste. Currently we have a "Too Good To Go" concept where we offer fresh food from our flights at a 50% reduced price in the afternoon. Going forward, we aim to introduce a prebooking solution for all fresh food onboard.

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### Social responsibility

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Everything starts with our own employees. We have implemented a profit-sharing model with our employees as their involvement is vital to our success.

Flyr is a responsible employer operating according to Norwegian rules and regulations. We have permanent and direct employment based on collective agreements on Norwegian terms. We encourage unionizations and maintain a close dialogue with all of our employees with the aim of having a high degree of involvement and transparency.

Diversity and equality are important to Flyr. Our overall gender balance is good with 45% female employees and 55% male. In the executive management, the female proportion is 14% while the Board of Directors is 100% male.

We prioritize local value creation and invest in local communities when possible and reasonable. Our customer care center is located at the head office in central Oslo, where our customers benefit from efficient decision-making. We have partnered with local suppliers like the Mack brewery for water, soft drinks and beer, as well as Kjeldsberg for fair-trade certified coffee.

We adhere to the ILO Conventions for international labor standards, which means that we support freedom of association and protect the right to organize, collective bargaining, and equal remunerations. We have zero tolerance for forced labor and child labor and oppose any discrimination at work. We require the same principles from our partners and suppliers.

Flyr obtained DNV GL MyCare certification in October 2021, which evidences the quality of our infection risk management, which benefits both our guests and employees.

### Governance responsibility

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Flyr follows the Norwegian Code of Practice for Corporate Governance (NUES). The Board of Directors have overall responsibility for the company's operations. This includes our sustainability strategy and the execution of this. Flyr also has a dedicated team in our strategy department responsible for the operationalization of our sustainability strategy.

Flyr is working on establishing a comprehensive transparent reporting structure for sustainability matters to be implemented from FY'22 and onwards. The management of our emissions will in our strategic targets and KPIs.

### Flyr's procurement procedures

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We expect our suppliers and partners to follow the same principles and procedures as we do. Currently, our procedures for partner and supply chain management are under development. The ambition is to work with our suppliers and partners to ensure that we maintain the UN's sustainability goals, thereby contributing to a sustainable development while ensuring that human rights and labor laws are not violated.

### Political dialogue

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Flyr seeks to have an open dialogue with the government and political parties to discuss important topics related to our industry, both individually and through industry collaborations. We have ongoing political dialogue regarding solutions relating to CO<sub>2</sub>-emissions for aviation in Norway, regarding EU regulations, as well as terms to ensure fair competition between airlines.

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### Organisation

#### Management

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##### **Tonje Wikstrøm Frislid – Chief Executive Officer**

Tonje Wikstrøm Frislid became Flyr's CEO in April 2021. She came from her job as unit director in Coor. Wikstrøm Frislid has previously worked for Unibuss and the airline Norwegian. Tonje has a study background in economics, political science and international communication.



##### **Brede Huser – Chief Financial Officer**

Brede Huser started as Flyr's CFO when Flyr was established. Brede has more than 19 years of experience from the airline Norwegian, where in the period 2006 - 2015 he held leading positions in the finance department before he in 2015 became CEO of Norwegian Reward AS. Before joining Norwegian, Brede worked in finance at Orkla, Arthur Andersen and Ernst & Young.



##### **Asgeir Nyseth – Chief Operating Officer**

Asgeir Nyseth has worked as COO in Flyr since 2020, he has more than 40 years aviation industry experience. Before joining Flyr, he was director and accountable manager of Babcock Scandinavian Air Ambulance Norway and Sweden. He also has extensive experience from the airline Norwegian, including as COO for the Norwegian group and as CEO for Norwegian Long Haul AS, Norwegian Air UK Ltd. and Norwegian Air International Ltd. Asgeir also has a background from Lufttransport where he was CEO before joining Norwegian.



##### **Alf Sagen – Chief Technology Officer**

Alf Sagen became a part of Flyr in 2021. He has worked as a consultant with and for various players in the aviation industry for many years and CEO in the company Nagarro AS. Sagen participated in the expansion of the airline Norwegian in 2002 and has since held many roles in the company, including responsibility for "ticketless" ticketing.



##### **Thomas Ramdahl – Chief Commercial Officer**

Thomas Ramdahl started as Flyr's CCO when Flyr was established. He came from his job as sales director at Høegh Autoliners. Ramdahl previously had more than 20 years of experience from the aviation industry in Norway, and most recently as Chief Commercial Officer of the airline Norwegian from 2014 until he joined Høegh.



##### **Frode Berg – Chief Legal & Strategy Officer**

Frode Berg has been part of Flyr since 2020. Before joining Flyr he held the position as Chief Legal Officer of the airline Norwegian in addition to directorships in several subsidiaries in the Norwegian group. Berg has also been a partner in the law firm Simonsen Vogt Wiig in Oslo. Frode studied law and economics at the University of Tromsø and has a Master of Laws (LLM) from the University of Cambridge.



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### **Bjørn Erik Barman-Jenssen – Chief Ground Operations Officer**

Bjørn Erik Barman-Jenssen has been with Flyr since its establishment. He came from the job as EVP Operational Development in the airline Norwegian. Bjørn Erik has solid aviation professional experience, with over 33 years in the industry. In addition to Norwegian, he has worked in both Braathens and SAS. Bjørn Erik established Norwegian Cargo AS and Red Handling and has, in addition to other positions, held the role of CEO of Norwegian Air Resources AS.



## Board of Directors

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### **Erik G. Braathen – Chairman of the board**

Erik G. Braathen is the founder and chairman of Flyr. He has extensive experience from the airline business, including being the CEO and part owner of Braathens as well as the chairman of the board of Norwegian Air Shuttle until 2009.

Mr. Braathen is educated from the University of Washington and American Graduate School of International Management. Mr. Braathen has been a member of the board since 2021 and holds 23,051,250 shares in the company.

### **Alexander Maurice Mason - Board member**

Maurice Mason has well over 30 years of experience in commercial aviation with a particular focus on developing low-cost airlines around the world. Mr. Mason is based in Ireland and is the managing director of Wellbeing Financial Services Unlimited (d/b/a Kite Investments), which was established by him in 2002. Among other investments, Kite co-invested with Irelandia, the Ryan family investment fund, until May 2012, in the development of low-cost airlines in Asia (Tiger Airways), the US (Allegiant Travel Company) and Latin America (VivaAerobus in Mexico and Viva Colombia). Maurice graduated from Trinity College Dublin in 1985 with degrees in Mechanical Engineering and Maths. Mr. Mason has been a member of the board since 2021 and holds 750,000 shares in the company.

### **Tord Meling – Board member**

Tord Meling is a board member of Flyr and currently holds the position as investment director of Ojada AS. He brings over ten years of experience from Norwegian Air Shuttle, including close to six years as the head of aircraft financing. Mr. Meling has Master of Science in Business and Economics from the Norwegian School of Economics. Mr. Meling has been a member of the board since 2020 and holds 750,000 shares in the company. Deputy chair.

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### Board of Directors Report 2021

#### About Flyr AS

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Flyr is low-cost carrier with a demand driven and sustainable business model, focusing on serving the Norwegian aviation market with domestic and international flights from its base at Oslo Airport. The Company was founded in August 2020 and is headquartered in Oslo. The Company's shares were listed for trading on the Oslo Euronext growth marketplace on 1 March 2022.

The company commenced commercial flight operations on June 30<sup>th</sup>, 2021, with 2 Boeing 737-800 aircraft. Three additional aircraft (B737-800) was added to the fleet during the fall 2021, and by the end of the year, the company had 5 aircraft in operation. The company took delivery of one additional 737-800 aircraft in 2022, as well as the first four of six new 737-8 aircraft contracted for 2022. The remaining two will be delivered during the summer of 2022, bringing the fleet to a total of 12 aircraft. The company had an option for the delivery of additional four 737-8 aircraft. The option was exercised in second quarter of 2022 and the aircraft will be delivered in 2023.

During 2021, the company operated a total of 3.298 flights, carrying 275.882 guests. The Covid-19 pandemic dramatically impacted the entire aviation industry. Flyr chose to initiate operations during this critical period, since the crisis also resulted in a unique window of opportunity in terms of access to aircraft and resources and the possibility to start with a "clean slate" approach to build a modern, digital and efficient airline, adapted to the future of aviation post the COVID-19 pandemic.

The first half year of operations has been successful, with great operational performance and customer reviews. Operational performance was good, with top class performance on regularity and punctuality. Despite the challenging market conditions, with new waves of Covid-19 pandemic affecting the winter season, the development in sales and bookings has been good and on an upward trend. Entering 2022, the company has gained increasing awareness and acclaim in the market, receiving awards for excellent customer service.

The ease and simplicity of the booking process has been particularly noticed and appreciated by our guests.

In 2021, the main focus has been on operational and commercial entry into service, creating brand awareness, increasing fleet, building network and routes, completing the administrative structure and continuing to build the IT infrastructure to enable efficient and low-cost distribution capabilities. In October 2021 Flyr UNG was introduced, and in 2022, the loyalty program Flyr + was introduced. Both programs have been well received by our guests.

Entering 2022, the foundation for delivering on the company's strategy is in place.

#### Business strategy

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Flyr's business strategy is to build an airline that is highly cost efficient on a smaller scale of operation. This allows a demand and market driven approach to further growth and creates flexibility in meeting and adapting to volatile market conditions in a post Covid environment. The company has built a very slim and efficient organization and rely on the latest technology to streamline operations. Implementing new technology and creating a modern and efficient airline is an opportunity more readily available when building from scratch without any legacy, compared to existing companies that have to make substantial investments and incur major implementation and execution risks associated with changing existing technological infrastructure and organizations. Flyr will continue to avail of this competitive advantage.

At Flyr the guests are always in focus. Flyr delivers a seamless, easy and good customer experience at a competitive price. Communication with customers goes via simple and accessible tools, and it shall always be an easy and seamless experience for the guests to book and carry out a journey with Flyr, without "hidden extras" or complicating factors.

Enshrined in the company's values is focus on safety, innovation, performance, and people. Flyr aim to be a company that is experienced as honest, direct, and passionate about what we do best – running an airline.

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Flyr is run by people with substantial and extensive industry experience, with a unique expertise related to airline start-ups.

Flyr's business model is based on:

- adapting and scaling production to meet the needs of the market,
- fly at times and to destinations where there is good underlying demand, and
- avoiding routes where alternative transport services with more environmentally friendly production factors are a real alternative.

Flyr is for travelers looking for easy, seamless, and affordable travel, both domestic and international, within, as well as to and from, Norway. We create jobs in Norway and all our employees are directly employed in the airline on Norwegian contracts. We actively encourage unionization and focus on maintaining good union relations and an open dialogue. A majority of the employees are covered by collective bargaining agreements. Flyr believe in transparency, inclusion, and active involvement of all employees, and the company wants to contribute to a responsible and future adapt aviation industry that is more sustainable for the economy, society, and the environment.

### Safety and compliance

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#### SAFETY AND COMPLIANCE MONITORING

Flyr's safety and compliance standards are in compliance with the European Union Aviation Safety Agency (EASA) regulations, National Aviation Authority regulation, ICAO 9859 SMS framework and our internal documented processes and procedures, managed according to the Safety Management System principles and Flyr Safety Policy. Flyr have a dedicated joint Safety and Compliance Monitoring Department.

Safety and Compliance Monitoring Director reports directly to the Accountable Manager. Flyr, as a new company, brings together different operational cultures and experiences. To identify and meet potential challenges proactively, Flyr has established and documented a robust Management

Systems (Safety Management System and Compliance Monitoring System). Management encourages all employees to report any safety-related issues through the Flyr reporting module; the Integrated Quality Safety Management System (IQSMS) which is available online, website and mobile app.

Flyr has a modern web-based system for managing Safety and Compliance Monitoring; IQSMS. This system has an integrated solution for Safety, Compliance Monitoring, Quality, Management of Change, and Risk Management based on and in compliance with ICAO Doc. 9859, ICAO Annex 19, EASA and Enhanced IOSA requirements.

All operational changes, organizational changes, procedures, or documentation are subject to a Management of Change (MoC) process. Flyr has an active risk/hazard register and performing risk analysis to support safety measures and managing changes. Changes are documented and the effectiveness of the risk mitigations are regularly reviewed and adequately managed.

Basic Safety Management System training is provided to all AOC personnel. Responsible Managers and Safety Personnel receive specific safety training applicable to their role.

Flyr Safety Management focus on safety culture, the structure of the organization, the interaction between the risk identification/assessment process and the organization's monitoring process, the use of inspection findings and safety information such as occurrences, incidents, and accidents and, flight data monitoring (FDM). This enables the company to adapt and improve its oversight system.

Safety culture, including just culture, is a part of Flyr Safety Management activities to foster positive safety behaviors and encourage occurrence reporting. Flyr Safety Management support this by providing promotion material and guidance to support departments and employees in this task.

In order to establish a sustainable and effective safety culture, including the sharing of best practices, safety promotion is a fundamental activity in Flyr.

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Flyr safety culture is obtained from industry best practice and learning ref. the European Plan for Aviation Safety, (EPAS) 2021-2025.

The reporting culture is built on the foundation of “Just culture”, and a learning culture. Just culture is a culture where employees and others are not punished for actions, honest mistakes, missions, or decisions taken by them which match their experience and training, but where gross negligence, willful violations and destructive acts are not tolerated.

The four pillars of SMS (Safety Management System) in Flyr are: 1. Safety policy and objectives, 2. Safety promotion, 3. Safety risk management and 4. Safety assurance.

The knowledge Flyr gains from its reporters is used to ensure continual safety development within the organization and should lead Flyr to adapt and improve their oversight system. Safety status report is issued on monthly basis. This report is sent and presented to the Flyr Board, Flyr Management Group and AOC management.

Flyr has installed a Flight Data Monitoring (FDM) system on each of its Boeing 737 aircraft. This system captures and downloads aircraft performance information which automatically provides a confidential report on exceedances from normal operating limitations detected during each flight. The purpose of this system is to monitor operational trends and inform management of any instance of an operational limit being exceeded. By analyzing these reports, management can identify undesirable trends and potential areas of operational risk, to take measures to rectify such deviations, and ensuring compliance to Flyr flight safety standards.

Predetermined review loop is set for regularly assessment of safety; Safety Reports review meeting is carried out 3 times per week, Safety Action Group (SAG) meeting set up every two months, Safety Review Board (SRB) meeting is set up every 6 months and Flight Data Monitoring (FDM) review meeting it has been established on a by-monthly basis, just before FOPS SAG Meeting

To ensure compliance with the European Union Aviation Safety Agency (EASA) regulations, the compliance department performs audits of both internal

functions as well as contracted providers within all operational areas. Audits are carried out by Flyr in accordance with the annual audit plan approved by NCAA. Audit plan and audits (including management of findings and observations) are maintained and controlled within IQSMS.

The focus ahead is to develop predictive methods to manage safety, and Flyr will continually emphasis on its safety culture as a crucial safety tool.

The SMS provides Flyr with the possibility of acting more proactively with its safety efforts, prioritizing effectively, and ensuring the entire organization promotes passengers, employees, and the company’s safety.

### TECHNICAL OPERATION – MAINTENANCE AND REPAIRS

Flyr Continuing Airworthiness Management Organization (CAMO) is responsible for planning and follow-up the maintenance activities to ensure full compliance with authoritative international regulations. Flyr Continuing Airworthiness Management Organization (CAMO) is approved by the European Aviation Safety Agency (EASA) and the national aviation authorities (NCAA).

Flyr contracts Maintenance services for its Boeing 737-800 from external suppliers. All contracts are subject to approval by the European Aviation Safety Agency (EASA) and the national aviation authorities (NCAA), and all maintenance is performed according to both the manufacturers’ requirements and additional Flyr requirements.

### SAFETY RECORD

Flyr has not had serious incidents with passengers, employees, or aircraft in 2021. Flyr demonstrates its commitment to safe operations through its safety policy, training, procedures, and its adoption of an open and confidential reporting system.

## Annual Report 2021

### Financial review

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Flyr reports financial information in compliance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The preparation of IFRS financial statements requires management to use estimates, assumptions and judgements that have affected assets, liabilities, revenues, costs and information about potential liabilities. The estimates and assumptions made are based on previous experience and managements best estimate of future events and other factors. The uncertainty inherent in these estimates and assumptions may cause the actual figures to deviate from the estimates.

#### Result

The Company started operations on June 30<sup>th</sup>, 2021, with the first flight from Oslo to Tromsø, with sales starting in May 2021. The first half year of 2021 was used to invest and build the foundation for operations.

From the launch of ticket sales and until into fourth quarter, the bookings and travels gradually increased as awareness in the market as well as production capacity increased. Third quarter showed a development that was in line with the plan. Fourth quarter revenues were heavily impacted by the effects from the Omicron wave and the ensuing government-imposed restrictions, leading to postponement of introduction of new routes and reduction in production. Total revenues in 2021 was NOK 125.9 million, consisting of ticket revenues and ancillary revenues from passengers. With a total production of 531.1 million available seat kilometres (ASK), the unit revenue (PASK) was 0,24 for the year in total, peaking at NOK 0.37 in October before the effects of Omicron.

Operating expenses including aircraft lease, depreciation and amortization was NOK 545.9 million, whereof NOK 55.0 million was incurred in the first half year where expenses were related to the preparations for commercial start up. Unit cost for the second half year was NOK 0,89 including fuel, and NOK 0,67 excluding fuel.

Net financial items of NOK 17.0 million includes interest on aircraft leases and unrealized translation losses on the revaluation of USD lease liabilities of NOK of 11.7 million.

Income tax expense in for the year was NOK 0, as the company incurred taxable losses, and did not recognize deferred tax assets in 2021.

Net loss for the year was NOK 437.0, resulting in a loss per share of NOK 3.31.

#### Financial position

The aircraft received during the year are leased on 6-year leases and are accounted for as Right of Use assets in the statement of financial position. At the end of the year, total non-current assets including the right of use assets amounted to NOK 576.4 million. Other non-current assets were capitalized investments in the IT infrastructure, lease of a hangar at Gardermoen airport and deposits paid for the leased aircraft.

Total current assets were NOK 282.2 million and consisted primarily of cash and cash equivalents of NOK 209.7 million.

The company does not have any interest-bearing debt other than the lease liabilities for the lease of aircraft and hangar, and long-term lease liabilities was NOK 433.8 million at year end. NOK 11.3 million was provision for future aircraft maintenance and redelivery of aircrafts.

Total current liabilities were NOK 249.5 million, of which ticket liabilities was NOK 32.7 million. At year- end, due to the Covid situation, bookings were at a very low level, and ticket liabilities has increased substantially into 2022. Short term lease liabilities were NOK 95.7 million, while trade and other liabilities were NOK 121.1 million.

Equity as of 31 December 2021 was NOK 163.9 million, corresponding to an equity ratio of 19.1%. In March 2021, Flyr completed a capital raise of net NOK 560 million to fund the commercial start-up of operations by issuing 120 million shares at nominal value NOK 0.002. The shares were immediately listed for trade on the Euronext growth Oslo market.

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In November of 2021, due to the strained market situation caused by the Delta wave and increase in the reported virus spread, the Board announced a rights issue in the amount of NOK 250 million to strengthen the Company's financial buffer. The rights issue was completed in January 2022, and 274,686,334 shares were issued at NOK 0.002 nominal value. Another 11,528,440 shares were issued in a private placement agreement with TV2 in March 2022.

On 5 May 2022, the company announced its intention to raise NOK 250 million in a private placement share issue. The share issue was approved by an Extraordinary General Assembly on 13 May 2022.

Total net cash proceeds received in 2021 was NOK 585.4 million, and in 2022 NOK 492.1 million.

The Board of Directors considers the financial position to be good.

### Cash flow

Cash and cash equivalents were NOK 209.7 million on 31 December 2021. The company's net cash flow in 2021 was NOK 195.9 million, of which NOK -296.8 million was net cash flow from operating activities. The operating cash flow consists of EBITDA of NOK 381 million, with positive adjustments from changes in working capital of NOK 84.9 million.

Net cash flow from investing activities was NOK -62.4 million and consists of NOK 21.1 million in paid deposits for aircraft leases, and investments in IT infrastructure and other fixed assets of NOK 41.2 million.

Net cash flow from financing activities were NOK 555.0 million, where net proceeds from share issue during the year was NOK 585.4 and repayments of leases was NOK 30.3 million.

## Events after the balance sheet date

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On 4 January 2022, an Extraordinary general meeting was held in Flyr AS. The general meeting approved the previously announced fully underwritten rights issue in the company to raise gross proceeds of NOK 250 million. On 31 January 2022, the company announced that the share capital increase relating to the Rights issue was registered with the Norwegian Register of Business Enterprises. After this, the Company's new share capital is NOK 826,315,788 divided on 413,157,894 shares, each with a nominal value of NOK 0.002.

On 17 March 2022, Flyr announced that the company had entered into a strategic marketing agreement with TV2 Invest AS, where TV Invest would subscribe for shares in the company for an amount of NOK 10 million, and Flyr had undertaken to purchase marketing services from TV2 Invest at a significant discount for a corresponding amount. The new shares were issued pursuant to the board authorization to increase the Company's share capital in connection with, inter alia, strategic and financial partnerships granted by the Company's extraordinary general meeting on 4 January 2022. The capital increase related to the share issuance was registered on 25 March 2022, after which the Company's new share capital was NOK 849,372.668 divided on 424,686,334 shares, each with a nominal value of NOK 0.002.

In April of 2022, the Board of Directors agreed to exercise the option for the delivery of 4 additional brand-new Boeing 737-8 aircraft, with delivery in 2023.

On 5 May 2022, Flyr announced that it raised NOK 250 million in a private placement of 208,333,333 new ordinary shares in the Company. The private placement was divided in two tranches, where first tranche issued 29,787,349 shares under the Board authorization received in General assembly on 4 January 2022. The second tranche, issuing 178,545,984 shares was approved by the extraordinary general assembly on 13 May 2022. After the issuance of new shares in tranche 1 and 2, the company will have share capital of NOK 1,266,039,334 divided into 633,019,677 shares, each with a par value of NOK 0.002.

## Annual Report 2021

The company will carry out a subsequent offering of up to 62,500,000 shares in the Company. The offering will be directed towards existing shareholders in the Company as of 5 May 2022 at a subscription price of NOK 1,2.

### Allocation of profit and loss

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Flyr AS's net loss after tax in 2021 was NOK 437.0 million. The Board of Directors proposes that the deficit be covered by other equity.

### Financial Risk

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Flyr is exposed to various risk factors of an operational, market and financial nature. Managing and handling risk factors is an integral part of the Board's efforts to contribute to achieve the company's strategic and financial goals.

The Board of Directors and Executive management facilitates that the management of future operational risk is an integral part of the company's operations, that all relevant risk factors have been registered, and that necessary risk management systems and tools shall be available to reduce the extent of undesirable events of a strategic, operational, or financial nature. Operational safety as an aircraft operator is the highest priority for the company's management.

The nature of Flyr's business operations exposes the company to a variety of financial risks of which the most significant is related to foreign exchange, liquidity, and commodity price risks. The financial risk policy is to limit the uncertainty caused by such risks on cash flow, financial performance, balance sheet items and equity. The management of financial risks is based on policies prepared by management and approved by the Board of Directors.

#### Fuel and environmental risk

Fluctuations in fuel price and the price of environmental quotas will affect the cash flow and financial performance of the company. Flyr does not currently

hedge against such price fluctuations. Effective hedging arrangements require stable and predictable consumption forecasts, and due to the company being in a start-up phase, in addition to the effects of the COVID-19 pandemic, it is difficult to accurately estimate the future fuel consumption. Management and the Board of Directors closely monitor the fuel price level and the risk in financial performance caused by fluctuations in the price.

#### Foreign exchange risk

The Company is exposed to currency risk, as a major part of the Company's expenses are denominated in USD, such as jet-fuel purchases and expenses for heavy maintenance of aircraft, and EUR, such as airport charges and ATC costs.

The aircraft leases are denominated in USD, and fixed and variable lease payments are in USD. According to IFRS 16, the Company's aircraft leases are recognized as a right-of-use asset denominated in NOK. The corresponding lease liability is denominated in USD. The currency exposure from recalculating USD liabilities into NOK is significant and can create volatility in profit and loss and as such could have an adverse effect on the Company's financial condition and result of operations.

The company does not currently hold any derivatives for hedging the currency risk. The cost for obtaining such risk-reducing instruments for a newly established company within the aviation industry, is deemed to be higher than the effects of the underlying risk. Management and the Board is closely monitoring the situation and will adapt strategy continuously.

#### Liquidity risk

The goal of Flyr is to maintain good liquidity, ensured by cash reserves. The company raised NOK 560 million in March of 2021, to ensure sufficient liquidity starting as a commercial airline. In the last quarter of 2021, the increasing virus spread, and the Omicron wave caused government-imposed restrictions severely affecting the airline industry, and the company initiated a rights issue to be completed in February 2022 to ensure additional NOK 250 million in funds.

## Annual Report 2021

The Company manages liquidity risk by detailed attention to the rolling forecasts for liquidity reserves on the basis of expected cash flows. The projected cash flows are based on detailed production plans that cover at least 12 months forward. In developing these forecasts, estimates and judgements are made to project revenues and costs, and assessments are made of potential adverse effects outside the company's control.

At year-end 2021, cash and cash equivalents was NOK 209 million, and additional NOK 250 million was received in the rights issue in first quarter of 2022.

### Capital management

The aim of Flyr's capital management is to ensure an optimal capital structure to minimize the cost of capital and maximize the return on capital employed. The Company has at the end of the first year in operation, no other external debt than debt arising in relation to the lease agreements for aircraft and facilities. The company will monitor the capital level in order to secure an optimal capital structure fitted for the current expansion period. The equity ratio at the end of 2021 was 19%.

### Going concern

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The airline was started during the COVID-19 pandemic, and the business model incorporates the anticipated changes in travel patterns after the pandemic, as well as a flexible approach to ongoing adjustment of the offering to the demand post-covid. During the summer of 2021 when operations was initiated, the general travel restrictions and government measures that had been in effect since the beginning of the pandemic, had been eased, and the travel industry experienced an increase in bookings and general interest for travel. In November, a new wave of the pandemic began with the Omicron virus, and the travel industry was again experiencing severe challenges as government-imposed restrictions deterring people from traveling. The positive development in traffic figures, number of guests and ticket prices that was experienced during the fall, sharply fell in November and into December. This situation prevailed into 2022 until the restrictions were lifted in February

2022. The business model ensured that Flyr was able to quickly adjust the operation to the reduced demand in order to minimize the losses, but in order to avoid lay-offs and reduction in long term capacity, the company still experienced losses.

The market conditions remain uncertain, and the recent war in Ukraine has contributed to increased uncertainty in forecasts and predictions. And although there is a positive development in the latter part of first quarter of 2022 and into the second quarter, it is still challenging to predict and estimate ticket sales and revenues in the longer picture, as passengers are choosing to book trips close to the departure date, in particular for domestic travels. Flyr is convinced that the market will gradually pick up, but the timing and speed of the recovery is uncertain.

In order to ensure that Flyr has the financial buffer available should the market take longer to restore, NOK 250 million in funds was raised in February 2022 through an underwritten rights issue. In May 2022, an additional NOK 250 million was raised in a private placement share issue, and the intention is to offer existing shareholders a subsequent offering, potentially raising additional NOK 75 million in funds in June 2022. Based on the company's current forecasts, the Board expects that the company has sufficient liquidity to meet its obligations as they fall due at least the coming 12 months. The Board confirms that the financial statements for 2021 are based on the going concern assumption.

### The people side of the business - Culture and Organization

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The employees are the most important resource in Flyr. Great emphasis is therefore placed on attracting the best people, that will contribute to a positive and professional working environment. This means that we treat each other with respect and that there is zero tolerance for any form of discrimination, including discrimination based on religion, skin color, gender, sexual orientation, age, nationality, race or disability.

## Annual Report 2021

We work to create a safe working environment that is built on diversity. We believe that diversity and inclusion are a prerequisite for a modern enterprise and something that helps to build the foundation for the company's success.

Our Code of Conduct gives us a guidance on how we treat each other.

"In Flyr we trust each other and treat everyone equally, fairly and with respect. At Flyr we believe in our people and believe that all employees are equally important for reaching our business goals.

- We provide equal opportunities for all and never discriminate anyone. Discrimination includes all unequal treatment, exclusion, or preference.
- We condemn all sorts of bullying or harassment.
- We respect our colleagues and treat them the way we want them to treat us.
- We show mutual trust and believe in the good intentions of our colleagues.
- We believe in direct employment, employee involvement and - engagement.
- We listen to our employees and involve them in discussions that concern their jobs and the working environment.
- We facilitate a healthy work/life balance for all.
- We promote Freedom of Association."

There is a strong focus on company culture. The aim is to create a culture in which everyone feels like being part of the Flyr family, and which is attractive to both potential employees as well as everyone already working for Flyr. We focus on working together in cross-functional teams to ensure that we find the best way of doing business – together. There are also social arenas where we meet regardless of rank, function, or workplace. With this in mind, we also cooperate closely with our unions. Union representatives and management meet on a regular basis. It is important for Flyr that the employees have a say in decisions that have an impact on their work and working environment.

The covid situation and the government's order for home office and restrictions related to gatherings, have made it more challenging to meet and to build the positive company culture we strive for. Yet, we have managed to create a good working environment and found room for meeting both the "old fashioned way" and via Teams. These efforts have shown to work. Flyr had an average sick leave in second half of 2021 at approximately 3,4%. We focus on keeping people at work rather than on sick leave. Crew who is not fit to fly, may be fit to work in the office. Employees who are not able to come to the office, may be able to do some work from home.

## Gender equality report/statement

Flyr is an equal opportunity employer who considers diversity to be a crucial factor for the way we do business. Equal pay is important for Flyr to attract, engage and retain competent and inspired employees. Our CEO Tonje Wikstrøm Frislid, is the first female CEO in the Nordic airline industry.

### Composition of employee groups

Based on the nature of our business, we have decided to report on equality based on 4 employee groups (Management, Office, Cabin Crew, and pilots). Flyr is a member of NHO/NHO Luftfart and through our collective agreements and remuneration policies, we ensure equal pay and benefits for our employees.

Employee group	Female	Male	Women's share of men's basic salary (%)
Management	1	6	100%
Office	38	53	94%
Cabin Crew	71	32	100,5%
Pilots	4	52	86,5%

## Annual Report 2021

### Salary gaps explained:

#### Office:

The main drivers of the salary differences in the office in terms of basic salary are that men are overrepresented in middle management. Among middle managers, 24 % are women.

Pilots: Due to the nature of work, Captains have a higher basic salary than First Officers. As a start-up airline there is a need for more Captains than First Officers. Female Captains are fewer, and therefore the overweight of male Captains constitutes the salary gap.

#### Pension:

Flyr has a defined contribution pension scheme for all employees and contributes with a contribution based on salary up to 12G.

### Headcount by employee group per 31.12.2021

Employee group	Female	Male	Total	Female %	Male %
Management	1	6	7	14%	86%
Office	38	53	91	42%	58%
Cabin Crew	71	32	103	69%	31%
Pilots	4	52	56	7%	93%
Total	114	143	257	44%	56%

### Gender gaps explained:

The airline industry is a gender specific industry when it comes to several of the key functional areas such as Cabin Crew and Pilots as well as the technical and IT areas.

### Headcount by age group per 31.12.2021

Age group	Female	Male	Total
<30	55	35	90
30-39	25	52	77
40-49	20	35	55
>49	13	22	35
Total	113	144	257

Average age of Workforce 36.2.

Average age female 33,9.

Average age male 38.

### Equal opportunity in recruitment and promotions/upgrades:

During 2021, Flyr recruited 268 people of which 44% were female.

However, it is noted that a significant part of the recruitments to Flyr have been to areas that require various forms of education where traditionally, a significantly lower number of women than men are educated. This applies, for example, to positions within Technical Operations, IT and Flight Deck. There is always a focus on diversity when it comes to recruitment, with regards to age, gender, and ethnicity.

Amongst flying personnel, upgrades are considered/offered based on legal requirements, proven qualifications as well as suitability.

For Office personnel, Flyr is still early in its life cycle so there has been no promotions.

## Annual Report 2021

### Temporary employees, Parental leave, and part-time employees

Flyr has mapped the gender distribution related to temporary employment, parental leave and part-time:

Total gender balance (%of all employees)		Temporary employees (%of all employees)		Parental leave (Average # of weeks)		Voluntary Part-time (%of all employees)	
Female	Male	Female	Male	Female	Male	Female	Male
114	143	0,88%	0,7%	8,9	4,8	2,6%	14,7%

During 2021, 3 employees were on parental leave. Men accounted for 52% of parental leaves in 2021.

Part-time employees are either working in Customer Care and are full-time students, or employees who due to social responsibilities have requested part-time agreements.

### External environment

Flyr acknowledges that air travel comes at an environmental cost, and the industry is contributing to the global emissions. Flyr is committed to actively support and engage in sustainable environmental policy to continue reducing aviation emission. The single most important action an airline can take to reduce its environmental footprint is to invest in new aircraft technology, which consequently reduces emissions considerably. Flyr is targeting zero

emission by 2050 and are building a fleet of brand-new Boeing 737-8. This aircraft type will allow for up to 14% reduction in fuel consumption.

Flyr buys CO2 quotas for the carbon footprint from our own operations, as the only airline in Norway that pays for all emissions under EU ETS.

We acknowledge that the impact of total emissions is what matters, and that we have a responsibility to enable and encourage more sustainable consumer behavior and choices to reduce the total footprint.

Flyr's environmental policies are described in a separate section on ESG in the Annual report for 2021.

### Corporate governance

Good corporate governance is a high priority for the Board of Directors. Our objective for corporate governance is based on accountability and responsibility with the ultimate goal of maximizing shareholder value while ensuring safe operations, fairness in all our business conduct and high ethical standards.

### Liability insurance

Flyr is covered by Directors and Officers liability insurance. The insurance indemnifies directors and officers for defense costs and potential legal liability arising out of claims made against them while serving on the board of directors and or as an officer.

## Outlook

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Flyr was established during the ongoing Covid-19 pandemic with the aim to build a sustainable and profitable business model by adapting and scaling production to meet the needs of the market post Covid. To succeed as a start-up commercial airline in the current business environment, flexibility in scaling production to the demand is crucial. Our main focus is demand driven growth and ensuring attractive offering to the market. Expansion plans and the route network will be adjusted continuously depending on the pandemic situation.

The outlook for Flyr going into 2022 is encouraging. Following the spread of the COVID-19 omicron virus variant and the re-introduction of travel restrictions into the beginning of the year, production in the first few months of 2022 were reduced to adapt to the challenging market. From the end of first quarter in 2022, travel restrictions were easing up, resulting in a substantial increase in passenger travel and bookings. We believe there is strong pent-up demand for travel, especially to attractive leisure destinations during the summer months.

In the start of 2022, the fuel price has been rapidly increasing, and although higher fuel prices should be offset by higher ticket prices, a continued high

fuel price can negatively influence the company's earnings. The delivery of new fuel efficient 737-8 aircraft will contribute to reduce this risk.

With currently 8 aircraft and additional 4 firm delivery commitments for brand new aircraft in 2022, with additional 4 to be delivered next year, the minimum targeted production capacity is in place. The company is well positioned to develop in line with plans. The majority of the planned administrative resources are currently in place, additional flight operating resources are incrementally recruited as new aircraft are being delivered, our IT infrastructure is continuously being developed to reap the benefits of additional distribution capabilities. The new aircraft delivered into service are more cost-efficient and better for the environment.

Our competitive strength lies in our cost base and our customer service. We are able to offer excellent services efficiently, and we have delivered on building this foundation during 2021. As we add on production and our brand name recognition increases during the next years, we believe we will position the company as a noticeable player in the market.

The Board of Directors and CEO  
Oslo, 24 May 2022

*Erik G. Braathen*  
*Chairman of the Board*

*A. Maurice Mason*  
*Member of the Board*

*Tord S. Meling*  
*Member of the Board*

*Tonje W. Frislid*  
*CEO*

## Declaration from the Board of Directors and CEO

We confirm to the best of our knowledge that financial statements for 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the information presented in the financial statements gives a true and fair view of

the company's assets, liabilities, financial position and results for the period. We also confirm to the best of our knowledge, that the board of directors' report gives a true and fair view of the development, performance and financial position of the Company including descriptions of the key risks and uncertainties the company is faced with.

The Board of Directors and CEO  
Oslo, 24 May 2022

*Erik G. Braathen*  
*Chairman of the Board*

*A. Maurice Mason*  
*Member of the Board*

*Tord S. Meling*  
*Member of the Board*

*Tonje W. Frislid*  
*CEO*

## Annual Report 2021

### Financial statements

#### Income statement

<i>(in 1,000 NOK)</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
Passenger revenues		121 979	-
Ancillary passenger revenues		3 960	
<b>Total operating revenues</b>	<b>2.2.1</b>	<b>125 939</b>	<b>-</b>
Personnel expenses	2.3.6	129 252	4 671
Aviation fuel		115 842	-
Airport and ATC charges		42 113	-
Handling charges		28 978	-
Technical maintenance expenses		43 561	-
Other operating expenses	2.3.2	147 975	4 471
Depreciations and amortizations	3.3	38 214	237
<b>Operating profit /(loss)</b>		<b>(419 996)</b>	<b>9 379</b>
Finance income		1 540	-
Finance expenses		6 885	87
Exchange rate gains/(losses)		(11 704)	-
<b>Net financial items</b>	<b>4.1</b>	<b>(17 049)</b>	<b>(87)</b>
Income tax expense		-	-
<b>Net profit /(loss)</b>	<b>5.1</b>	<b>(437 045)</b>	<b>(9 466)</b>
Retrospectively adjusted basic and diluted earnings per share	4.4.4	(2,51)	(0,44)
<b>Profits attributable to:</b>			
Owners of the company		<b>(437 045)</b>	<b>(9 466)</b>

#### Comprehensive income

<i>(in 1,000 NOK)</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Net profit/(loss) for the period</b>		<b>(437 045)</b>	<b>(9 466)</b>
<b>Other Comprehensive income items</b>			
Items that will not be reclassified to profit or loss in subsequent periods		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
Items that may be reclassified to profit or loss in subsequent periods		-	-
<b>Total</b>		<b>-</b>	<b>-</b>
<b>Total other comprehensive income items</b>		<b>-</b>	<b>-</b>
<b>Comprehensive income for the period</b>		<b>(437 045)</b>	<b>(9 466)</b>
<b>Attributable to:</b>			
Owners of the parent company		<b>(437 045)</b>	<b>(9 466)</b>

# Annual Report 2021

## Statement of financial position

<i>(in 1,000 NOK)</i>	Note	31 December 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Right of Use fleet	3.1	436 112	-
Right of use other fixed assets	3.1	75 701	5 311
Other fixed assets	3.2	8 880	317
Intangible assets	3.2	34 574	4 985
Deposits		21 123	-
Investments in subsidiaries		39	39
<b>Total non-current assets</b>		<b>576 429</b>	<b>10 651</b>
<b>Current assets</b>			
Trade receivables	2.2.2	32 070	-
Inventory	2.3.3	5 288	-
Other current assets	2.3.3	35 126	1 913
Cash and cash equivalents	4.2.1	209 731	13 840
<b>Total current assets</b>		<b>282 215</b>	<b>15 753</b>
<b>Total assets</b>		<b>858 643</b>	<b>26 404</b>

Oslo, 24. May 2022

*Erik G. Braathen*  
Chairman of the Board

*Tord Meling*  
Board Member

*A. Maurice Mason*  
Board member

*Tonje Wikstrøm Frislid*  
CEO

<i>(in 1,000 NOK)</i>	Note	31 December 2021	31 December 2020
<b>Equity</b>			
<b>Paid-in capital</b>			
Share capital	4.4.1	300	30
Other paid in capital		610 130	25 000
<b>Total paid in capital</b>		<b>610 430</b>	<b>25 030</b>
Retained earnings		(446 511)	(9 466)
<b>Total equity</b>		<b>163 919</b>	<b>15 564</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities, long term	3.1	433 818	2 067
Provisions	2.3.5	11 373	-
<b>Total non-current liabilities</b>		<b>445 190</b>	<b>2 067</b>
<b>Current liabilities</b>			
Ticket liabilities	2.2.3	32 704	-
Lease liabilities, short term	3.1	95 746	2 595
Trade liabilities		51 070	2 928
Other liabilities, short term	2.3.4	70 014	2 279
<b>Total current liabilities</b>		<b>249 534</b>	<b>8 772</b>
<b>Total equity and liabilities</b>		<b>858 643</b>	<b>26 404</b>

## Statement of changes in equity

<i>(in 1,000 NOK)</i>	<i>Note</i>	<b>Share capital</b>	<b>Other paid-in capital</b>	<b>Retained earnings</b>	<b>Total equity</b>
Initial share issue 14.august.2020		30	-	-	<b>30</b>
Share issue 08.December 2020 *)		-	25 000	-	<b>25 000</b>
Net profit/(loss) for the period				(9 466)	<b>(9 466)</b>
<b>Comprehensive income for the period</b>				(9 466)	<b>(9 466)</b>
<b>Equity at 31 December 2020</b>		<b>30</b>	<b>25 000</b>	<b>(9 466)</b>	<b>15 564</b>
<b>Equity at 1 January 2021</b>		<b>30</b>	<b>25 000</b>	<b>(9 466)</b>	<b>15 564</b>
Share issue 08. dec registered in company register 2021		15	(15)		-
Share issue reg. 15.02.2021, based on EGA 8/12		15	24 985		<b>25 000</b>
Share issue 26.02.2021		240	560 160		<b>560 400</b>
Net profit/(loss) for the period				(437 045)	<b>(437 045)</b>
<b>Comprehensive income for the period</b>		<b>-</b>	<b>-</b>	(437 045)	<b>(437 045)</b>
<b>Equity at 31 December 2021</b>	4.4	<b>300</b>	<b>610 130</b>	<b>(446 511)</b>	<b>163 919</b>

\*) Increase of capital adopted on 8 December 2020 was registered in the Register of business Enterprises on 11 January 2021.

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## Statement of cash flows

<i>(in 1,000 NOK)</i>	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>Cash flow from operating activities</b>			
Net profit/(loss)		(437 045)	(9 466)
Adjustments for			
Depreciation and amortization	3.3	38 214	237
Net interest and unrealized agio	4.1	14 183	87
Changes in working capital			
Changes in air traffic settlement liabilities	2.2.3	32 704	
Other current receivables	2.2.2	(65 283)	(1 913)
Changes in inventory	2.3.3	(5 288)	
Trade liabilities and other current liabilities	2.3	125 742	6 138
<b>Net cash flow from operating activities</b>		<b>(296 773)</b>	<b>(4 916)</b>
<b>Cash flow from investing activities</b>			
Investments in intangible assets	3.2	(31 916)	(4 985)
Investments in tangible assets	3.2	(9 331)	(333)
Deposits paid		(21 123)	-
<b>Net cash flow from investing activities</b>		<b>(62 369)</b>	<b>(5 318)</b>
<b>Cash flow from financing activities</b>			
Proceeds from share issues	4.4	585 400	25 030
Proceeds from loans		-	7 000
Loan repayments		-	(7 000)
Repayment of lease liabilities	3.1	(23 553)	(869)
Interest and finance costs paid	4.1	(6 813)	(87)
<b>Net cash flow from financing activities</b>		<b>555 034</b>	<b>24 074</b>
<b>Net change in cash and cash equivalents</b>		<b>195 891</b>	<b>13 840</b>
Cash and cash equivalents at beginning of year	4.2.1	13 840	-
<b>Cash and cash equivalents at end of year</b>	4.2.1	<b>209 731</b>	<b>13 840</b>

## Notes to the financial statements

### Note 1 General information

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#### Accounting principles

**A** The Financial statements of Flyr AS is organized so that the accounting principles relevant for each note is described therein. General information and basis of preparation is described as part of this note. Focus in descriptions is to present the Company's accounting choices made within the framework.

#### Company information

Flyr AS is a commercial airline with flights domestically in Norway and to popular destinations in Europe. The Company is a limited liability company registered in Norway, with head office located in Oslo city centre and crew base on Oslo Airport Gardermoen. The company's stocks were listed at the Euronext Growth Oslo market on 1 March 2021.

The company was founded in August 2020 with the name Prosjekt D AS and changed its name to Flyr AS in December 2020. On 30 June 2021, the company commenced operations, with the launch of its first flight from Oslo to Tromsø.

The financial statements for Flyr AS for the period ending 31 December 2021 were approved by the Board of Directors on 24 May 2022.

#### Basis for the preparation of the annual accounts

The financial statements for the 2020 financial year have been prepared in accordance with IFRS and interpretations adopted by the EU, and mandatory for the 2021 financial year. The accounts are based on the principles according to historical costs. The company's functional currency and presentation currency are NOK.

The annual accounts have been prepared on the basis of the assumption of going concern.

The company owns 100% of the shares in the subsidiary Flyr Partners AS. The company was founded in 2020 and has had no activity since. Flyr AS does not present consolidated accounts, as the profits and losses, assets and liabilities of the subsidiary are of insignificant amounts.

#### Impact of Covid-19 and going concern assumption

The airline was started during the COVID-19 pandemic, and the business model incorporates the anticipated changes in travel patterns after the pandemic, as well as a flexible approach to ongoing adjustment of the offering to the demand post-covid. Towards the summer, the vaccination rate was beginning to increase in the population, however, the spread of the Delta variant of the Covid virus postponed the reopening of society longer than was expected. During the summer of 2021 when operations was initiated, the general travel restrictions and government measures that had been in effect since the beginning of the pandemic, had been eased, and the travel industry experienced increases in bookings and general interest for travel. In October and November, a new wave of the pandemic began with the Omicron virus, and the travel industry was again experiencing severe challenges as government-imposed restrictions with home office and social distancing deterred people from travels. The positive development in traffic figures, number of guests and ticket prices that was experienced during the fall, sharply fell in November and into December. This situation prevailed into 2022 until the imposed travel restrictions were lifted in February 2022. The business model ensured that Flyr was able to quickly adjust the operation to the reduced demand in order to minimize the losses, but in order to avoid lay-offs and reduction in long term capacity, the company still experienced losses.

The market conditions remain uncertain, and the recent war in Ukraine has contributed to increasing the uncertainties in forecasts and predictions. And although there is a positive development in the latter part of first quarter of 2022, it is still challenging to predict and estimate ticket sales and revenues in the longer

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picture, as passengers are choosing to book trips close to departure date, in particular for domestic travels. Flyr is certain that the market will gradually pick up, but the timing and speed of the recovery is uncertain.

In order to ensure that Flyr has the financial buffer available should the market take longer to restore, NOK 250 million in funds was raised in February 2022 through a rights issue. In March 2022, the Company received NOK 10 million in funds for a share capital increase in a private placement from TV2 AS, and in May 2022 additional NOK 250 million was received from a private placement share issue.

Based on the company's current forecasts, the Board expects that the company has sufficient liquidity to meet its obligations as they fall due at least the coming 12 months. The financial statements are therefore based on the going concern assumption.

### Use of estimates in the preparation of the annual accounts

The preparation of IFRS financial statements requires management to use estimates, assumptions and judgements that have affected assets, liabilities, revenues, costs and information about potential liabilities. The estimates and assumptions made are based on previous experience and management's best estimate of future events and other factors.

The COVID-19 development as well as the war in Ukraine, has increased the level of uncertainty relating to the development of the economy and its impact on Flyr and its operating environment. Further, the price of jet-fuel is subject to substantially higher volatility risk than what has been experienced previously, caused by the instability in the Eastern Europe region. The potential escalation and prolongation of this situation further increase uncertainty, and future development can impact Flyr's future profitability, financial position and cash flows and eventually differ from the current management estimates and assumptions.

The most important accounting estimates in the financial statements are related to the assessment of impairment of assets and the leasing arrangements in accordance with IFRS 16. Future events may cause these estimates to change. Estimates and the underlying assumptions are assessed on an ongoing basis. Changes in accounting estimates are incorporated in the period in which the

changes occur. If the changes also apply to future periods, the effect will be distributed over the current and future periods.

Information about the most important critical accounting estimates and sources of uncertainty are presented in the following notes:

Note 2.3.5	Provision for aircraft maintenance
Note 3.1	Leasing arrangements
Note 3.3	Impairment of assets
Note 5.1	Income taxes

### Foreign currency

Transactions in foreign currency are converted at the exchange rate at the time of the transaction. Monetary items in foreign currency are converted at each end of the period at the exchange rate on the balance sheet date. Non-monetary entries are measured at historical cost converted at the time of the transaction. Exchange rate changes are recognised in the income statement on an ongoing basis during the accounting period.

### Changes in standards and interpretations with future effective date

No standards and interpretations adopted up to the time of submission of the accounts have been identified, but where the date of entry into force is in the future, that are relevant to the company's activities. The company's intention is to implement all relevant changes at the time of entry into force, provided that the EU approves the changes before submission of the accounts.

## Note 2 Operating results

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Note 2 on operating results include notes and information related to revenues, expenses, and operating result with related balance sheet items.

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### Note 2.1 Segment information

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#### **A Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision maker has been identified as the company's Board of Directors. The Group has one business and reporting segment, which is low-cost air passenger travel.

The Board of Directors reviews the company's internal reporting to assess performance and allocate resources. The company's sole business is revenue from transportation of passengers using its aircraft fleet. The aircraft are utilized across the entire route portfolio, and the geographical segment in 2021 were in Norway, as the majority of flights and ticket revenues in 2021 were Norwegian domestic with international flights primarily carrying Norwegians from Norway to other European destinations.

Primarily all sales in 2021 were through Flyrs own sales channels, which includes bookings through internet, apps, direct API and direct group bookings. The company did not have agent bookings, allotments, corporate portals, or other Global distribution channels besides a cooperation with one online travel agency.

### Note 2.2 Operating income

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The operating income section includes information both from income statement and balance sheet notes that relates to income. The aim is to provide a more coherent picture of income related items affecting results and financial position.

#### **A Revenue recognition**

Revenue is recognised when goods or services are delivered. Revenue is measured at fair value of the consideration received or receivable, net of discounts and indirect taxes.

Passenger revenue includes sale of flight tickets and is recognised as revenue when the flight is flown in accordance with the flight traffic program. Revenue from unused, unrefundable tickets is recognized when the service is provided and performance obligations are satisfied, net of applicable taxes and fees. Customer compensations for delays or cancellations is a variable consideration in the contract and it is recognised as an adjustment to revenue. Ancillary revenue includes sale of ticket related services, like advance seat reservations, additional baggage fees as well as different service fees, and sale of goods in the aircraft. The service revenue is recognized when the flight is flown in accordance with the flight traffic program, since it is considered as a contract modification instead of separate revenue transaction. The sale of goods is recognized when the goods are delivered to the customer. Prepayments from customers are classified as ticket liabilities in the statement of financial position, until revenue is recognized when flight is flown.

#### **A Trade receivable**

Trade receivables are amounts due from customers for services performed and goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

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Receivables from credit card companies are classified as trade receivables in the statement of financial position.

### Note 2.2.1 Revenues

Flyr started with commercial flights on 30 June 2021, and as such, the financial statements for the year 2021 includes revenues for the last six months of the year. In 2020, the company did not have any revenues.

Revenues consists of ticket revenues and ancillary passenger revenues, as presented in the Income statement. Revenues are primarily generated in the Norwegian marked and the selling currency is NOK.

### Note 2.2.2 Receivables related to revenues

On 31 December 2021, Flyr had NOK 32,070 thousand in trade receivables. The receivables consist of future payment due from Credit card companies for prepayment from customers for tickets and ancillary revenues. Receivables are settled when the flight the ticket is purchased for has flown.

### Note 2.2.3 Ticket liabilities

Ticket liabilities in the statement of financial position in the amount of NOK 32,704 thousand on 31 December 2021 consists of customer prepayments for flight tickets. As the company started ticket sales in May 2021, the ticket liability as per 2020 was NOK 0.

## Note 2.3 Operating expenses

The operating expenses section includes the income statement and balance sheet notes related to operating expenses, aiming to provide a better overview of business operations and related expenses.

Flyr started operations on 30 June 2021, and expenses related to the operations as a commercial airline are therefore present only in 2021. From the start-up in 2020 until the start of operations in 2021, the expenses consist mainly of administrative costs for the preparation of commercial business.

### Note 2.3.1 Operating expenses by currency

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
NOK	304 177	9 142
USD	135 831	-
EUR	53 725	-
GBP	10 827	-
Other currencies	3 161	-
<b>Total operating expenses</b>	<b>507 721</b>	<b>9 142</b>

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### Note 2.3.2 Other operating expenses

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Sales and distribution	2 260	-
Other flight operation expenses	24 065	-
Passenger services	5 089	-
Crew related expenses	5 341	-
Aircraft lease	3 510	-
IT expenses	36 240	-
Sales and marketing	20 379	1 464
Other expenses	51 091	3 007
<b>Total other operating expenses</b>	<b>147 975</b>	<b>4 471</b>

### Audit fees

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Auditors fee	325	-
Other attestation services	24	-
<b>Total</b>	<b>349</b>	<b>-</b>

PwC was appointed company auditor in January 2021. Consequently, no fees were paid to the auditor during 2020 financial year. Other fees relate to other attestation services performed by PwC during the 2021 financial year.

### Note 2.3.3 Inventory and other current assets

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
VAT receivable	17 537	1 745
Prepaid flight operating costs	17 462	-
Other items	127	169
<b>Total other current assets</b>	<b>35 126</b>	<b>1 913</b>

Inventory as at 31 December 2021 of NOK 5,288 thousand consists of consumables and aircraft spare parts.

### Note 2.3.4 Other current liabilities

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Accruals for CO2 quotas	27 862	-
Aircraft material and overhaul	4 665	-
Accrued payroll, holiday pay and employee taxes	22 871	2 035
Other items	8 388	243
Passenger and handling services	6 228	-
<b>Total other liabilities</b>	<b>70 014</b>	<b>2 279</b>
of which non-current	-	-
of which current	70 014	2 279

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### Note 2.3.5 Provisions

#### **A Provisions for aircraft maintenance**

Provisions are recognised when the Company has a present legal or constructive obligation as the result of a past event, the fulfilment of the payment obligation is probable, and a reliable estimate of the amount of the obligation can be made. The amount to be recognised as provision corresponds to the management's best estimate of the expenses that will be necessary to meet the obligation at the end of the reporting period.

The Company is obliged to return leased aircraft and their engines according to the redelivery condition set in the lease agreement. If at the time of redelivery, the condition of the aircraft and its engines differs from the agreed redelivery condition, the Company needs to either maintain the aircraft so that it meets the agreed redelivery condition or settle the difference in cash to the lessor. To fulfil these maintenance obligations, the Company has recognised airframe heavy maintenance, engine performance maintenance, engine life limited part, landing gear, auxiliary power unit and other material maintenance provisions. The provision is defined as a difference between the current condition and redelivery condition of these maintenance components. The provision is accrued based on flight hours flown until the next maintenance event or the redelivery and recognised in the aircraft overhaul costs in the income statement. The provision is reversed at the maintenance event or redelivery. The price of the flight hour depends on the market price development of the maintenance costs. Estimated future cash flows are discounted to the present value. For Flyr's current leasing contracts, lessor invoice for Maintenance reserve contributions (MRC), which is reclaimable at the time of the actual maintenance event or forfeited if the maintenance event occurs after the leasing period ends. Paid and unclaimed MRC is offset against the accumulated accrual balances in the Statement of Financial Position. For these lease contracts and maintenance components, the accrual and charge to the income statement is based on the larger of the Maintenance Reserve Contribution and the estimated maintenance cost.

The final check and painting required at redelivery are considered unavoidable maintenance costs that realise when the aircraft is redelivered to the lessor,

irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease. Respectively, costs depending on the usage of the aircraft are not considered as part of the right-of-use asset cost, but these are recognised according to the principles presented above.

#### **Emission related provisions**

The company operates in a sector subject to quotas and must obtain CO2 quotas corresponding to emissions. The provision is measured at the market value of the allowances at the period end.

The provision is included in Other current liabilities, see note 2.3.4

The measurement of aircraft maintenance provisions requires management judgement especially related to the timing of maintenance events and the valuation of maintenance costs occurring in the future. The future maintenance costs and their timing are dependent on, for example, how future traffic plans actually realise, the market price development of maintenance costs and the actual condition of the aircraft at the time of the maintenance event. The ultimate duration of the COVID-19 pandemic and the war in Ukraine may have an impact on the level of future maintenance expenses, which could cause the actual outcome to differ from the estimates currently made.

#### **Aircraft maintenance provision**

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
<i>Provision at beginning of period</i>	-	-
Provision for the period	31 488	-
MRC invoice received	(21 644)	-
Provision for right-of use assets redelivery	4 527	-
<b>Provision at the end of period</b>	<b>14 371</b>	-
Of which current	2 998	-
of which non-current	11 373	-

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The current provision is included in other liabilities in the statement of financial position, as it is equal to expected invoices from lessors to be received in January of 2022.

### Note 2.3.6 Employee benefits

#### **A Bonus**

Some of the company's employees are covered by a bonus scheme that entitles them to a future cash payment equivalent to their annual salary. Any bonus after tax shall be used to purchase shares in the company with a 12-month fixed term. Bonus payments depend on the company's market value at an agreed future date. The bonus provision is recognised if, according to IAS 19, it is deemed more likely than not that the criteria for bonus payment will be met. If a provision is recognized, the expense is recognized over the vesting period.

#### **Payroll expenses**

<i>(in NOK)</i>	<b>2021</b>	<b>2020</b>
Payroll	94 475	3 579
Bonus	-	307
Employee tax	15 998	562
Pension expenses	5 822	61
Holiday pay and other social expenses	11 220	161
Other personnell expenses	1 737	-
<b>Total Payroll expenses</b>	<b>129 252</b>	<b>4 671</b>
<b>Total number of employees at year end</b>	<b>259</b>	<b>16</b>

#### **Management remuneration 2021**

*(in 1,000 NOK)*

<b>Name</b>	<b>Position</b>	<b>Salary</b>	<b>Pension</b>	<b>Total</b>
Tonje Wikstrøm Frislid <sup>1)</sup>	CEO	1 500	84	<b>1 584</b>
Brede Huser	CFO	2 000	90	<b>2 090</b>
Frode Berg	CLSO	2 000	90	<b>2 090</b>
Asgeir Nyseth	COO	1 885	90	<b>1 974</b>
Bjørn Erik Barman-Jenssen	CGOO	2 050	90	<b>2 140</b>
Thomas Ramdahl	CCO	2 000	90	<b>2 090</b>
Alf Sagen <sup>2)</sup>	CTO	1 590	93	<b>1 683</b>
<b>Total</b>		<b>9 524</b>	<b>453</b>	<b>9 977</b>

1) *From 1 April 2021*

2) *From 1. March 2021*

#### **Management remuneration 2020**

*(in 1,000 NOK)*

<b>Name</b>	<b>Position</b>	<b>Salary</b>	<b>Pension</b>	<b>Total</b>
Brede Huser	CFO	333	4	<b>337</b>
Frode Berg	CLSO	333	-	<b>333</b>
Asgeir Nyseth	COO	333	-	<b>333</b>
Bjørn Erik Barman-Jenssen	CGOO	333	-	<b>333</b>
Thomas Ramdahl	CCO	333	4	<b>337</b>
<b>Total</b>		<b>1 667</b>	<b>8</b>	<b>1 674</b>

Total Payroll expenses consists of fixed pay, allowances, fringe benefits and other personnel benefits.

The management have no agreements on severance pay, bonus agreements or share-based remuneration, and are included in the company's ordinary pension scheme.

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The members of the Board of Directors have not received any remuneration in 2020 or 2021.

For information about management and members of the Board of Directors indirect ownership in Flyr, please see note 4.4.3.

### Pension

#### **A** Pension

The company has a defined contribution plan where the obligation to the employees consists of providing contributions of a specified amount to the individual's pension savings. The future pension depends on the amount of the contributions and the return on pension savings. The company's obligation has been fully met by the payment of contributions. The pension premium is expensed as it is incurred.

Pursuant to the Norwegian Act relating to mandatory occupational pension schemes, the company is obliged to offer employees a pension scheme that at least meets the minimum requirements of the Act. At year-end 2020, the company has a defined contribution scheme, where all employees are members. As of 31 December 2021, there were 259 (16) permanent employees in the company.

The defined contribution scheme consists of providing contributions to the individual's pension savings, of 5% of the employee's fixed salary, between 1G and 7G and 15% of fixed salary between 7.1G and 12G.

#### **Pension expense**

<i>(in 1,000 NOK)</i>	<b>2 021</b>	<b>2020</b>
Defined contribution plan - pension premium	5 822	61
<b>Total pension expense</b>	<b>5 822</b>	<b>61</b>

## Note 3 Fleet, leasing arrangements and other fixed assets

Fleet, leasing agreements and other fixed assets includes notes particularly related to the aircraft fleet.

At the end of 2021, Flyr had 5 Boeing 737-800 NG aircraft in operation, of which all are leased under 6-year leasing arrangements. The first two aircraft were received in June 2021, the third aircraft in August, the fourth in October and the last aircraft were received medio December 2021.

In 2021, the Company signed an agreement for the lease of a sixth 737-800 aircraft, to be received in February 2022.

In December of 2021, an agreement for the lease of six brand new Boeing 737-8 aircraft was signed. The aircraft will be delivered in the first half year of 2022. The agreement included an option to receive another four aircraft in 2023, and the option was exercised in April 2022.

### Note 3.1 Leasing arrangements

#### **A** Recognition of leasing arrangements

Flyr assesses whether a contract that relates to tangible assets is, or contains, a lease in accordance with IFRS 16. Lease agreements for tangible assets, where the contract conveys the right to use an identified asset for a period of time in exchange for consideration, are classified as leases.

The lease term is the non-cancellable period for which a lessee has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise the option.

At the commencement date of a lease, Flyr recognizes both a right-of-use asset and a lease liability.

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The lease liability is the present value of future lease payments. Lease payments included in the measurement comprise fixed payments, including in-substance fixed payments, and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

The final check and painting required at redelivery are considered unavoidable maintenance costs that realize when the aircraft is redelivered to the lessor, irrespective of the time or flight hours. The counterpart of the provision is recorded in the book value of the right-of-use asset at the commencement of the lease.

After initial recognition, right-of-use assets are measured at cost less any accumulated depreciations and accumulated impairment losses. The assets are depreciated with a straight-line method from the commencement date to the shorter of end of useful life of the right-of-use asset and the end of lease term.

The aircraft lease agreements do not clearly define the interest rate implicit in the lease. However, since the fair values of the aircraft are provided publicly by third parties, Flyr is able to calculate the implicit interest rate for each qualifying aircraft operating lease. The rate implicit in the lease is defined as the rate that causes the sum of the present value of the lease payments and the present value of the residual value of the underlying asset at the end of the lease to equal the fair value of the underlying asset. The implicit interest rate is determined by each aircraft lease contract separately.

Aircraft lease contracts are usually denominated in foreign currency (US dollars) and the foreign currency lease liabilities are revalued at each balance sheet date to the spot rate. The lease payments (lease payments made) are accounted for as repayments of the lease liability and as interest expense.

### Impairment

Flyr reviews its leased assets for indication of impairment on each balance sheet date. Impairment loss is recognized if the recoverable amount is below its carrying amount. The recoverable amount is defined for a cash generating unit, and the need for impairment is evaluated at the cash generating unit level. The

recoverable amount is determined as the higher of the assets fair value less cost to sell or the assets value in use. Flyr uses the Fair value model for impairment testing, and the calculation for estimating the fair value is based on the present value of the expected net future cash flows obtainable from the assets cash-generating unit. Impairment testing, including the critical accounting estimates and sources of uncertainty inherent in the calculations is described in more detail in note 3.3

### Right of use assets 2021

<i>(in 1,000 NOK)</i>	<b>Aircraft</b>	<b>Facilities and equipment</b>	<b>Total</b>
<b>Aquisition cost 1 Jan 2021</b>	-	5 532	5 532
Additions	465 693	75 930	541 622
Disposals	-	-	-
<b>Aquisition cost 31 Dec 2021</b>	<b>465 693</b>	<b>81 461</b>	<b>547 154</b>
<b>Accumulated depreciations 1 Jan 2021</b>	-	221	221
Additions	29 581	5 539	35 120
Disposals	-	-	-
<b>Accumulated depreciation 31 Dec</b>	<b>29 581</b>	<b>5 760</b>	<b>35 341</b>
<b>Book value 31 Dec 2021</b>	<b>436 112</b>	<b>75 701</b>	<b>511 813</b>

Additions to right of use assets in 2021 are mainly related to aircraft leases and rent agreement for a hangar on OSL Gardermoen airport. At the end of the year, Flyr leases 5 aircraft on 6 years leasing agreements.

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### Right of use assets 2020

<i>(in 1,000 NOK)</i>	Aircraft	Facilities and equipment	Total
<b>Aquisition cost 1 Jan 2020</b>	-	-	-
Additions	-	5 532	5 532
Disposals	-	-	-
<b>Aquisition cost 31 Dec 2020</b>	-	<b>5 532</b>	<b>5 532</b>
<b>Accumulated depreciations 1 Jan 2020</b>	-	-	-
Additions	-	221	221
Disposals	-	-	-
<b>Accumulated depreciation 31 Dec 2020</b>	-	<b>221</b>	<b>221</b>
<b>Book value 31 Dec 2020</b>	-	<b>5 311</b>	<b>5 311</b>

### Lease liabilities 2021

<i>(in 1,000 NOK)</i>	Aircraft	Facilities and equipment	2021
Lease liabilities 1 January	-	4 663	4 663
Additions	461 401	75 400	536 801
Adjustments	-	521	521
Lease downpayments	(19 780)	(3 773)	(23 553)
Interest payments	(5 359)	(1 455)	(6 813)
Interest expenses	5 359	1 455	6 813
Effects of currency changes	11 132	-	11 132
<b>Total lease liabilities 31 December</b>	<b>452 753</b>	<b>76 811</b>	<b>529 564</b>
Long term lease liabilities			433 818
Short term lease liabilities			95 746

### Lease liabilities 2020

<i>(in 1,000 NOK)</i>	Aircraft	Facilities and equipment	2020
Additions	-	5 532	5 532
Lease downpayments	-	(869)	(869)
Interest payments	-	(23)	(23)
Interest expenses	-	23	23
<b>Total lease liabilities 31 December</b>	-	<b>4 663</b>	<b>4 663</b>
Long term lease liabilities	-	2 067	2 067
Short term lease liabilities	-	2 595	2 595

### Reconciliation of lease liabilities in Financing activities

<i>(in 1,000 NOK)</i>	2021	2020
<b>Total lease liabilities 1 january</b>	<b>4 663</b>	-
<b>Cash flow</b>		
Lease downpayments	(23 553)	(869)
Interest payments	(6 813)	(23)
New loans		7 000
Downpayment loans		(7 000)
<b>Non-cash effects</b>		
Additions lease agreements	537 323	5 532
Accrued interest	6 813	23
Effects of currency changes	11 132	-
<b>Total lease liabilities 31 December</b>	<b>529 564</b>	<b>4 663</b>

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### Maturity profile for lease liabilities

The tables below represent the maturity profile for the company's lease arrangements at the reporting date. The amounts disclosed are the contractual undiscounted cash flows.

#### Leasing arrangements at reporting date

<i>(1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
< 1year	107 837	2 900
1-2 year	106 438	2 546
2-5 year	324 302	-
> 5 year	108 804	-
<b>Total contractual lease payments</b>	<b>647 381</b>	<b>5 446</b>

#### Leasing arrangements at reporting date, including committed leases

<i>(1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
< 1year	187 130	2 900
1-2 year	270 237	2 546
2-5 year	946 775	-
> 5 year	1 082 717	-
<b>Total contractual lease payments</b>	<b>2 486 860</b>	<b>5 446</b>

The table above includes estimated contractual cash flows for leases committed to in 2021, but where the transaction date is after 31 December 2021.

### Leasing arrangements in profit and loss

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Depreciation expense right-of use assets	35 120	-
Interest expense on lease liabilities	6 813	-
Exchange rate changes of lease liabilities	11 132	-
Short term wet leases	3 157	-
Office rent on temporary offices	-	100
Expenses related to low value leases	32	30
<b>Total expense related to leases</b>	<b>56 254</b>	<b>130</b>

The company has various other lease agreements with terms from 5 months to 3 years and/or where the underlying asset is of low value. The company has decided not to recognize lease agreements where the underlying asset is of low value or the rental agreement is short-term, and thus does not include lease liabilities and right of use for any of these rental agreements. Instead, the rental payments are expensed as they are incurred.

### Note 3.2 Other fixed assets

#### **A** Tangible fixed asset

Tangible fixed assets consist mainly of IT equipment, fixtures and fittings and upgrades on leased aircraft. Tangible fixed assets are measured at acquisition cost, less accumulated depreciation, and write-downs. When assets are sold or disposed of, the book value is deducted, and any loss or gain is recognised in the income statement. The acquisition cost of fixed assets is the purchase price, including any fees and costs directly related to enabling the fixed asset to be used. Expenses incurred after the fixed asset has been used, such as ongoing maintenance, are recognised in the income statement, while other expenses that are expected to provide future economic benefits are recognised in the balance sheet.

Depreciation is calculated using the straight-line method over the following useful life:

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Machinery & Equipment	3 years
Fixtures & Fittings	3 years
Upgrades on leased aircraft	6 years

The depreciation period and method are evaluated annually.

### Intangible assets

Capitalised intangible assets are recognised at acquisition cost reduced for any amortization and impairments. The acquisition cost of intangible assets is the purchase price, including any fees. Internally generated intangible assets are not recognised in the balance sheet but are expensed on an ongoing basis.

Intangible assets are recognised if:

- the Company is likely to obtain all economic benefits as a result of future use, and
- the asset's acquisition cost can be measured reliably.

Economic life is either definite or indefinite. Intangible assets with a specific lifetime are amortized over economic life and tested for impairment in the event of indications of decrease in value. Amortization method and period are evaluated at least annually. Changes in amortization method and/or useful life is recognized as a change in accounting estimates.

### Software Development

Expenses related to development activities are recognised in the balance sheet to the extent that the product or process is technically and commercially feasible and;

- the company has sufficient resources and intends to complete the development, and
- The company has control of the software for which the customization is done
- The development and customization activities create an asset that is inseparable from the software
- the cost of development can be reliably measured.

Expenses recognised in the balance sheet include licensing costs and external fees for development work directly related to the development of the asset. Capitalised development costs are recognised in the balance sheet at acquisition cost less accumulated amortization. Periodic amortization is initiated when the asset is put into use.

Capitalized software is amortized on a straight-line method over the assets estimated useful life, ranging from 3 to 10 years.

### Domain

Expenses related to domain acquisition are recognised in the balance sheet at acquisition cost, including any fees, less any impairment. Economic life is considered to be unspecified. An annual assessment is made of whether the asset still has an unspecified useful life. If this is not the case, the change to a specific lifetime will be recognised as a change in an accounting estimate. Assets with an unspecified useful life are not depreciated on an ongoing basis but are tested for impairment annually and when there are any indications of impairment in value in accordance with IAS 36.

When testing for impairment, the asset's recoverable amount is estimated. Write-downs are recognised if the recoverable amount is lower than the carrying amount.

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### Other fixed assets 2021

<i>(in NOK)</i>	Aircraft related fixed assets	Other tangible assets	Intangible assets	Total
<b>Aquisition cost Jan 1 2021</b>	-	333	4 985	5 318
Additions	4 978	4 353	31 916	41 247
Disposals	-	-	-	-
<b>Aquisition cost 31 Dec 2021</b>	<b>4 978</b>	<b>4 687</b>	<b>36 900</b>	<b>46 565</b>
<b>Accumulated depreciations and impairment Jan 1 2021</b>	-	16	-	16
Additions	261	507	2 326	3 094
Disposals	-	-	-	-
<b>Accumulated depreciations and impairment 31 Dec 2021</b>	<b>261</b>	<b>523</b>	<b>2 326</b>	<b>3 111</b>
<b>Book value 31 Dec 2021</b>	<b>4 717</b>	<b>4 163</b>	<b>34 574</b>	<b>43 454</b>

Intangible assets consists primarily of software under development, which is expenses related to the development and implementation of the company's IT systems. Upon completion of the projects or when the asset is put into use should this occur before, expenses related to each system will be assessed against the expected economic life of the system, and straight-line amortization over the expected life will be initiated.

### Other fixed assets 2020

<i>(in NOK)</i>	Aircraft related fixed assets	Other tangible assets	Intangible assets	Total
<b>Aquisition cost Jan 1 2020</b>	-	-	-	-
Additions	-	333	4 985	5 318
Disposals	-	-	-	-
<b>Aquisition cost 31 Dec 2020</b>	<b>-</b>	<b>333</b>	<b>4 985</b>	<b>5 318</b>
<b>Accumulated depreciations and impairment Jan 1 2020</b>	-	-	-	-
Additions	-	16	-	16
Disposals	-	-	-	-
<b>Accumulated depreciations and impairment 31 Dec 2020</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>16</b>
<b>Book value 31 Dec 2020</b>	<b>-</b>	<b>317</b>	<b>4 985</b>	<b>5 302</b>

### Note 3.3 Depreciation and impairment

#### A Depreciation

Depreciation of assets is determined based on their expected useful life and residual value. The depreciation for all assets is calculated using straight-line method. The depreciation is started when the asset is available for use. Depreciation is ceased when the asset is either classified as held for sale or derecognized. The useful life and residual value for assets are described in more detail in the note 3.1

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<i>(in NOK)</i>	<b>2021</b>	<b>2020</b>
Depreciation of right of use aircraft	29 581	-
Depreciation of other right of use assets	5 539	221
Depreciation of aircraft related assets	261	
Depreciation of other tangible assets	507	16
Amortization of intangible assets	2 326	-
Impairment	-	-
<b>Total depreciations and impairment in income statement</b>	<b>38 214</b>	<b>237</b>

### Impairment testing

**A** Flyr reviews its right of use assets, other fixed assets and other non-current assets for indication of impairment on each balance sheet date. The recoverable amount of an asset or a cash generating unit is determined as the higher of value in use and the fair value less cost to sell. Impairment loss is recognized if an asset's recoverable amount is below its carrying amount. The recoverable amount is defined for the cash generating unit, and the impairment is evaluated at the cash generating unit level.

The preparation of the calculations used for impairment testing requires significant management judgement and the use of management estimates. These estimates are based on forecasts, which already inherently contain some degree of uncertainty. The level of uncertainty has remained high in 2021 as a result of the continued COVID-19 pandemic, where the impact of the pandemic on the pace of the passenger demand recovery and Flyr's revenues is not known in advance. In addition, the price of fuel is subject to higher-than-average uncertainty, which is further increased by the possibility of an escalation of the geopolitical situation in Eastern Europe. Thus, the actual outcome may differ from the current management estimates and assumptions made. The main factors requiring significant management judgement in impairment testing include the ultimate duration of the pandemic and the speed of demand recovery, unit revenue development and the cost of jet fuel. Further, the calculation is sensitive to changes in the NOK/USD exchange rate, terminal growth rate and discount rate.

The key assumptions used, and the related sensitivities are described in more detail below.

During the fiscal year 2021, Flyr has regularly reviewed whether indications for impairment exist, considering various adverse economic and business implications resulting from the COVID-19 pandemic as well as commercial performance against expectations in the current start-up phase, as indications of possible impairment and therefore, impairment testing has been carried out as at the balance sheet date. Such indicators include the global market disruption because of the global pandemic, affecting the company's capacity utilization and financial performance. The impairment review is carried out at the level of a cash-generating unit ('CGU'). Flyr is a commercial airline utilizing all assets, tangible and intangible, across the entire network, which means all assets are highly integrated and as such all assets are regarded as one CGU.

The cash generating unit has been tested for impairment using the fair value model, in order to incorporate the planned capacity increase. As Flyr is newly started, and the entire business model is based on operating a certain number of aircraft in excess of the 5 aircraft in operation at 31 December 2021, the testing necessities to include the capacity increase inherent in the business plan. On 31 December 2021, the recoverable amount of the CGU exceeds its carrying value at the balance sheet date.

The fair value measurement is based on a discounted cash flow model for the company for the next 6 years, which is the economic lifetime of the Right of Use aircraft assets. Cash flow projections are based on the company's strategy and the latest, updated management forecast covering a four-year period. The cash flows beyond the four-year period are projected in line with the strategy and the management's long-term growth assumptions.

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## Key assumptions used in impairment review

	Dec 31 2021
Discount rate % (pre-tax)	9,7
Long-term growth rate %	0,0
NOK/USD rate	8,7
Fuel cost range per ton (USD)	808-926

Key assumptions used in the impairment review are presented in the table above. The discount rate used is based on the weighted average cost of capital (WACC), which reflects the market assessment of the time value of money and the risks specific to Fly's business. The increased uncertainty related to the COVID-19 pandemic is considered through the variable input factors in the expected cash flow approach used in impairment testing rather than in the discount rate.

EBITDA and estimated business growth are based on management's best assessment of the speed of recovery from the current COVID-19 pandemic as well as the future market demand and environment, which are benchmarked against external information sources, such as long-term average growth estimates for industry. Fuel price is based on the hedge-weighted fuel price based on the forward curve, estimated fuel consumption based on planned flights and the available data of fuel consumption for each aircraft type.

## Sensitivities of key assumptions

The calculation used in the impairment testing require significant use of management estimates and assumptions. A sensitivity analysis has therefore been performed to determine if a reasonable change in key assumptions would cause the carrying amount to exceed the recoverable amount. The sensitivity analysis considers changes in one assumption at a time, whereby the other assumptions are kept unchanged. The results of the sensitivity analysis reflect the sensitivity of the recoverable amount based on expected cash flow model.

A decrease of 5% in revenues over the forecast period, or 15% increase in fuel price, 20% increase in NOK/USD rate or 5% increase in the Discount rate, would not lead to an impairment loss of the aircraft CGU.

## Note 4 Capital structure and financing costs

The notes related to financial assets, liabilities and equity have been gathered into the capital structure and financing cost section in order to give a coherent overview of Flyr's financial position.

### Note 4.1 Financial income and expenses

**A** Interest income and expenses are recognised on a time-proportion basis using the effective interest method.

(in 1,000 NOK)	2021	2020
Interest income	1 540	-
<b>Financial income total</b>	<b>1 540</b>	<b>-</b>
Interest on leases	(6 813)	(23)
Other financial expenses	(72)	(64)
<b>Financial expenses total</b>	<b>(6 885)</b>	<b>(87)</b>
Foreign exchange gains and losses	(11 704)	-
<b>Net financial items</b>	<b>(17 049)</b>	<b>(87)</b>

In 2021, foreign exchange gains and losses include realized exchange gain of NOK 1,639 thousand and realized exchange loss of NOK 4,487 thousand.

### Note 4.2 Financial instruments

#### **A** Financial instruments

A financial instrument is any contract that results in both a financial asset for an enterprise and a financial obligation or an equity instrument for another enterprise. The company recognises a financial asset or financial obligation in the statement of financial position when the company becomes a party to the provisions of the instrument's contract.

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The company classifies financial assets and liabilities into the category "Financial assets/liabilities measured at amortised cost" according to IFRS 9. The company measures financial assets at amortised cost if the following two conditions are met: The financial asset is held in a business model where the purpose is to receive contractual cash flows, and the contractual terms of the financial asset or liability give rise to cash flows consisting exclusively of principal and interest payments on given dates. When a financial asset measured at amortised cost is first calculated, it is measured at fair value plus transaction expenses that are directly attributable to the acquisition or issuance of the financial asset. Financial liabilities are recognised at fair value adjusted for directly attributable transaction costs. Subsequent measurement of financial assets and liabilities measured at amortised cost is carried out using the effective interest method and is subject to loss provisions. Gains and losses are recognised in profit and loss when the asset or liability is derecognized, modified, or written down. If there are indications of impairment in value related to receivables that are assessed at amortised cost, an assessment is made with regard to write-down of value. The write-down amount is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows.

### Cash and cash equivalents

The company's cash and cash equivalents consist of bank holdings. Cash and cash equivalents in the balance sheet statement include both non-restricted and restricted funds.

### Note 4.2.1 Financial assets

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Trade Receivables	32 070	1 913
Other receivables	17 537	-
Cash and cash equivalents	209 731	13 840
<b>Total financial assets</b>	<b>259 338</b>	<b>15 753</b>

Financial assets are recognized at amortized costs, and fair value is equal to the carrying value. The company's risk management policy is described in more detail in note 4.3.

### Cash and cash equivalents

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Cash in bank	161 927	11 591
Restricted cash in bank	47 803	2 249
<b>Total cash and cash equivalents</b>	<b>209 731</b>	<b>13 840</b>

### Restricted cash in bank

<i>(in 1,000 NOK)</i>	<b>2021</b>	<b>2020</b>
Guarantees for leases and credits from supplier	41 594	1 262
Taxes withheld	6 209	987
<b>Total restricted cash</b>	<b>47 803</b>	<b>2 249</b>

The restricted cash held for guarantees is a total frame available to use as security for issued bank guarantees. Bank guarantees are granted for leasing liabilities for aircraft and suppliers of fuel and aircraft parts. On 31 December 2021, these guarantees amounted to NOK 15 million.

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### Note 4.2.2 Financial liabilities

<i>(in 1,000 NOK)</i>	2021	2020
Lease liabilities	529 564	4 663
<b>Total interest bearing liabilities</b>	<b>529 564</b>	<b>4 663</b>
Trade liabilities	51 070	2 928
Other liabilities	70 014	2 279
<b>Total financial liabilities</b>	<b>650 648</b>	<b>9 869</b>
maturity in less than 12 months	216 831	7 802
maturity over 12 months	433 818	2 067

On 31 December 2021, total interest-bearing debt consists of lease liabilities for 5 aircraft, hangar and office facilities. Lease liabilities with maturity within the next 12 months is classified as short-term liabilities. Trade and other liabilities mature in its entirety within 12 months.

The weighted average effective interest rate on interest-bearing liabilities was 3.5%.

#### Maturity dates for financial liabilities

The table below represents the maturity profile for the company's financial liabilities at reporting dates. The amounts disclosed are the contractual undiscounted cash flows.

<i>(1,000 NOK)</i>	2021	2020
< 1 year	228 921	8 107
1-2 year	106 438	2 546
2-5 year	324 302	-
> 5 year	108 804	-
<b>Total financial liabilities</b>	<b>768 466</b>	<b>10 653</b>

### The currency mix of interest-bearing liabilities

<i>(1,000 NOK)</i>	2021	2020
NOK	76 811	4 663
USD	452 753	-
<b>Total interest bearing liabilities</b>	<b>529 564</b>	<b>4 663</b>

### Note 4.3 Management of financial risk

#### Principles of financial risk management

The nature of Flyr's business operations exposes the company to a variety of financial risks: foreign exchange, credit, liquidity, and commodity price risks. The financial risk policy is to limit the uncertainty caused by such risks on cash flow, financial performance, balance sheet items and equity. The management of financial risks is based on policies prepared by management and approved by the Board of Directors.

#### Fuel price risk

Fuel price risk means the cash flow and financial performance uncertainty arising from fuel price fluctuations. Flyr does not currently hedge against jet fuel price fluctuations. Effective hedging arrangements require stable and predictable consumption forecasts, and due to the company is in a start-up phase, in addition to the effects of the COVID-19 pandemic, it is difficult to accurately estimate the future fuel consumption.

Management and the Board of Directors closely monitor the fuel price level and the risk in financial performance caused by fluctuations in the price.

#### Foreign exchange risk

The Company is exposed to currency risk, as a major part of the Company's expenses are denominated in USD, such as jet-fuel purchases and expenses for heavy maintenance of aircraft, and EUR, such as airport charges and ATC costs.

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The aircraft leases are denominated in USD, and fixed and variable lease payments are in USD. According to IFRS 16, the Company's aircraft leases are recognized as a right-of-use asset denominated in NOK. The corresponding lease liability is denominated in USD. The currency exposure from recalculating USD liabilities into NOK is significant and can create volatility in profit and loss and as such could have an adverse effect on the Company's financial condition and result of operations.

On 31 December 2021, had the NOK/USD rate been 10% higher/lower, the net profit and equity would have been NOK 45.3 million lower/higher.

The company does not currently hold any derivatives for hedging the currency risk. The cost for obtaining such risk-reducing instruments for a newly established company within the aviation industry, is deemed to be higher than the effects of the underlying risk. Management and the Board is closely monitoring the situation and will adapt strategy continuously.

### Interest rate risk

Flyr is not exposed to material interest rate risk. The Company does not have debt financing besides the aircraft and facilities lease agreements, in which the interest element is fixed at the time of entering into the agreement.

### Credit risk

Flyr's credit risk exposure arises from other current financial assets, such as trade receivables, other receivables and cash and cash equivalents, presented in note 4.2. The credit risk is managed by only entering into contracts with sound domestic and foreign banks and payment providers, and the risk exposure is deemed to be insignificant.

### Liquidity risk

The goal of Flyr is to maintain good liquidity, ensured by cash reserves. The company raised NOK 560 million in March of 2021, to ensure sufficient liquidity starting as a commercial airline. At the same time, the company's shares were listed on the Euronext growth market in Oslo, in order to secure possibilities for raising capital in an efficient and swift manner should it be necessary. Towards the summer and the start-up of operations, the spread of the Delta variant of the

Covid virus postponed the expected reopening of society and affected the general demand for travel. To ensure financial solidity, in November of 2021 the company initiated a rights issue to be completed in February 2022 securing additional NOK 250 million in funds. And then in the last quarter of 2021, the Omicron wave caused government-imposed restrictions severely affecting the airline industry. As a consequence of the effects of the Omicron variant spread during the winter, the company raised additional NOK 250 million in liquidity from share capital increase through a private placement in May 2022. Additional liquidity will be added through a subsequent offering to existing shareholders in June 2022. The amount is of yet undetermined.

The Company manages liquidity risk by detailed attention to the rolling forecasts for liquidity reserves on the basis of expected cash flows. The projected cash flows are based on detailed production plans that cover at least 12 months forward. In developing these forecasts, estimates and judgements are made to project revenues and costs, and assessments are made of potential adverse effects from outside the company's control.

Maturity profile for the company's financial liabilities is presented in note 4.2.2, and a maturity profile for all contractual lease liabilities are presented in note 3.1. At year-end 2021, cash and cash equivalents was NOK 209 million. NOK 250 million was received in the rights issue in first quarter of 2022, and NOK 250 million was received in May 2022 from the private placement.

### Capital management

The aim of Flyr's capital management is to ensure an optimal capital structure to minimise the cost of capital and maximise the return on capital employed. The Company has at the end of the first year in operation, no other external debt than debt arising in relation to the lease agreements for aircraft and facilities. The company will monitor the capital level in order to secure an optimal capital structure fitted for the current expansion period. The equity ratio at the end of 2021 was 19%.

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### Note 4.4 Equity related information

#### A Equity

Deposited share capital and share premiums subscribed and paid in before the balance sheet date, but registered in the Register of Business Enterprises after the balance sheet date, are presented as other paid in capital. Transaction costs directly related to an equity transaction are recognised directly against equity after deduction of tax.

Flyr AS was founded in August 2020, and on 1 March 2021, the company raised additional capital of NOK 560 million and at the same time submitted shares to be traded on the Euronext Growth marketplace. Commercial airline operations began in June of 2021, and the company experienced a satisfactory growth in number of passengers and revenues in line with the growth in operational capacity. However, the effects on demand following the spread of the Delta variant of the Covid virus were noticeable. In November 2021, the COVID-19 Omicron wave resulted in several government-imposed restrictions affecting the demand for travel, and the anticipated re-opening of society was postponed for several months. This affected the financial profitability of the company, resulting in unanticipated losses in the last months of 2021 and into 2022. In November of 2021, the company announced its intentions to raise further NOK 250 million in funds through a rights issue to re-establish the financial buffer.

There were no dividends paid in 2021.

### Note 4.4.1 Number of shares

<i>(in NOK)</i>	Number of shares	Nominal value	Nominal value of shares
Initial Share issue 14 August 2020	10 000	3,000	30 000
Total 31 December 2020	10 000	3,000	<b>30 000</b>
Share issue 8 December 2020	5 000	3,000	15 000
Share issue 15 February 2021	5 000	3,000	15 000
Share split 27 January 2021	980 000	0,060	-
Share split 10 February 2021	29 000 000	0,002	-
Share issue 26 February 2021	120 000 000	0,002	240 000
Total 31 December 2021	150 000 000	0,002	<b>300 000</b>

#### Convertible instruments, warrants and share options.

On 10 February 2021, the company issued 15 million independent subscription rights, to ensure access to future capital. Each subscription right give the right to subscribe for one new share in the company, at a subscription price of NOK 5. The warrants are exercisable with 1/3 after the first year, 1/3 after the second year, and 1/3 after the third year, starting from the issuance of the warrants. The warrants were issued to the shareholders of the company at that time, Ojada AS and Diva Dugnad AS, with 7,5 million warrants each. Diva Dugnad AS is partially and indirectly owned by members of the company's management. These subscription rights might be dilutive in future periods.

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### Note 4.4.2 20 largest shareholders per 31 December 2021

Shareholder	No. shares	% of total shares
DIVA DUGNAD AS	15 000 000	10,0 %
OJADA AS	15 000 000	10,0 %
KULTA INVEST AS	6 052 701	4,0 %
SEB PRIME SOLUTIONS-SISSENER	5 000 000	3,3 %
NORDNET LIVSFORSIKRING AS	3 255 874	2,2 %
Nordnet Bank AB	2 280 647	1,5 %
ORMESTAD	2 235 432	1,5 %
Avanza Bank AB	2 017 304	1,3 %
The Bank of New York Mellon SA/NV	1 782 075	1,2 %
AKTIV PORTFOLIO AS	1 500 000	1,0 %
BARCLAYS CAPITAL SEC. LTD FIRM	1 371 601	0,9 %
CLEMCO HOLDING INVEST AS	1 000 000	0,7 %
VALSØ HOLDING AS	824 167	0,5 %
MYKLESET	801 488	0,5 %
DnB NOR Bank ASA	700 000	0,5 %
LODEVOLDEN IV AS	654 000	0,4 %
SESA CONSULTING AS	650 000	0,4 %
The Bank of New York Mellon SA/NV	633 514	0,4 %
AS JEGARD	500 000	0,3 %
SOCIETE GENERALE	500 000	0,3 %
Top 20 shareholders	61 758 803	41,2 %
Total shares outstanding	150 000 000	100,0 %

### Note 4.4.3 Management and Board of Directors ownership

Management and the Board of Directors have direct and indirect ownership of the company through ownership in the company's shareholders Diva Dugnad AS and

Ojada AS. After the last capital increase on 25 March 2022, management's indirect ownership of the company was:

Name	Position	Ownership
Tonje Wikstrøm Frislid	Chief executive officer	0,3 %
Brede Huser	Chief Financial Officer	0,5 %
Frode Berg	Chief Legal & Strategy Officer	0,4 %
Asgeir Nyseth	Chief Operating Officer	0,3 %
Bjørn Erik Barman-Jenssen	Chief Ground Operations Officer	0,3 %
Thomas Ramdahl	Chief Commercial Officer	0,2 %
Alf Sagen	Chief Technical Officer	0,4 %
<b>Total</b>		<b>2,3 %</b>

The Chairman of the Board, Erik G. Braathen, has 12.0% indirect ownership interest in the company.

Board members Tord S. Meling and Maurice A. Mason has a 0,4% indirect ownership interest each in the company.

### Note 4.4.4 Earnings per share

The basic earnings per share is calculated by dividing the result for the financial year attributable to the company's shareholders by the weighted average number of shares outstanding during the financial year. When calculating the earnings per share adjusted for dilution, the weighted average of the number of shares takes into account the diluting effect resulting the conversion into shares all potentially diluting shares.

The subscription rights issued in February 2021 (see note 4.4.1) are not taken into account as diluting shares on 31 December 2021, as the subscription price is above the current market share price. These subscription rights may have dilutive effect in future periods.

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In accordance with IAS 33, Earnings per share, the calculation shall include significant changes in the number of shares that occur after the balance sheet date, but before the financial statements have been approved for publication.

In 2022 there was a right issue in February and a private placement in May 2022. Following the changes in the number of shares due to the issuance of shares in 2022 subsequent to the balance sheet date, but before the financial statements are authorised for use, the EPS calculation are retrospectively adjusted for the bonus shares in the right issue in February 2022. The EPS numbers are not retrospectively adjusted following the private placement in May 2022.

For the financial year 2020, the calculation of the number of outstanding shares includes the issuance of 5,000 shares on 27 January 2021 without further consideration than what was received when the share contribution was paid in December 2020. In addition, the calculation has taken into account with retrospective effect, the share splits adopted by the general meeting on 27 January 2021 and 10 February 2021. The general meeting initially approved a split of the company's shares whereby each share with a nominal value of NOK 3 shall be divided into 50 new shares, each with a nominal value of NOK 0.06. On 10 February, a split of the company's shares was adopted, whereby each share with a nominal value of NOK 0.06 was split into 30 new shares, each with a nominal value of NOK 0.002. The average outstanding shares are thus adjusted in total by a factor of 1:1500 for the entire period.

<i>(in NOK)</i>	<b>2021</b>	<b>2020</b>
Net profit /(loss) attributable to owners of the company	-437 045	-9 466
Average number of issued shares	132 583 616	16 339 286
Average number of diluted shares	132 583 616	16 339 286
<b>Earnings per issued share</b>	<b>(3,30)</b>	<b>(0,58)</b>
<b>Diluted earnings per share</b>	<b>(3,30)</b>	<b>(0,58)</b>
<b>Retrospective adjusted weighted number of shares</b>	<b>174 189 353</b>	21 466 677
<b>Retrospectively adjusted Basic and diluted earnings per share</b>	<b>(2,51)</b>	<b>(0,44)</b>

### Note 5 Other notes

Other notes include all such notes that do not specifically relate to any previous subject matters.

#### Note 5.1 Income taxes

**A** The tax expense for the period includes tax payable for current year and change in deferred tax and adjustments to previous years' taxation. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or other equity items. Deferred taxes are calculated for temporary differences between the accounting and taxable value of assets and liabilities, using the valid tax rates for future years at the closing date. Deferred tax asset is recognised to the extent that realisation of the related tax benefit through future profits is probable. Temporary differences

## Annual Report 2021

arise mainly from tangible assets and depreciation, right-of-use assets, lease liabilities and tax losses. Deferred tax assets and liabilities are netted when the company has a legally enforceable right to set off the balances.

### Income tax expense

<i>(in 1,000 NOK)</i>	2021	2020
Current tax	-	-
Change in deferred tax	-	-
<b>Income tax</b>	<b>-</b>	<b>-</b>

### Reconciliation of income tax

<i>(in 1,000 NOK)</i>	2021	2020
Net profit before tax	(437 045)	(9 466)
Tax calculated at 22% Norwegian tax rate	(96 150)	(2 082)
Non-deductible expenses	53	-
Non-recognized tax loss carryforwards	96 097	2 082
<b>Tax expense</b>	<b>(0)</b>	<b>(0)</b>

### Deferred tax assets and liabilities

<i>(in 1,000 NOK)</i>	2021	2020
<b>Basis for deferred tax assets</b>		
Tax loss carryforward	(421 262)	(9 915)
Accruals	(8 972)	(282)
Right of use leases	(17 751)	
<b>Basis for deferred tax asset</b>	<b>(447 986)</b>	<b>(10 198)</b>
<b>Basis for deferred tax liabilities</b>		
Tangible assets	1 715	84
Right of Use leases	-	648
<b>Basis for deferred tax liabilities</b>	<b>1 715</b>	<b>732</b>
<b>Basis for net deferred tax asset</b>	<b>(446 271)</b>	<b>(9 466)</b>
<b>Net deferred tax asset</b>	<b>(98 180)</b>	<b>(2 082)</b>
Non-recognized deferred tax asset	(98 180)	(2 082)
<b>Net recognized deferred tax asset</b>	<b>-</b>	<b>-</b>

Recognition of deferred tax asset is based on management estimates and require the use of management judgement in order to assess whether there will be sufficient taxable profits flowing to the company in the future. The expectations used in the calculation are based on the latest management forecasts at the reporting date and use assumptions that are consistent with those used elsewhere in the financial statements.

In evaluating recognition of the net deferred tax asset, management has assessed the current uncertainty embedded in the economic environment and the difficulty in forecasting the ultimate duration and impact of the COVID-19 pandemic as well

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as the fact that the company has newly commenced operations. Although management expects to be able to use the tax losses within the next few years, net deferred tax asset has not been recognized in the statement of financial position at 31 December 2021, based on the current uncertainty in the business environment.

### Note 5.2 Subsidiaries

Flyr AS owns 100% of the outstanding shares in the company Flyr Partners AS. The company was founded on 1 October 2020 and is registered in Oslo. The company has had no activity during 2020 or 2021 and owns no material assets.

### Note 5.3 Related parties

There were no transactions with related parties in 2021.

In September 2020, the company entered into an agreement for a loan from the company's indirect shareholder Ojada AS. The loan amounted to NOK 7 million and was repaid in full in December 2020.

Ojada AS has also paid various invoices on behalf of the company before the company itself gained access to liquid assets.

Transactions with related parties incorporated in the annual accounts for 2020:

(in 1,000) NOK	Liabilities per 31 December 2020
Loan from Ojada as, Mnok 7	-
Ojada as paid expenses on behalf of Flyr as	210
<b>Total</b>	<b>210</b>

(in 1,000) NOK	Income statement 2020
Interest paid to Ojada as	55
<b>Total</b>	<b>55</b>

### Note 5.4 Disputes and litigations

As of 31 December 2021, there were no material disputes or litigations against Flyr AS.

### Note 5.5 Events after the closing date

#### **A** Events after the balance sheet date

New information after the balance sheet date about the company's financial position on the balance sheet date is taken into account in the annual financial statements.

Events after the balance sheet date that do not affect the Group's financial position on the balance sheet date, but which will affect the Group's financial position in the future, are stated if they are significant.

On 4 January 2022, an Extraordinary general meeting was held in Flyr AS. The general meeting approved the previously announced fully underwritten rights issue in the company to raise gross proceeds of NOK 250 million. On 31 January 2022, the company announced that the share capital increase relating to the Rights issue was registered with the Norwegian Register of Business Enterprises. After this, the Company's new share capital is NOK 826,315,788 divided on 413,157,894 shares, each with a nominal value of NOK 0.002.

On 17 March 2022, Flyr announced that the company had entered into a strategic marketing agreement with TV2 Invest AS, where TV Invest would subscribe for shares in the company for an amount of NOK 10 million, and Flyr had undertaken to purchase marketing services from TV2 Invest at a significant discount for a corresponding amount. The new shares are issued pursuant to the board authorization to increase the Company's share capital in connection with, inter alia, strategic, and financial partnerships granted by the Company's extraordinary general meeting on 4 January 2022. The capital increase related to the share issuance was registered on 25 March 2022, after which the Company's new share capital was NOK 849,372.668 divided on 424,686,334 shares, each with a nominal value of NOK 0.002.

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In April of 2022, the Board of Directors agreed to exercise the option for the delivery of 4 additional brand-new Boeing 737-8 aircraft, with delivery in 2023.

On 5 May 2022, Flyr announced that it raised NOK 250 million in a private placement of 208.333.333 new ordinary shares in the Company. The private placement was divided in two tranches, where first tranche issued 29.787.349 shares under the Board authorization received in General assembly on 4 January 2022. The second tranche, issuing 178,545,984 shares was approved by the

extraordinary general assembly on 13 May 2022. After the issuance of new shares in tranche 1 and 2, the company will have share capital of NOK 1,266,039.334 divided into 633,019,677 shares, each with a par value of NOK 0.002. The company will carry out a subsequent offering of up to 62,500,000 shares in the Company. The offering will be directed towards existing shareholders in the Company as of 5 May 2022 at a subscription price of NOK 1,2.

## Auditor's report



To the General Meeting of Flyr AS

## *Independent Auditor's Report*

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### *Opinion*

We have audited the financial statements of Flyr AS (the Company), which comprise the statement of financial position as at 31 December 2021, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

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

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### *Basis for Opinion*

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

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### *Other Information*

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

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



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

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

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

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### *Responsibilities of Management for the Financial Statements*

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

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

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

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

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

Oslo, 24 May 2022  
**PricewaterhouseCoopers AS**

Stig Arild Lund  
State Authorised Public Accountant

(This document is signed electronically)

## Alternative performance measures

Flyr's financial statements are prepared in accordance with International Financial reporting standards (IFRS). In addition, the company presents alternative performance measures (APM), to describe its operational and financial performance in order to enhance comparability between financial periods and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators.

The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

APM	Description	Reason to include
EBIT	<b>Earnings before net financial items, income tax expense (income) Equivalent to operating profit in the income statement in the annual report.</b>	<b>Enables comparability of profitability regardless of capital structure or tax situation</b>
EBITDAR	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment and aircraft leasing expenses	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft
EBT	Earnings before income tax expense (income). Equivalent to profit (loss) before income tax expense (income) in the Income Statement in the annual report	Enables comparability of profitability regardless of tax situation.
Equity ratio	Total equity/ equity and liabilities x 100	Equity ratio provides information on the financial leverage used by the Company to fund its assets.

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### Other definitions

Item	Description
ASK	Available seat kilometers. Number of available passenger seats multiplied by flight distance
Average sector length	Total flown distance divided by number of flights
Load Factor	RPK divided by ASK, describes the utilization of available flights
RPK	Revenue passenger kilometers, Number of seats sold multiplied by flight distance
Passengers (PAX)	Number of passengers flown
Passenger revenue (PASK)	Total passenger revenue divided by ASK
Employees per aircraft	Total number of employees divided by number of aircraft
Unit cost (CASK)	Total operating expenses divided by ASK
Yield	Total passenger revenue divided by RPK

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### General information

Flyr AS  
Nedre Vollgate 5  
0158 Oslo  
Org. No: 925 566 004

[www.flyr.com](http://www.flyr.com)

### Investor relations

Brede Huser, CFO  
e-mail: [investors@flyr.com](mailto:investors@flyr.com)  
Phone: +47 991 69 974

<https://www.flyr.com/investors>