



Annual Report 2025

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P/F Reg.no.:
1223

Financial year:
01.01.2025 – 31.12.2025

Chairman of AGM:
Christian F. Andreasen

Annual report was adopted at annual
general meeting on 24 april 2026

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The board of directors and the executive management have today presented the group and annual report of P/F Atlantic Airways for the financial year 1 January to 31 December 2025.

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

We consider the accounting policies used appropriate, and in our opinion the group accounts and annual accounts provide a true and fair view of the group's and company's assets and liabilities and its financial position as on 31 December 2025 and of the company's results of its activities in the financial year 1 January to 31 December 2025.

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

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

Sørvágur, on the 20nd of March 2026

EXECUTIVE MANAGEMENT

Jóhanna á Bergi
CEO

BOARD OF DIRECTORS

Niels Heini Mortensen
Chairman

Kaj Johannessen
Vice-chairman

Esther Dahl

Annika Larsen

Tommy Adrian H. Andreassen

Jens Eystein í Løðu



Photo: Nicolás Vera-Ortiz

To the shareholders of P/F Atlantic Airways

REPORT ON THE ANNUAL ACCOUNTS

We have audited the consolidated annual accounts of P/F Atlantic Airways for the financial year 1 January – 31 December 2025, which comprise accounting policies used, profit and loss account, balance sheet, statement of change in equity, cash flow statement and notes. The consolidated annual accounts are prepared in accordance with the Faroese Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 31 December 2025 and of the results of the company's operations and cash flows for the financial year 1 January to 31 December 2025 in accordance with the Faroese Financial Statements Act.

BASIS FOR OPINION

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

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

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

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

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

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

- | Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- | Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.

- | Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- | Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts and the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- | Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- | Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

STATEMENT ON THE MANAGEMENT'S REVIEW

The management is responsible for the management's review.

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

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

Tórshavn, on the 20th of March 2026

P/F Januar
State Authorized Public Accountants

Hans Laksá
State Authorized Public Accountant

THE COMPANY

P/F Atlantic Airways
 Flogvøllurin
 FO-380 Sørvágur

Tel.: +298 341000
 Website: www.atlantic.fo
 Reg.no.: 1223
 Vat-no: 379778
 Fiscal year: 1 January - 31 December

THE BOARD

Niels Heini Mortensen, chairman
 Kaj Johannessen, vice-chairman
 Esther Dahl
 Annika Larsen
 Tommy Adrian Helmar Andreasen
 Jens Eystein í Løðu

MANAGEMENT

Jóhanna á Bergi, CEO

AUDITOR

P/F Januar, State Authorized Public Accountants
 Óðinshædd 13, Postbox 30
 FO-110 Tórshavn

Tel.: 31 47 00
 Telefax: 35 17 01
 Email: januar@januar.fo
 Website: www.januar.fo

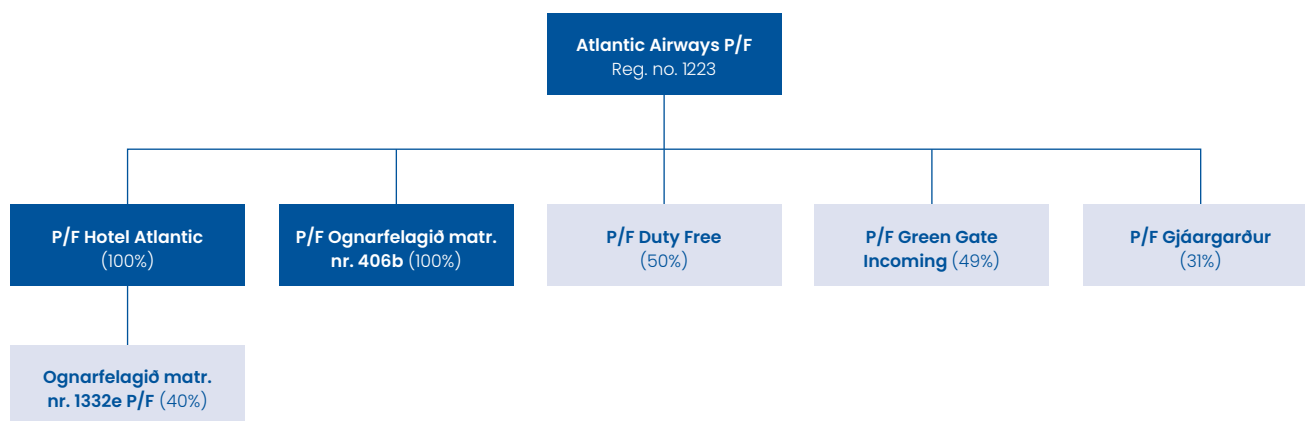
SUBSIDIARY

P/F Hotel Atlantic, P/F,
 Flogvøllurin, 380 Sørvágur
 P/F Ognarfelagið matr nr. 406b, P/F,
 Flogvøllurin, 380 Sørvágur

ASSOCIATED COMPANIES

P/F Duty Free,
 Flogvøllurin, 380 Sørvágur
 P/F Greengate Incoming,
 Niels Winthersgøta 5, 100 Tórshavn
 P/F Gjáargarður,
 Dalavegur 20, 476 Gjógv
 P/F Ognarfelagið matr. Nr. 1332e,
 Óðinshædd 11, 100 Tórshavn

GROUP OVERVIEW



INCOME STATEMENT	2025 (THOU.)	2024 (THOU.)	2023 (THOU.)	2022 (THOU.)	2021 (THOU.)
Net sales	946,806	921,343	885,015	740,135	446,822
Result before financial items	-68,739	24,759	36,554	27,939	-2,612
Net financial items	-4,599	5,046	2,852	-2,668	-8,639
Result after tax	-56,247	27,295	35,844	20,991	-9,616
BALANCE SHEET					
Total assets	790,481	870,417	756,239	714,414	742,520
Equity	273,330	337,284	313,905	278,852	254,876
CASH FLOWS					
Net cash flow from operating activities	29,836	42,683	80,121	90,464	53,678
Net cash flow used in investing activities	-88,306	-147,985	-120,005	28,378	-7,683
Net cash flow from financing activities	-28,285	83,674	-22,560	-77,990	-31,096
Cash flows for the period	-86,755	-21,628	-62,444	40,852	14,899
EMPLOYEES					
Number of full-time employees in average	307	280	257	226	184
FINANCIAL RATIOS IN %					
EBIT margin	-7.3	2.7	4.1	3.8	-0.6
Current ratio	60.9	118.2	115.3	163.2	165
Solvency ratio (%)	34.6	38.7	41.5	39	34.3
Return on equity (%)	-18.4	8.4	12	7.9	-3.8

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

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



1. Our origin and objective

Atlantic Airways, which was founded in 1987, has been responsible for the continuous development of air traffic to and from the Faroe Islands ever since the first flight on 28 March 1988. Since 1995, the company has significantly developed the scheduled service to Denmark and added direct routes to Norway, Iceland, the United Kingdom, and France, as well as routes to warmer climates. At the same time, the company has continuously spearheaded the marketing of the Faroe Islands abroad and been involved in developing the tourism industry in the Faroe Islands.

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

The company has developed from being a small company with one aircraft and limited capabilities into a company that operates several aircraft, helicopters, and an international simulator centre, in addition to participating in the hotel industry, tourism development, cargo transport, and other transport tasks. In 2025, the fleet consisted of four aircraft and two helicopters, and the workforce at Atlantic Airways totalled 229 full-time equivalents.

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

For Atlantic Airways safety comes first, regularity is a constant goal, the customer is at the centre of all matters, the employees are skilled and service-minded, and the results create value. The company's field of activities is scheduled flights and helicopter flights with the Faroe Islands as our cornerstone, as well as charter flights using excess capacity.

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

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

Since the airline began its operations, it has emphasized training local workforce in the Faroe Islands to undertake a range of jobs within the aviation industry. Over the years, Atlantic Airways has trained several hundred people as mechanics, pilots, flight attendants, and a host of other positions within the aviation industry.

2. Operating and Financial Review

The full-year result for Atlantic Airways was a deficit of DKK 56.2 million after tax, compared to a profit of DKK 27.3 million in 2024. The pre-tax result was a deficit of DKK 72.0 million in 2025 compared to a profit of DKK 31.1 million in 2024. Earnings before interest, depreciation and amortization (EBITDA) was a deficit of DKK 3.7 million compared to a profit of DKK 66.6 million in 2024. Total revenue for the year was DKK 878.8 million, compared to DKK 859.5 million in 2024.

The Group result after tax was a deficit of DKK 56.2 million in 2025 compared to a profit of DKK 27.3 million in 2024. The Group earnings before interest, depreciation and amortization (EBITDA) was a deficit of DKK 3.5 million compared to a profit of DKK 65.8 million in 2024.

OVERHAUL OF NEO ENGINES

The primary reason for the large deficit in 2025 is that the engine manufacturer recalled two of the company's aircraft for engine overhauls in September 2024. The NEO aircraft are equipped with CFM LEAP engines, which are manufactured by CFM International, a 50/50 joint venture between GE Aviation of the USA and Safran Aircraft Engines of France. The LEAP-1A engine is specifically produced for the Airbus A320neo family with newer technology, improved performance, and lower fuel consumption, but with maintenance costs otherwise similar to the older

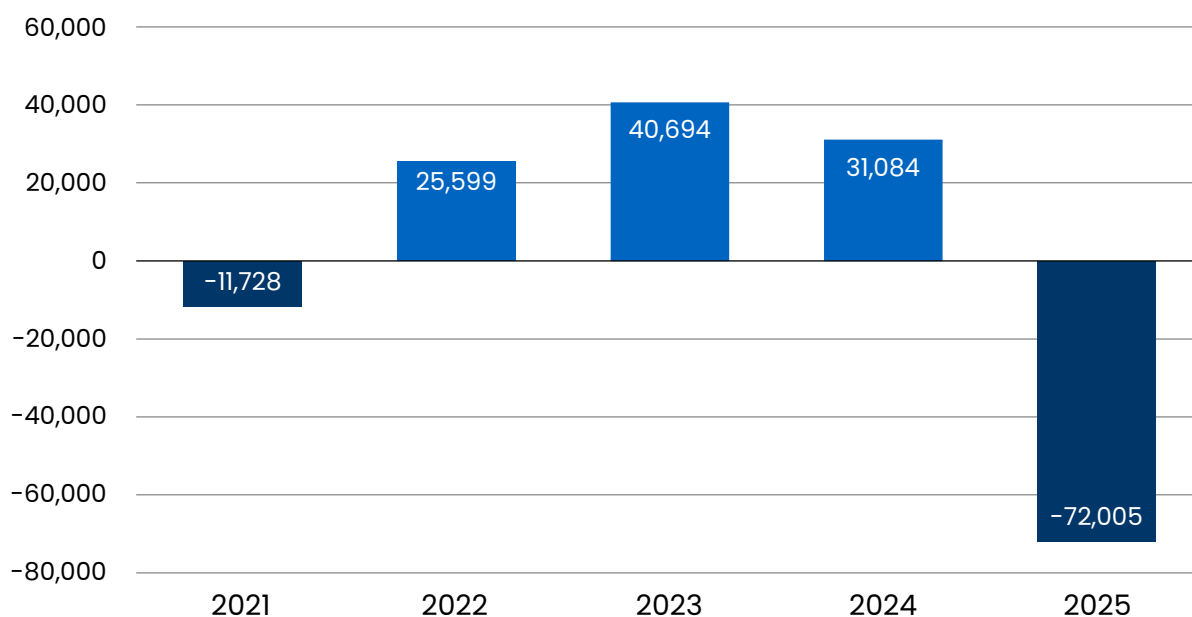
A320ceo engines. The first LEAP-1A engine was delivered to an airline in July 2016.

CFM LEAP engines comply with all safety requirements. Despite this, challenges can always arise with new technology, and in this instance, it resulted in certain spare parts requiring replacement earlier than anticipated. As of March 2025, approximately 670 aircraft of the A320neo and A321neo types have been recalled for engine overhauls. Atlantic Airways has two aircraft equipped with these engines, and of the four total engines on these two aircraft, three were recalled for overhaul. Two of the engines have been at the workshop in 2025, and the third is scheduled for the workshop in 2027.

Whether airlines own or lease aircraft and engines, the airline always bears full responsibility for all operating and maintenance costs. The total cost of the overhaul for the first two engines has been approximately DKK 140 million. However, the engine manufacturer has contributed toward a portion of the additional expenses. The direct impact on operations in 2025 has been approximately DKK 72 million, in addition to indirect costs for the lease of other aircraft to minimize the impact on passengers as much as possible, as well as other additional expenses. The company has expensed all costs associated with the overhauls in 2025.

Despite the major challenges with the NEO engines, Atlantic Airways has managed to maintain stable operations, ensuring that passengers have not been significantly affected by this.

Pre-tax result (DKK 1,000) *Parent company*

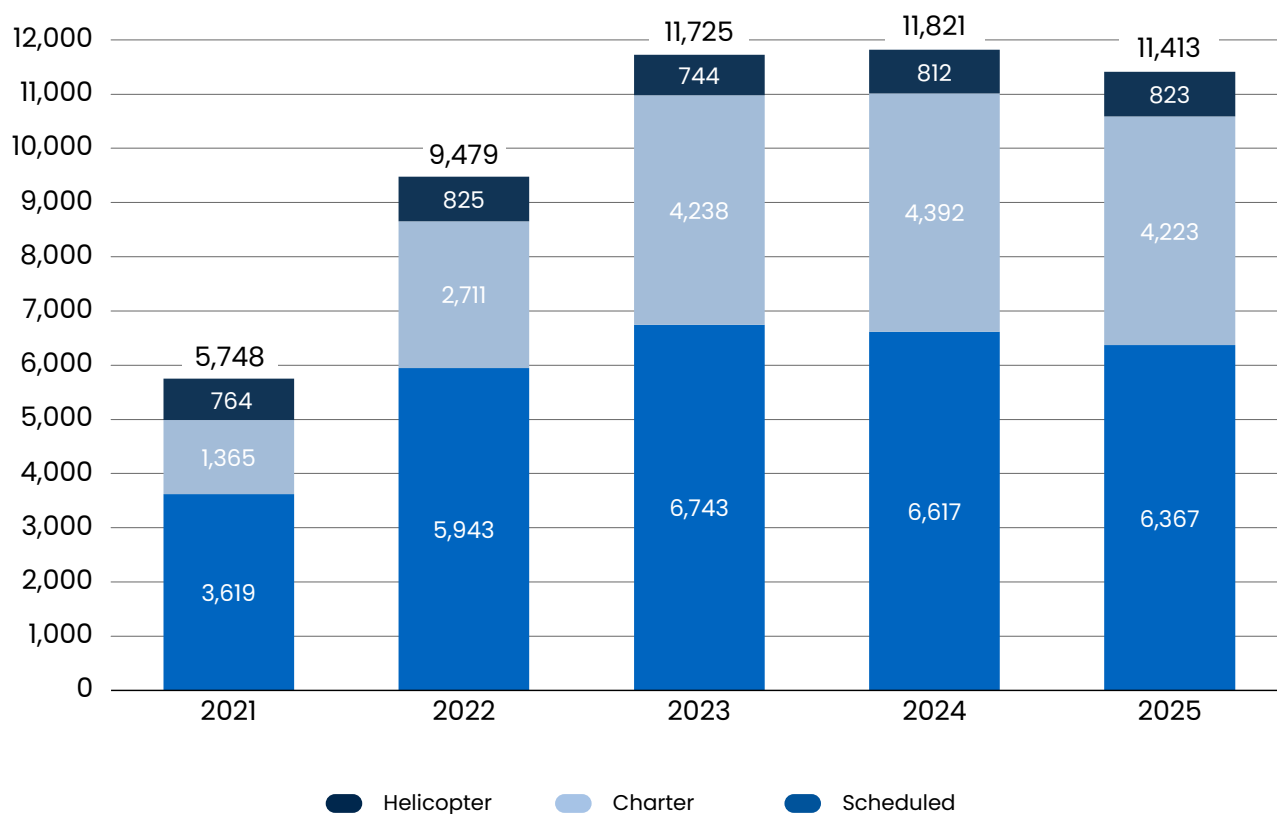


PRODUCTION 2025

In 2025, Atlantic Airways' aircraft logged a total of 10,590 block hours, compared to 11,009 block hours in 2024. Combined, the aircraft and helicopters logged 11,413 block hours in 2025, compared to 11,821 block hours in 2024.

Scheduled flights accounted for 56% of total production in 2025, charter flights for 37%, and helicopter services for 7% in 2025.

Production in block hours 2021-2025

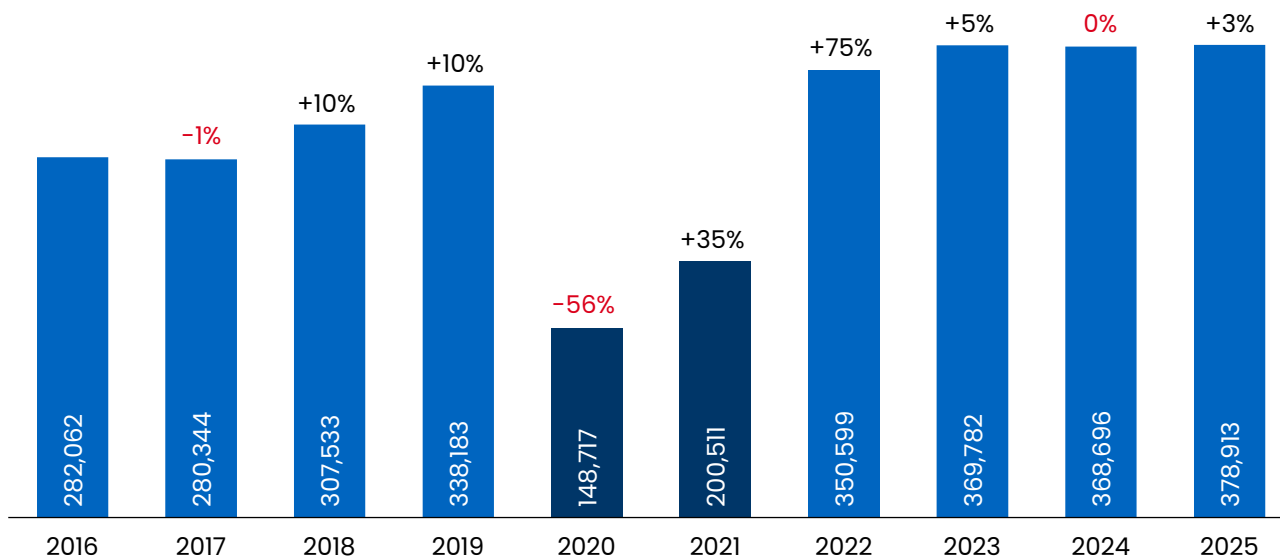


Statistics 2025

PASSENGERS	2025	2024	BROYTING	BROYTING %
Scheduled service	378,913	368,696	10,217	3%
Helicopter	10,665	10,973	-308	-3%
Charter	165,506	173,795	-8,289	-5%

BLOCK HOURS	TÍMAR	TÍMAR	TÍMAR	%
Scheduled service	6,367	6,617	-250	-4%
Charter	4,223	4,392	-169	-4%
Total aircraft	10,590	11,009	-419	-4%
Helicopter	823	812	11	1%
Total block hours	11,413	11,821	-408	-3%

Passenger numbers 2016-2025



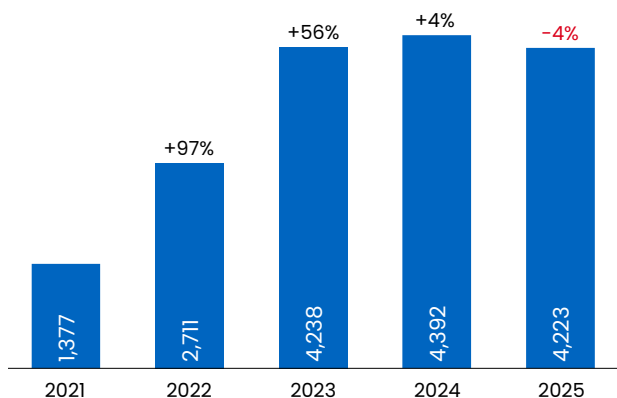
SCHEDULED SERVICES

The number of passengers on scheduled flights in 2025 was 378,913 – an increase of 10,217 compared to 2024, when 368,696 passengers travelled on the airline’s scheduled services. This is an increase of 3%. In 2025, flights were operated to 12 destinations, compared to 13 destinations in 2024, when the New York route was also operated. Seasonal fluctuations in scheduled flights are significant. Therefore, for example, during the low season, there are 15 flights per week to Denmark, increasing to as many as 35 flights per week during the high season.

CHARTER OPERATIONS

The company leases out excess capacity for charter flights to improve profitability. The number of charter hours in 2025 is slightly lower than in 2024. The aircraft flew 4,223 charter hours in 2025, compared to 4,392 charter hours in 2024. Charter operations in 2025 included flying for Danish tour operators and ad hoc flights across Europe.

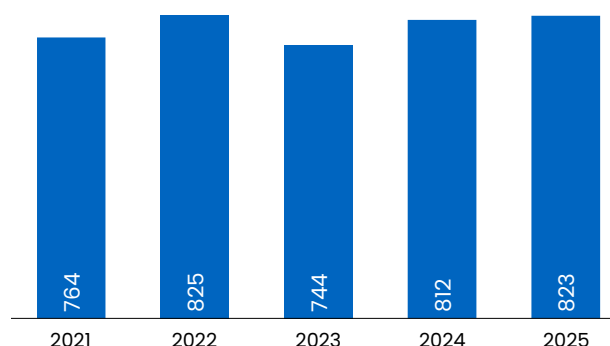
Charter operations (block hours)



HELICOPTER OPERATIONS

In 2025, helicopter operations were predominantly Search-and-Rescue (SAR) on behalf of the Faroese Ministry of Fishery and domestic transport to the most remote islands on behalf of SSL, the National Faroese Transport Company using two modern AW 139 helicopters. The helicopters have been prepared for Search-and-Rescue (SAR) coverage 24 hours a day all year. The company’s helicopters were airborne for 823 block hours in 2025 compared to 812 block hours in 2024. The contribution in this segment is primarily reflected in the level of provided helicopter capacity agreements in terms of search and rescue and domestic flights.

Flight hours – helicopters (block hours)



There is a ten-year contract with the Faroese Ministry of Fishery and the Ministry of Foreign Affairs and Trade to provide helicopter Search and Rescue (SAR) and domestic transport to the most remote islands. The contract is in effect from 2016-2025. The contract has been extended on an interim basis by one year, and it has been agreed that negotiations for a new long-term contract will commence in 2026.

The SAR service was called out 62 times in 2025, compared to 54 times in 2024. The average 'scramble' time—which is the time from when the helicopter receives a call-out until it is airborne—was 9.5 minutes in 2025, and the average time from the helicopter receiving a call-out until it was on-site was 31.47 minutes in 2025. The airline has provided domestic helicopter services in the Faroe Islands since 1994 and SAR operations since its inception in 2001.

ATLANTIC AIRWAYS AVIATION ACADEMY

In April 2025, the new simulator centre was officially commissioned. The modern flight academy offers first-class simulator training, both for its own pilots and for pilots from around the world. The simulator centre features an AW139 helicopter simulator and an A320 simulator, in addition to a HOIST TRAINER, where rescuers can train together with pilots in the AW139 simulator.

The AW139 simulator provides advanced and modern training, including initial type rating, recurrent training, and proficiency checks for both VFR and IFR. The simulator enables pilots to obtain the certification required to fly the AW139 with EASA approval.

The A320 EASA-approved simulator from Sim International offers advanced and modern training for both DRY and WET leases, as well as type rating and recurrent training.

The HOIST TRAINER is designed to train rescuers/hoist operators using virtual reality technology powered by the ThalesView™ Image Generation system. With audio cues from the FFS (Full Flight Simulator) and virtual reality technology, the HOIST TRAINER provides comprehensive training for hoist operators.

The simulator centre represents a major investment for the company, and the objective is for the Atlantic Airways Aviation Academy to contribute to the company's operations within a few years. Work is currently underway to establish long-term agreements for the simulator centre. Certain agreements have been secured, but building up a new business area takes time.

OTHER ACTIVITIES

Together with Vágur Airport, Atlantic Airways co-owns the company P/F Duty Free, which operates the duty-free shop and café at Vágur Airport.

Atlantic Airways also owns the subsidiary P/F Hotel Atlantic, which operates the Hilton Garden Inn Faroe Islands in Tórshavn in cooperation with the international hotel chain Hilton, as well as Hotel Vágur. The Hilton Garden Inn has 130 rooms and five meeting and conference rooms, and Hotel Vágur has 25 rooms and two meeting rooms, in addition to a restaurant area that can also be used for functions and conferences. P/F Hotel Atlantic leases the hotel building on Staravegur in Tórshavn from P/F Ognarfelagið matr. nr. 1332e, of which the company owns 40%, together with the pension fund LÍV, which owns 60%. Hotel Vágur leases its hotel building from P/F Ognarfelagið matr. nr. 406b, Sørvágur, which is a subsidiary of Atlantic Airways.

Using the company's scheduled aircraft, Atlantic Airways offers air cargo and mail transport between the Faroe Islands and the rest of the world, which provides a valuable contribution to the company's operations. This service specifically enables Faroese transport companies to move urgent cargo quickly.

THE FLEET

At the end of 2025, the fleet consisted of four aircraft: two Airbus A320neo and two Airbus A320.

The company owns one of the aircraft and leases three on long-term agreements, including two A320neo aircraft, which have at least 15% lower fuel consumption and CO₂ emissions compared to other Airbus aircraft of the same size. The average age of the fleet is approximately nine years, making it one of the youngest fleets in Europe. An agreement has also been made with the Airbus factory for the delivery of two new Airbus A320neo aircraft, expected to join the fleet in summer 2028 and autumn 2029, respectively.

Atlantic Airways utilizes the most advanced navigation technology, RNP AR 0.1. In 2014, as the first airline in the world, the company began using this navigation system integrated with the ILS (Instrument Landing System). The system is used for flights to the Faroe Islands and enables Atlantic Airways' aircraft to land in Vágur in significantly lower visibility than before. In recent years, the investment in RNP AR 0.1 has resulted in significantly higher regularity in Vágur than in previous years.

Fleet end of year	No	Own	Prod. year
A320neo	2	0	2019–2020
A320	2	1	2012–2016
AW139	2	2	2015–2016

Atlantic Airways has two Leonardo AW139 helicopters. The AW139 helicopters were purchased in 2015 and 2016, respectively, and thus the average age of the helicopter fleet is approximately ten years.



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



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



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



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



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



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



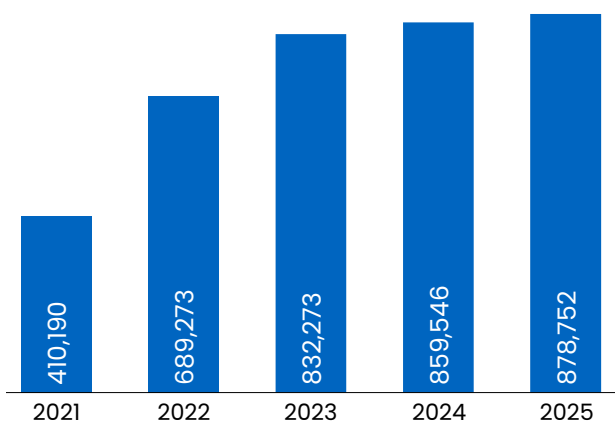
Photo: Björn Sjóður Patursson

**FINANCIAL STATEMENT,
1 JANUARY – 31 DECEMBER 2025**

Revenue

Atlantic Airways recorded total revenue of DKK 878.8 million in 2025, compared to DKK 859.5 million in 2024. The increase of 19.3 million is partly attributable to higher numbers of passengers.

Revenue (DKK 1,000) Parent company



Operating expenses

Operating expenses for the parent company increased by DKK 72 million in 2025 to DKK million compared to 2024. One of the largest cost components in the aviation industry is fuel. In 2025, total fuel expenses, including the purchase of CO₂ quotas, amounted to DKK 168 million. The company has partially hedged its fuel consumption.

Employee expenses

Employee expenses amounted to DKK 171 million in 2025, compared to DKK 154 million in 2024. The number of full-time equivalents was 229 in 2025 compared to 214 in 2024.

Depreciations

Depreciation and impairment amounted to DKK 59 million in 2025 compared to DKK 36 million in 2024.

Financial items

Net financial items, including results from associated companies, amounted to DKK -9.6 million in 2025, compared to DKK 0.4 million in 2024.

Profit before tax in 2025 amounted to a deficit of DKK 72.0 million, compared to a profit of DKK 31.1 million in 2024. The net profit after tax was a deficit of DKK 56.2 million compared to a deficit of DKK 27.3 million in 2024.

Return on equity after tax was negative in 2025 compared to 8.1 percent in 2024.

BALANCE SHEET

Assets

The company's fixed assets increased from DKK 562 million to DKK 623 million in 2025.

Current assets decreased from DKK 262 million at the start of the year to DKK 124 million at the end of the year 2025. The company's cash and cash equivalents amounted to DKK 51 million at the end of 2024 compared to DKK 138 million at the beginning of the year. For the group as a whole, cash and cash equivalents were DKK 54 million at year-end 2025, compared to DKK 141 million at the beginning of the year. The primary reason for the lower liquidity is the additional expenses for the overhaul of NEO engines, in addition to prepayments for new aircraft.

Equity

At year-end, the company's equity amounted to DKK 273 million, and the solvency ratio was 37%. Compared to the beginning of the year, equity decreased by DKK 64 million, while the solvency ratio decreased by 4 percentage points.

Liabilities

At year-end, the company's total liabilities amounted to DKK 455 million, compared to DKK 451 million at the end of the previous year. Long-term debt decreased from DKK 268 million to DKK 240 million at the end of 2024.

Balance sheet

The balance sheet total as of 31 December 2025 was DKK 747 million.

GOING CONCERN DISCLOSURE

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

ALLOCATION OF PROFIT/LOSS

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

EVENTS AFTER THE END OF THE FINANCIAL YEAR

Subsequent to the balance sheet date, the company was reported to the Faroe Islands Chief of Police by the Data Protection Agency, with a recommendation for a fine of DKK 14 million. P/F Atlantic Airways disagrees with the conclusion of the Data Protection Agency.

Apart from the aforementioned, nothing has occurred after the balance sheet date that affects the assessment of the annual report.

Outlook for 2026

Aviation industry and the global economy

According to the International Air Transport Association (IATA), global air travel increased by 6.7% in 2025 compared to 2024. The aviation industry is expected to continue its positive trajectory in 2026.

In general, developments in the aviation industry are closely linked to the economic trends in the countries from which passengers originate. In its latest report, the International Monetary Fund (IMF) projects that the global economy will grow by 4.4% in both 2026 and 2027.

Faroes economy

The Faroes Economic Council estimates that the Faroes gross domestic product (GDP) at current prices increased by 3.3 % in 2025, compared to 4.7 % in 2024 and 5.6 % in 2023. The majority of the growth in in these last years is attributed to inflation. The economy is still er characterized by low unemployment (1.0 % in January 2026 according to Statistics Faroe Islands) and rising living costs, despite the fact that according to reports inflation is lower in the recent years.

The latest consumer confidence index from Statistics Faroe Islands shows a slight increase in household confidence. Faroes households are more optimistic about the economic situation in the Faroe Islands, the retail sector is more optimistic, and the service industry reports that demand has improved recently, although demand is expected to decrease over the coming year.

Scheduled service

In 2026, Atlantic Airways offers passengers direct scheduled flights to and from the Faroe Islands to 12 different

destinations: Copenhagen, Billund, Aalborg, Oslo, Reykjavík, Edinburgh, London, Paris, Barcelona, Mallorca, Gran Canaria, and Tenerife. Emphasis will be placed on developing existing destinations — specifically by increasing frequency and extending the season for those destinations where we do not fly year-round.

A certain increase in passenger numbers is expected in 2026 compared to 2025. Interest in the Faroe Islands as a travel destination remains strong, and passenger numbers are anticipated to gradually rise over the coming years.

Charter operations

The company's charter operations are based on utilizing available capacity that is not needed for scheduled flights, thereby enhancing profitability. Charter activity in 2026 is expected to remain at approximately the same level as in 2025. The majority of the charter operations are out of Denmark, serving Danish travel agencies with flights to various southern destinations. In addition, ad hoc flights will be operated when there is demand and available capacity.

Helicopter operations

Atlantic Airways connects the islands through scheduled flights to the outlying islands and ensures safety with modern helicopter emergency services. Based on a 10-year contract with the Government of the Faroe Islands, which expired at the end of 2025 but was extended by one year, two modern AW139 helicopters maintain inter-island flights and are available for search, rescue, and medical transport (SAR/HEMS) 24 hours a day, 365 days a year. Activity in 2026 is expected to remain at approximately the same level as in 2025.

Simulator operations

Systematic efforts are being made to fully operationalize the activities in the new flight academy, Atlantic Airways Aviation Academy. In time, these activities will become a new business area that will strengthen the company's financial position.

Financial forecast 2026

Atlantic Airways expects a certain increase in passenger numbers and approximately the same level of charter activity in 2026 compared to 2025. Excluding the additional expenses for the engine overhauls in 2025, the operating result for 2026 is expected to be at the same level as in previous years.

The operating result may also be affected by the risk of recession in the Faroese and European economies, the competitive situation, fuel prices, currency fluctuations, price increases within the aviation industry, the global situation, environmental requirements, and other risks mentioned in the annual report under risk management.

CO-OPERATION WITH VAGAR AIRPORT

Atlantic Airways is the largest customer of Vágur Airport, and it is therefore of great importance to maintain a close cooperation with the airport.

Since 2014, Atlantic Airways and Vágur Airport have cooperated on duty-free operations at the airport. Since 2021, the activities of P/F Duty Free have also included both cafés at the airport.

In recent years, Atlantic Airways has faced facilities challenges regarding maintenance, as the new NEO aircraft do not fit into the existing hangar. Consequently, the company has entered into an agreement with a provider in Billund for hangar rental. Atlantic Airways and Vágur Airport are currently in discussions regarding the construction of a new, larger hangar, which will hopefully become a reality in the near future, allowing all the company's aircraft and helicopters to be maintained in the Faroe Islands. Vágur Airport has also initiated preparations for the construction of a new terminal. It is of great importance that Atlantic Airways secures improved

conditions for, among other things, ground handling, equipment, cleaning, check-in, and customer service.

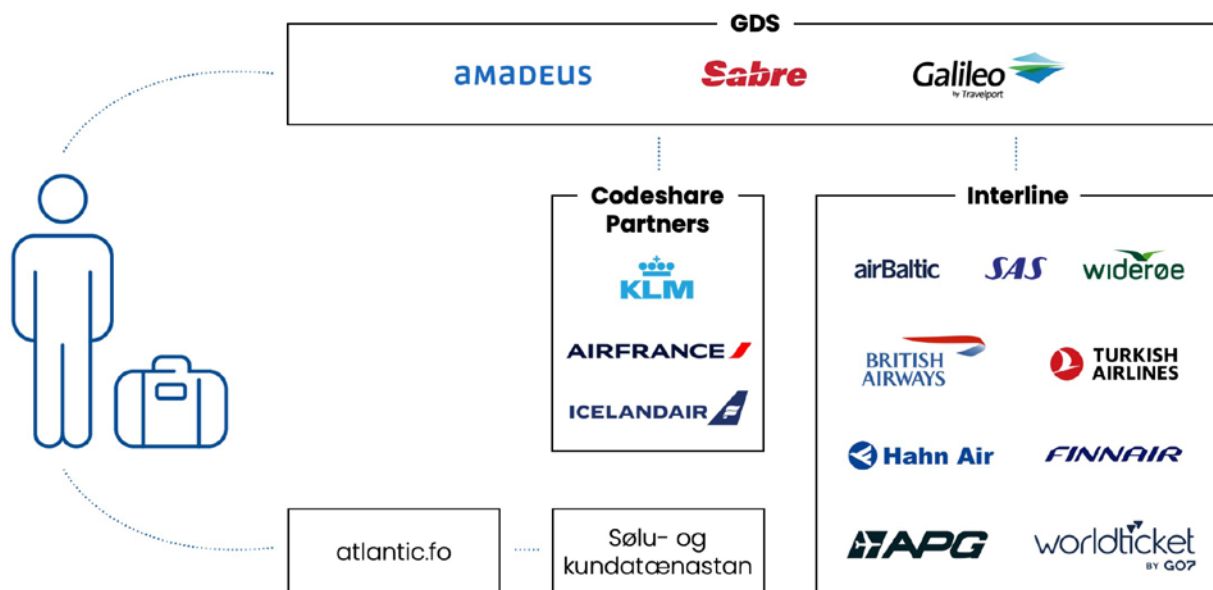
At most of the airports Atlantic Airways serves, various discount schemes are available, such as volume discounts, discounts for flying on specific days with lower traffic, and incentives for year-round operations. As mentioned above, Atlantic Airways is Vágur Airport's largest customer, and it is therefore of vital importance for the competitiveness of Atlantic Airways that similar schemes are also made available by Vágur Airport.

CO-OPERATION WITH OTHER AIRLINES

Atlantic Airways is working systematically to strengthen cooperation with other airlines and establish more partnership agreements.

Since 2019, Atlantic Airways has had a codeshare agreement with KLM and Air France. This means that several of Atlantic Airways' primary routes also carry KLM and Air France flight numbers, allowing passengers with these airlines to travel all the way to the Faroe Islands. This also means that the Faroe Islands are included in the sales distribution across all KLM and Air France destinations. The most recent partnership agreements established by Atlantic Airways are the codeshare agreement with Icelandair and the interline agreement with APG Airlines, both of which became effective in 2025.

Overview of current co-operation agreements





3. Ownership

Share capital

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

Shareholder

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

Dividend

The Board of Directors propose to the company's Annual General Meeting, to be held in April 2026, that no dividend be distributed to the shareholders of Atlantic Airways. No dividend was distributed in 2025 for the 2024 financial year. The Board of Directors is working on establishing a policy regarding the distribution of dividends.

Capital and share structure

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

4. Sustainability

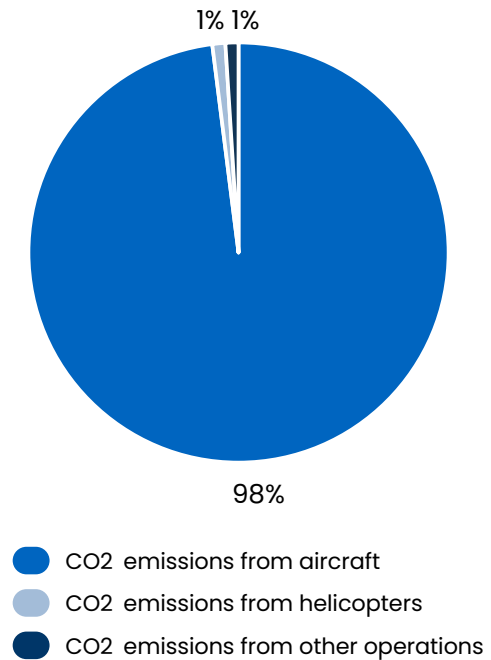
Atlantic Airways places great emphasis on sustainability and aims to fly as environmentally friendly as possible. Sustainability is on the agenda across all departments within the company, which work systematically and persistently toward a sustainable course in accordance with the company's environmental policy.

AIRCRAFT CO₂-EMISSIONS

The aviation industry is dependent on fuel consumption and, consequently, CO₂ emissions. Atlantic Airways' total CO₂ emissions in 2025 were 74,558 tonnes. Of this, 97.7% is attributable to the company's aircraft.

Since 2012, airlines have been part of the European carbon emissions system, the 'European Emission Trading System,' abbreviated as EU ETS. Flights to and from the Faroe Islands are currently not covered by the scheme; however, the airline's flights within and between EU and EFTA countries — primarily charter flights — fall under the EU ETS. Since January 1, 2024, flights between EU/EFTA countries and the Canary Islands, Madeira, etc., have also been covered by the EU quota system. It is necessary for the company to purchase CO₂ quotas, so-called emission permits, in

Atlantic Airways Co₂ emissions in 2025

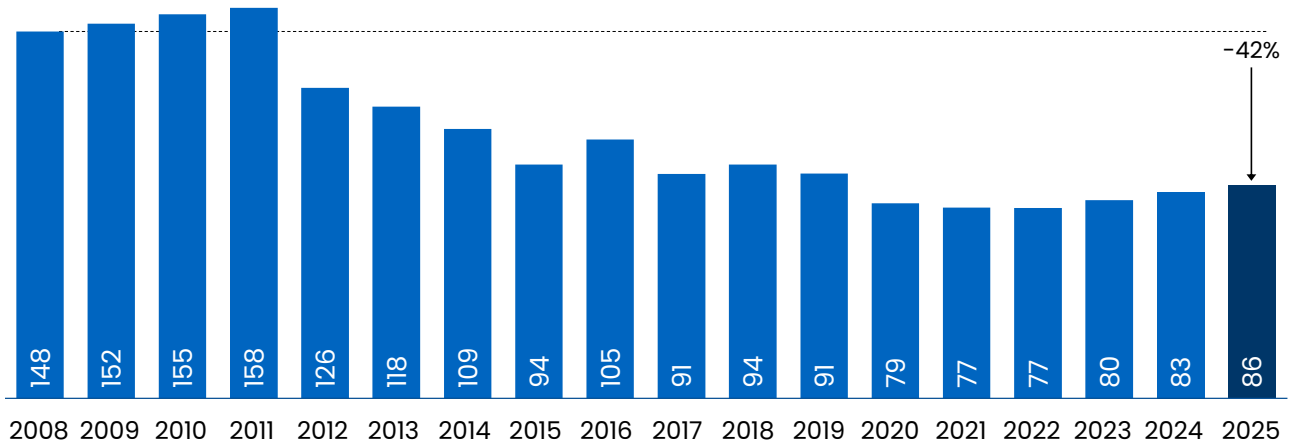


connection with flights in EU and EFTA countries. The company also receives a limited quota free of charge based on historical rights. A decision has been made in the EU to phase out the free quota system entirely over the next two years. The market for CO₂ quotas has historically been volatile. Over the past five years, the price of CO₂ quotas has increased from approximately 8 EUR/tCO₂ to around 80-90 EUR/tCO₂.

The company is also subject to the UK ETS carbon emission scheme, which covers flights from Great Britain to EU and EFTA countries, as well as CORSIA (Carbon Offsetting and Reduction Scheme for International Aviation), a market-based mechanism for CO₂ emissions from international aviation. The CORSIA scheme is based on the principle that growth in emissions from international aviation from 2021 onwards is offset by the purchase of 'Carbon Offsets.' According to the CORSIA scheme, for the years 2021 through 2029, Atlantic Airways must purchase offsetting credits to the extent that international aviation exceeds the emissions level of the 2019 baseline year. The offsetting is calculated based on the company's own emissions in the baseline year, multiplied by the percentage growth in emissions from international aviation relative to the baseline. After 2029, the scheme will also take into account the growth in emissions of the individual airline. From 2025, the company is also subject to the new EU fuel regulation (ReFuelEU).

The most significant initiative on the path toward sustainability is the selection of the right aircraft. The company currently has two Airbus A320neo aircraft, which are the most fuel-efficient of their kind. The company has

Co2 emissions per seat 2008 – 2025



entered into an agreement to purchase two new A320neo aircraft, which are expected to join the fleet in 2028 and 2029, respectively.

The company aims for all its aircraft to eventually be of the Airbus A320neo type. However, the additional cost of overhauling the NEO engines is a setback in the sustainability transition for airlines.

With a relatively young fleet, fuel consumption per seat has decreased significantly in recent years. Airbus NEO aircraft have at least 15% lower fuel consumption than other Airbus aircraft of the same size; they are quieter, and with the advanced RNP AR 0.1 satellite technology, regularity is improved, thereby also reducing the environmental footprint. CO2 emissions from scheduled flights in 2025 totalled 45,868 tonnes. The average CO2 emissions per seat were 86 kg, which is 42% lower than the average CO2 emissions per seat in 2008. Average CO2 emissions per seat have increased slightly over the last three years. The reason for this is that we have operated relatively more with CEO than NEO aircraft due to maintenance.

Initiatives have been implemented with the objective of reducing fuel consumption on every single flight. In compliance with environmental requirements from EU authorities, Atlantic Airways has monitored and recorded all fuel consumption and CO2 emissions from its aircraft since 2010.

To reduce CO2 emissions, airlines must strive to decrease the consumption of 'jet fuel,' for example, by utilizing 'Sustainable Aviation Fuels' (SAF). IATA has pointed out that several production methods are approved for SAF, and that SAF fuel is operationally compatible with Jet A-1 fuel. The major challenge today, however, is supply and price. SAF remains significantly more expensive than Jet A-1 fuel, and production is limited.

The company is furthermore fully aware of its environmental impact from the use of chemicals and toxic substances required for aircraft maintenance. However, every effort is made to limit their use as much as possible. Specific procedures are also in place for the disposal of toxic substances. Waste is sorted into combustible waste, recyclable waste (paper), fuel, lubricants, and organic material; these are then recycled or disposed of in an organized manner to minimize environmental harm.

The goal is to achieve net-zero emissions by 2050, as adopted by the international aviation association IATA (International Air Transport Association). Atlantic Airways supports IATA's long-term strategy, titled 'Net Zero Roadmaps,' regarding the initiatives required to reach the target of net-zero emissions by 2050.

OTHER INITIATIVES ON ATLANTIC AIRWAYS' PATH TOWARD SUSTAINABILITY

In recent years, Atlantic Airways has implemented several initiatives on its path toward sustainability. On board, all catering packaging is made from environmentally friendly materials, and passengers have the option to pre-order meals before departure. This helps reduce food over-production as well as waste on board the aircraft.

The digital entertainment system, Atlantic AirFi, on board the aircraft means that it is no longer necessary to have newspapers and magazines on board, thereby reducing paper consumption. Furthermore, Atlantic Airways' boarding stairs are equipped with solar panels, which also contribute to reducing emissions.

Much else has also been migrated to digital platforms in recent years. It is no longer necessary to print paper boarding passes, and the physical cards previously required for membership in Atlantic Airways' loyalty program are now digital; consequently, the production of unnecessary plastic cards has ceased.

5. Knowledge and Human Resources

The level of expertise within Atlantic Airways is vital to the airline's competitiveness. The company, therefore, places great emphasis on ensuring that appropriate knowledge and work experience are present across all areas of the organization. In addition to the company's own internal regulations and requirements regarding education, competencies, and competency development, the company is also subject to strict regulatory requirements concerning the development and maintenance of skills for personnel in the flight department, technical departments, and ground handling, as well as for other employees with direct responsibility toward aviation authorities.

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In addition to a high level of expertise on the operational side, the company also emphasizes competencies and competency development within the administration and management of airline operations—for instance, in areas such as quality, safety, sales, service, organization, and planning.

Atlantic Airways places great emphasis on employee satisfaction and well-being. It is recognized that satisfied and enthusiastic employees are more active and efficient in their daily work. In 2024, a survey of the working environment was conducted across all departments of the company, covering both the psychosocial work environment and the physical workplace conditions. The survey indicated that employee satisfaction is generally high. As a result of the survey, plans are being developed for improvements in key areas where it is deemed necessary.

As the only passenger airline headquartered in the Faroe Islands, the company emphasizes the education and competency development of the local workforce while ensuring a sustainable labour supply for the organization. Atlantic Airways considers it a core responsibility to develop new talent within the Faroese labour market. Consequently, the company offers several educational opportunities internally and maintains active cooperation with Faroese students.

Atlantic Airways also places significant emphasis on the competency development of its employees, with the goal of educating and retaining skilled staff and being the employer of choice for the most qualified candidates in the Faroese labour market. Competency development ensures the continued growth of each individual employee and has a positive impact on employee satisfaction.

The company's competency development consists of mandatory training and the maintenance of certifications, as well as additional development initiatives established by the company. In 2025, the company incurred expenses of DKK 6.7 million for mandatory and other competency development.

6. Corporate Governance

In this part is the statement on corporate governance. This statement forms part of the management's review in Atlantic Airways' Annual Report for the period 1 January – 31 December 2025.

Since the company was delisted from the stock exchanges in Copenhagen and Reykjavik, it is no longer mandatory for the company to adopt corporate governance guidelines. Nevertheless, Atlantic Airways has chosen to follow the Danish Recommendations on Corporate Governance and comply with these recommendations wherever possible. An overview containing the company's report on corporate governance in relation to the Danish recommendations can be found on the company's website: <https://www.atlantic.fo/um-okkum/felagið/>.

The current Danish Recommendations on Corporate Governance were issued in December 2020 and apply from the 2021 financial year. A full overview of the Danish corporate governance guidelines is available at www.corporategovernance.dk.

The main elements of the company's corporate governance are described below:

ANNUAL GENERAL MEETING

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

BOARD OF DIRECTORS

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

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

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

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

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

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

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

The Board of Directors has held eight meetings in 2025.

Niels Heini Mortensen, Chairman of the Board

Born: 28. October 1966

Address: Traðavegur 12, FO-100 Tórshavn

Joined the Board: March 2013

Special skills: Commercial experience

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

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

Other board duties: P/F Hotel Atlantic (Chairman), P/F Ognarfelagið matr. nr. 1332e (CEO and board member), P/F Ognarfelagið matr. nr. 406b, Sörvágur and P/F Duty Free

Education: Niels Brock Business School, Danske Bank

Expiry of the current election period: April 2026

Considered dependent of the Company

Kaj Johannessen, Vice-chairman of the Board

Chairman of the Board 1 January – 8 March in 2013

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

Chairman of the Nomination Committee 2013

Chairman of the Audit Committee

Born: 8 November 1960

Address: Inni á Fløtum 13, FO-180 Kaldbak

Joined the Board: April 2009

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

Experience: CEO of P/F Enniberg 2016-2024. Advisor in the Ministry of Transport, Infrastructure and Labour 2015-2016. Advisor in the Ministry of Transport, Infrastructure and Labour 2013-2015. Advisor in the Ministry of the Interior 2008-2013. Senior Bank clerk in Føroya Banki 2000-2008. Member of the chairmanship of the Faroese Council of Economic Advisers 2006-2009. Economist at Landsbanki Føroya 1993-2000 and Managing Director of Menningargrunnur Ídnaðarins 1990-1993. Examiner in economics at the Faroese University 2001-2014. Examiner in managerial economics at the Faroese Business College since 2009-2013. Previously on the board of directors of Norriq Holding A/S, Investeringselskabet af 5. oktober 2012 Aps, P/F Atlantic Petroleum, P/F SMS, P/F Miðlon, P/F Dvølján and Maresco A/S.

Other board duties: P/F Enniberg, P/F Farcod, P/F Havborg and P/F NECTO

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

Expiry of the current election period: April 2026

Considered dependent of the Company

Esther Dahl, Member of the Board

Born: 20 September 1970

Address: Hornavegur 27, FO-450 Oyri

Joined the Board: May 2020

Special skills: Commercial experience, experience concerning the labour market

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

Experience: HR- & HTU manager KSS Klaksvíkar sleipistöð 2019-2022.

Advisor in Faroese Employer's Association 2005-2019 (particularly labour market, contract negotiations and shipping). Advisor the Prime Minister's Office (foreign affairs) 2000-2005. Faroese ambassador to Bruxelles 1998-2000.

Other board duties: None

Education: Cand. negot.

Expiry of the current election period: April 2026

Considered independent of the Company

Annika Larsen Black, Member of the Board

Born: 11 June 1963

Address: Grønalið 9, FO-100 Tórshavn

Joined the board: April 2021

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

Chief Occupation: Administration, Fróðskaparsetur Føroya

Experience: Coordinator Sernám 2023-2024. Yrkisdepilin 2021-2023. education co-ordinator Vestmanna upper secondary school 2017-2021. Vinnuferðavinna, MICE Faroe Islands 2016-2020. Sales manager, Smyril Line 2009-2013. Sales manager Flogfelag Føroya 1995-2008, laboratory assistant Landsjúkrahúsið 1990-1995.

Other board duties: None

Education: Master's degree in Project Management and Process Optimization, Academy Programme in Leadership, and trained as an Industrial Laboratory Technician

Expiry of the current election period: April 2026

Considered independent of the Company

Tommy Andreasen, Member of the board (employee representative)

Born: 9 November 1985

Address: Ryggsgøta 13, FO-160 Argir

Joined the Board: April 2023

Special skills: Employee of Atlantic Airways

Chief Occupation: Pilot

Experience: Employee in Atlantic Airways

Other board duties: None

Experience: Pilot

Expiry of the current election period: April 2027

Considered dependent of the Company as employee representative

Jens Eystein í Løðu, Member of the board (employee representative)

Born: 5 July 1973

Address: Smiðjuvegur 14, FO-386 Bøur

Joined the Board: April 2019

Special skills: Special skills

Chief Occupation: Safety Manager

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

Other board duties: None

Education: Flight mechanic and psychotherapist)

Expiry of the current election period: April 2027

Considered dependent of the Company as employee representative

AUDIT COMMITTEE

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

EXECUTIVE MANAGEMENT

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

Jóhanna á Bergi, CEO

Born: 29 September 1970

Address: Traðagøta 18, FO-700 Klaksvík

Experience: CEO of Atlantic Airways since September 2015. CEO of Faroe Ship P/F 2006- 2015, Sales and Marketing Director of JFK 1998-2006 and sales manager of Faroe Seafood 1994-1998.

Other board duties: P/F Hotel Atlantic, Visit Faroe Islands P/F, Føroya Grunnurin, Norðoya fløgufelag and P/F Norðoyatunnilin. CEO and board member of P/F Ognarfelagið matr. nr. 406b, Sørvágur.

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

AUTHORIZED SIGNATORIES

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

REMUNERATION OF BOARD AND MANAGEMENT

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

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

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

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

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

Decisive to the remuneration to Executive Management is the objective to ensure the company's continued possibilities to attract and maintain the best qualified members of Executive Management. The details in the total

remuneration to the Executive Management are comprised in consideration of market practice and the company's specific needs.

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

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM RELATING TO FINANCIAL REPORTING

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

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

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

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

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

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

7. Safety culture

SAFETY MANAGEMENT

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

In addition to encouraging every employee to report all incidents and potential hazards, the system includes a just safety culture, "Just Safety Culture," which ensures that the reporter or another person is not penalized for something that would not otherwise have come to light.

In addition to the operational reporting system, Flight Data Monitoring (FDM) is essential for the fixed-wing fleet. From FDM data, we are able to identify possible hazards, which are not within operating procedures. From statistical and trend data, we are able to identify and predict where to increase our focus.

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

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

These Key behaviours are:

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

COMPLIANCE MANAGEMENT

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

The performance of the compliance management system is evaluated 3 times per year by senior management. The evaluation is based on Key Performance Indicators from all departments, as well as the independent compliance monitoring reports from both internal and external (e.g. the aviation authorities) audits.

8. Risk management

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

GENERAL AND SPECIFIC RISKS

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

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

FUEL

As an essential and highly consumable resource in our operations, fuel is a material cost to the company. The volatility in the jet fuel price can significantly impact fuel

costs and the operating results. Jet fuel costs represented a quarter of the operating expenses and fuel is settled in USD and Danish kroner. Historically, there have been significant changes in fuel prices and operations are affected differently from year to year.

To mitigate risk, the Board of Directors has adopted a price hedging policy. Price hedges are purchased in Danish kroner (DKK). Hedging limits the impact of both price increases and price decreases. Consequently, the company generally pays a higher fuel price when the global market price falls, and a lower fuel price when the global market price rises.

DELAYS AND CANCELLATIONS

The company's operations can be affected by adverse weather conditions (crosswinds, turbulence, fog, frost, and snow), volcanic ash, and delays. The Faroese climate, in particular, can obstruct air traffic to and from the Faroe Islands. In 2025, the company incurred DKK 12 million in expenses due to cancellations, delays, and passenger compensation (EU261), compared to DKK 15 million in 2024. The company's modern RNP AR 0.1 navigation system has significantly improved regularity and punctuality in recent years, as well as reduced the company's expenses related to delays and cancellations.

CURRENCY RISK

Changes in exchange rates, especially changes between the Danish krone and the US dollar, can affect the economic performance of the company. Expenses for the purchase and lease of aircraft and insurance, as well as the majority of maintenance costs, are primarily in US dollars. The company assesses the currency risk regularly, especially between the Danish krone and the US dollar.

The company has a hedging policy that limits the risk associated with the use of US dollars for the leasing of aircraft.

INTEREST RATE RISK

The group is exposed to interest rate risks through investments and financing. As of 31 December 2025, the company had DKK 269 million in interest-bearing liabilities. The group equity ratio was 34.6 at year-end.

LIQUIDITY RISK

The company aims to always maintain sufficient liquidity. As of 31 December 2025, the parent company's liquidity amounted to DKK 51 million, and DKK 54 million at the group level. In addition, the company has access to a credit facility of up to DKK 30 million. This credit facility was unused as of 31 December 2025. The company's liquidity

at year-end is affected by additional expenses related to the overhaul of the NEO engines, as well as prepayments for the new NEO aircraft. Liquidity is considered satisfactory. Cash holdings are typically subject to seasonal fluctuations.

MARKET COMPETITION

The company's main source of revenue is scheduled flights between the Faroe Islands and Copenhagen. In recent years, the competitive landscape—particularly due to excess capacity and price competition—has impacted the company's revenues and results, as a result of intense competition from three major airlines during the high season. A continued negative effect on profitability due to competitive pressure is also expected in 2026.

9. Corporate Social Responsibility (CSR)

Atlantic Airways aims to operate responsibly and transparently, striving to provide the Faroese society and its passengers with competitive services while also taking social and environmental considerations into account.

DEVELOPING THE FAROE ISLANDS TOGETHER

As an active company in the Faroese community, Atlantic Airways exists to connect the Faroe Islands to the surrounding world and to tie the islands closer together and for safety. Atlantic Airways operates a regular, flexible and diverse route network from the Faroe Islands with competitive prices. We work closely with customers and the community to better our services and experiences. The reliable scheduled services allow our passengers, young & old, strong & weak, people & cargo to travel for purposes of business & culture, fun & serious and in joy & sadness. For us, it is of the utmost importance that The Faroe Islands is a good place to live and work. This is why we stay in regular contact with local interest groups to find solutions and ideas as to how we may improve our services and products.

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

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

SPONSORSHIPS AND DONATIONS

Atlantic Airways strives to be an active contributor to Faroese society and supports a wide range of areas, including sports, culture, entrepreneurship, and more. For many years, the company has worked closely with elite sports organizations to ensure that national teams have strong opportunities to compete internationally. Atlantic Airways supports the Faroese Confederation of Sports and Olympic Committee (ÍSF), Parasport, and most national sports federations, as well as national teams in football, handball, volleyball, swimming, and chess.

For ten years, Atlantic Airways has been part of the 'Loftbrúgv' (Air Bridge) partnership with others. The Loftbrúgv program provides flights for Faroese artists traveling abroad for performances, exhibitions, and similar artistic activities.

In 2016, the company also established its own support program, Listaflog, aimed at financially supporting Faroese art—either through direct funding or by providing airline tickets on the company's route network in connection with artistic work or specific art projects. In 2024, the annual support was increased from DKK 100,000 to DKK 125,000. The grant is awarded once a year, on 28 March—the date Atlantic Airways took its first flight.

Other socially beneficial partnerships include collaboration with Megd on the travel companion program, medical transport services for the National Hospital, the Sveiggj youth fare program, and support for the 2027 Island Games, among others. In addition to major partnerships in sports and culture, Atlantic Airways also supports a variety of individual projects across different fields. Atlantic Airways was also the first Faroese company — and the first Nordic airline — to become a member of the Sunflower Scheme in 2022. This initiative aims to improve travel experiences for individuals with invisible disabilities. Furthermore, Atlantic Airways collaborates with Verkstaðið Vón, which, among other things, produces our luggage tags.

With its SVEIGGJ tickets, Atlantic Airways offers special fares to students and young people. This initiative makes it easier and more affordable to 'swing' between their country of study and their homeland. Atlantic Airways considers this an important contribution to strengthening the connection between Faroese students and youth living abroad and the Faroe Islands. By maintaining these ties, the program may also help counteract emigration, which is once again reflected in recent statistics.

SVEIGGJ also supports making it more attractive for young Faroese to live and pursue education in the Faroe Islands, as it enables affordable travel abroad — whether for leisure, study trips, or short-term educational programs. In 2025, 26,700 SVEIGGJ-tickets were sold across the company's route network, which is an increase of 7%, compared to 24,000 Sveiggj tickets in 2024.

RECOGNITION AND MEASUREMENT IN GENERAL

The Annual Report for Atlantic Airways P/F has been prepared in accordance with the provisions of the Faroese Financial Statements Act for large Class C companies.

The Annual Report is prepared using the same accounting policies as in the previous year and is presented in Danish kroner (DKK).

Amounts in the income statement, balance sheet, notes, etc., are rounded to the nearest thousand. Because figures are rounded individually, rounding differences may occur between the totals shown and the sum of the underlying figures..

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

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

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

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

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

FOREIGN CURRENCY TRANSACTIONS

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

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

DERIVATIVE FINANCIAL INSTRUMENTS

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

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

Changes in the fair value of derivative financial instruments that are designated as, and qualify for, the hedging of future assets and liabilities are recognized in receivables or liabilities and within equity.

If a future transaction results in the recognition of an asset or a liability, the amounts previously recognized in equity are transferred from equity and included in the initial cost of the asset or liability, respectively. If a future transaction results in income or expenses, the amounts recognized in equity are transferred to the income statement in the period during which the hedged item affects the income statement.

For any derivative financial instruments that do not meet the criteria for hedge accounting, changes in fair value are recognized currently in the income statement.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries or associates are recognized directly in equity.



CONSOLIDATION

The consolidated financial statements include the parent company, Atlantic Airways P/F, and affiliated companies in which Atlantic Airways P/F directly or indirectly holds more than 50% of the voting rights or otherwise has controlling influence. Companies in which the Group holds between 20% and 50% of the voting rights and has significant, but not controlling influence, are classified as associated companies. See the Group overview for details.

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

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

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

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

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

The profit and loss account

NET TURNOVER

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

OPERATING COSTS

Operating costs comprise purchase of raw material and other material, discount and storage facilities deducted in the year, in addition to cost for, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

STAFF COSTS

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

DEPRECIATION, AMORTISATION AND WRITE-DOWN

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

NET FINANCIALS

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

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

RESULTS FROM EQUITY INVESTMENTS IN GROUP ENTERPRISE AND ASSOCIATE

In the parent company's income statement, the proportionate share of the post-tax results of each affiliated company is recognized, after elimination of internal gains or losses and deduction of amortization of group goodwill.

In both the consolidated and the parent company's income statements, the proportionate share of the post-tax results of each associated company is recognized, after elimination of internal gains or losses and deduction of amortization of group goodwill.

TAX OF THE ANNUAL RESULT

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

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

The tax value of group taxation is distributed to the companies within the group in proportion to their taxable income or loss. Companies within the group taxation that utilize losses from others in the group are required to pay an amount to the parent company corresponding to the tax value of the utilized losses, and the parent company is obligated to pay a corresponding amount to the companies that have provided losses for the purpose of group taxation. Subsidiaries whose income tax is paid by the parent company are required to pay an amount corresponding to the income tax to the parent company.

The Balance Sheet

INTANGIBLE ASSETS

Development projects, patents, and licences

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

TANGIBLE ASSETS

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

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in

a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account

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

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

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

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

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

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

	Useful life	Resid. value
Buildings	5–25 years	19,8 mDKK.
Aircraft and helicopters	15–17 years	0
Other machinery, material and furniture	3–25 years	0

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

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

LEASING CONTRACTS

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

WRITE-DOWN OF FIXED ASSETS

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

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

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

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

DERIVATIVE FINANCIAL INSTRUMENT

The fair value of currency hedges is based on the market price, if available. If no market price is available, the fair value is estimated by discounting the difference between the forward price under the hedge contract and the current forward market price for the remaining amount, using a risk-free interest rate based on government bond.

FINANCIAL FIXED ASSETS**Equity investments in group enterprise and associate**

Equity investments in group enterprise and associate recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

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

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

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

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

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

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

OTHER SECURITIES AND EQUITY INVESTMENTS

Other securities and equity investments not listed on a stock exchange are recognized at cost. If the recoverable amount is lower than the cost, the asset is written down to its lower value.

INVENTORIES

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

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

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

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

DEBTORS

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

ACCRUED INCOME AND DEFERRED EXPENSES

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

SECURITIES AND EQUITY INVESTMENTS

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

AVAILABLE FUNDS

Available funds comprise cash at bank and in hand.

EQUITY

Revaluation reserves

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

RESERVES FOR NET REVALUATION AS PER THE EQUITY METHOD

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

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

CORPORATE TAX AND DEFERRED TAX

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

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus. This is settled based on the expected use of the asset or how the liability is expected to be repaid.

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

Deferred tax is valued based on the tax rules and tax rates that are applicable at the end of the fiscal period.

LIABILITIES

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

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

ACCRUALS

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

The cash flow statement

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

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

Cash flow from operating activities

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

Cash flow from investment activities

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

Cash Flows from Financing Activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs. Furthermore, these cash flows include the proceeds from borrowings, repayments of interest-bearing debt, and dividends paid to shareholders.

Segment information

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



OY-RCL

FARO
ISLANDS

Note	(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
		2025	2024	2025	2024
1	Net sales	946,806	921,343	878,752	859,545
	Net sales	-746,428	-674,769	-711,577	-639,235
3	Employee expenditures	-203,883	-180,728	-170,843	-153,741
	Result before depreciation amort. and impairment (EBITDA)	-3,505	65,846	-3,668	66,569
	Depreciations, amort. and impairment	-65,234	-41,087	-58,668	-35,886
	Result before financial items (EBIT)	-68,739	24,759	-62,336	30,683
4	Other financial income	1,446	4,761	833	3,017
5	Other financial expenses	-18,846	-11,300	-17,247	-8,984
	Income from capital shares in associates	0	0	-4,619	-3,115
	Income from capital shares in associates	12,801	11,585	11,364	9,483
	Result before taxes (EBT)	-73,338	29,805	-72,005	31,084
6	Tax of result	17,091	-2,509	15,758	-3,789
	Annual result	-56,247	27,295	-56,247	27,295
	PROPOSED DISTRIBUTION OF THE RESULT:				
	Transferred to retained earnings			0	27,295
	Transferred from retained earnings			-56,247	0
	Total			-56,247	27,295

Note	Assets	(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
			2025	2024	2025	2024
	Intangible assets					
7	Software		1,809	1,771	1,537	1,228
	Total intangible asset		1,809	1,771	1,537	1,228
8	Aircraft and maintenance		207,680	237,358	207,680	237,356
9	Hangar, buildings and land		106,255	108,464	76,371	62,128
10	Other equipment, machinery and inventory		249,159	236,067	207,559	204,809
11	Prepaid		41,276	16,567	41,276	16,568
12	Spare parts		728	1,116	728	1,116
	Total tangible assets		605,098	599,572	533,614	521,977
13	Investment in subsidiaries		0	0	73,115	24,981
14	Investment in associates		43,960	24,648	14,420	14,056
15	Subordinated Loan		0	12,800	0	0
	Total financial assets		43,960	37,448	87,535	39,037
	Total non-current assets		650,867	638,791	622,686	562,242

Note	Assets	(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
			2025	2024	2025	2024
	Current assets					
	Inventories		1,466	855	198	143
	Inventories in total		1,466	855	198	143
	Trade receivables		39,680	23,783	32,535	18,944
	Receivables subsidiaries		0	0	645	45,769
	Receivables associates		1,105	983	268	697
16	Deferred income tax		4,603	3,243	0	0
	Other receivables		19,837	42,895	21,381	39,464
17	Derivatives		18,465	18,654	18,442	18,639
	Total receivables		83,690	89,558	73,271	123,513
	Total receivables		27	27	27	27
	Shares in total		27	27	27	27
	Cash and cash equivalents		54,431	141,186	50,513	137,971
	Total current assets		139,614	231,626	124,009	261,654
	TOTAL ASSETS		790,481	870,417	746,695	823,896

Note	Liabilities	(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
			2025	2024	2025	2024
	Equity					
18	Share capital		104,500	104,500	104,500	104,500
	Revaluation reserve		1,640	1,640	1,640	1,640
	Reserve for net. val. acc- to the equity method		181	11,955	181	11,955
	Value adjustm. of cash flow hedges		-12,850	-5,143	-12,850	-5,143
	Retained earnings		179,859	224,332	179,859	224,332
	Total equity		273,330	337,284	273,330	337,284
	Provisions					
19	Deferred income tax liabilities		18,154	35,604	18,154	35,604
	Total provisions		18,154	35,604	18,154	35,604
	Debt					
	Mortgage loans		269,648	301,539	240,288	267,628
20	Total long-term debt		269,648	301,539	240,288	267,628
20	Short-term portion of long-term debt		33,453	29,847	28,346	24,865
	Goods and services debt		47,027	46,829	44,194	43,669
	Debt to subsidiaries		0	0	330	847
	Debt to associates		0	13	0	13
	Other debt		62,690	52,659	55,874	47,344
21	Deferred income and accruals		70,509	60,370	70,509	60,370
22	Derivatives		15,670	6,272	15,670	6,272
	Total short-term debt		229,349	195,990	214,923	183,380
	Total liabilities		498,997	497,529	455,211	451,008
	Total liabilities		790,481	870,417	746,695	823,896
2	Auditor's remuneration					
23	Mortgaging and contingent liabilities etc					

STATEMENT OF CHANGES IN EQUITY

(DKK 1,000)	GROUP					
	Share capital	Revaluation reserves	Reserve for net. Val. Acc. To the equity method	Hedging reserve	Retained earnings	Total
Equity 1 January 2024	104,500	1,640	12,472	-1,227	196,520	313,905
Result for the period	0	0	0	0	27,295	27,295
Part of result	0	0	9,483	0	-9,483	0
Dividend	0	0	-10,000	0	10,000	0
Value adjustm. of cash flow hedges	0	0	0	-3,916	0	-3,916
Equity 1 January 2025	104,500	1,640	11,955	-5,143	224,332	337,284
Correction primo	0	0	-7,518	0	7,518	0
Deferred result	0	0	0	0	-56,248	-56,248
Part of annual result	0	0	6,744	0	-6,744	0
Dividend	0	0	-11,000	0	11,000	0
Value adjustm. of derivatives	0	0	0	-7,707	0	-7,707
	104,500	1,640	181	-12,850	179,859	273,330

(DKK 1,000)	ATLANTIC AIRWAYS					
	Share capital	Revaluation reserves	Reserve for net. Val. Acc. To the equity method	Hedging reserve	Retained earnings	Total
Equity as at 1 Jan 2024	104,500	1,640	12,472	-1,227	196,520	313,905
Result for the period	0	0	0	0	27,295	27,295
Part of annual result	0	0	9,483	0	-9,483	0
Dividend	0	0	-10,000	0	10,000	0
Value adjustm. of cash	0	0	0	-3,916	0	-3,916
Equity 1 January 2025	104,500	1,640	11,955	-5,143	224,332	337,284
Correction primo	0	0	-7,518	0	7,518	0
Result of the year	0	0	0	0	-56,247	-56,247
Part of annual result	0	0	6,744	0	-6,744	0
Dividend	0	0	-11,000	0	11,000	0
Value adjustm. of cash flow hedges	0	0	0	-7,707	0	-7,707
	104,500	1,640	181	-12,850	179,859	273,330

Note (kr. 1.000)	GROUP	
	2025	2024
Annual Result	-56,247	27,295
24 Adjustments	58,518	42,186
25 Changes in operating assets and liabilities	27,565	-26,798
Cash flows from operating activities before financial items	29,836	42,683
Cash flow ordinary operations	29,836	42,683
Cash flow ordinary operations	29,836	42,683
Purchase of intangible assets	-524	-1,274
Purchase of tangible assets	-71,904	-147,296
Sale of tangible assets	1,632	890
Sale of tangible assets	-17,510	-305
Sale of tangible assets	-88,306	-147,985
Raising of long-term debt	0	111,726
Instalments on long-term debt	-28,285	-28,052
Cash flows from financing activities	-28,285	83,674
Change in cash flow	-86,755	-21,628
Cash and cash equivalents at the beginning of the period	141,186	162,814
Cash and cash equivalents at the end of the period	54,431	141,186
Cash and cash equivalents		
Cash and cash equivalents	54,431	141,186
Cash and cash equivalents at the end of the period	54,431	141,186

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1. SEGMENT INFORMATION – GROUP	AIRCRAFT		HELICOPTER		HOSPITALITY		GROUP IN TOTAL	
(DKK 1,000)	2025	2024	2025	2024	2025	2024	2025	2024
Net sales	829,225	810,975	49,527	48,570	68,054	62,175	946,806	921,343
Operating result	876,898	770,591	57,058	54,427	86,188	66,522	1,020,144	891,538
Result before tax	-47,673	40,007	-7,531	-5,857	-18,134	-4,347	-73,338	29,805
Income tax	14,402	-4,831	1,356	1,042	1,311	1,280	17,069	-2,509
Profit	-33,271	35,176	-6,175	-4,815	-16,823	-3,067	-56,269	27,296

GEOGRAPHICAL SEGMENTS	FAROE ISLANDS		EUROPE			TOTAL	
<i>Net revenue comprises the following markets:</i>	2025	2024	2025	2024		2025	2024
Total revenue	697,897	660,119	248,909	261,224		946,806	921,343

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

1. SEGMENT INFORMATION – ATLANTIC AIRWAYS	AIRCRAFT		HELICOPTER			ATLANTIC AIRWAYS	
(DKK 1,000)	2025	2024	2025	2024		2025	2024
Income Statement							
Net sales	829,225	810,598	49,527	48,570		878,752	859,168
Operating expenses, total	876,898	770,591	57,058	54,427		933,956	825,018
Profit before tax	-47,673	40,007	-7,531	-5,857		-55,204	34,150
Tax	14,402	-4,831	1,356	1,042		15,758	-3,789
Profit	-33,271	35,176	-6,175	-4,815		-39,446	30,361

GEOGRAPHICAL SEGMENTS	FAROE ISLANDS		EUROPE			TOTAL	
<i>Net revenue comprises the following markets:</i>	2025	2024	2025	2024		2025	2024
Total revenue	629,843	597,944	248,909	261,224		878,752	859,168

	ATLANTIC AIRWAYS	
<i>Specification of numbers of passengers</i>	2025	2024
Passengers, scheduled services	378,913	368,696
Passengers, ACMI/charter operations	165,506	173,696
Passengers, fixed wing	544,419	542,392
Passengers, helicopter	10,665	10,973
Total passengers	555,084	553,365
Block hours		
Block hours, scheduled services	6,460	6,723
Block hours, ACMI/charter operations	4,287	4,410
Block hours, fixed wing	10,747	11,134

	GROUP		ATLANTIC AIRWAYS	
<i>(DKK 1,000)</i>	2025	2024	2025	2024
2. Auditors' remuneration				
Total remuneration to P/F Januar, State Authorized Public Accountants	456	365	372	289
Remuneration reg. the compulsory audit	212	201	128	125
Other services	244	164	244	164
	456	365	372	289
3. Employee expenses				
Wages	175,615	156,680	147,254	133,454
Pensions	20,038	16,797	16,720	14,152
Other employee expenditures	8,230	7,251	6,869	6,135
	203,883	180,728	170,843	153,741
Management	2,433	3,013	2,433	3,013
Board	1,300	1,300	1,060	1,060
	3,733	4,313	3,493	4,073
Employees in average	307	280	229	214

Remuneration of the Management in 2025 comprises two executives for 4 months and one executive for 8 months. Remuneration of the Management in 2024 comprises two executives.

	GROUP		ATLANTIC AIRWAYS	
	2025	2024	2025	2024
(DKK 1,000)				
4. Other financial income				
Other financial income	1,446	4,748	835	2,025
Foreign exchange differences	0	13	-2	13
Interest, associates	0	0	0	979
	1,446	4,761	833	3,017
5. Other financial expenses				
Other financial expenses	18,846	11,300	17,247	8,984
	18,846	11,300	17,247	8,984
6. Income tax				
Changes in deferred taxes	-17,091	2,509	-15,758	3,789
	-17,091	2,509	-15,758	3,789
7. Software				
Acquisition value as of Jan 1st	23,235	21,960	22,391	21,356
Additions during the period	524	1,274	524	1,034
Acquisition value as 31 Dec.	23,759	23,234	22,915	22,390
Amortisations as of Jan 1st	-21,462	-21,132	-21,162	-20,957
Amortisations as of Jan 1st	-488	-331	-216	-205
Amortisations 31 December	-21,950	-21,463	-21,378	-21,162
Amortisations 31 December 2025	1,809	1,771	1,537	1,228

	GROUP		ATLANTIC AIRWAYS	
	2025	2024	2025	2024
(DKK 1,000)				
8. Aircraft and maintenance				
Acquisition value as of Jan 1st	478,879	477,038	478,879	477,037
Additions during the period	14,765	1,841	14,765	1,841
Acquisition value 31 December	493,644	478,879	493,644	478,878
Depreciations and impairments as of Jan 1st	-241,522	-211,467	-241,522	-211,468
Depreciations and impairments as of Jan 1st	-44,442	-30,054	-44,442	-30,054
Depreciations and impairments 31	-285,964	-241,521	-285,964	-241,522
Book value 31 December	207,680	237,358	207,680	237,356
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
9. Land and Buildings				
Cost at 1 January	134,516	82,378	87,660	52,177
Additions during the year	772	36,798	10,087	20,142
Disposals during the year	-1,632	0	0	0
Transfers	0	15,341	5,300	15,341
Cost at 31 December	133,656	134,517	103,047	87,660
Revaluations at 1 January	2,000	2,000	2,000	2,000
Revaluations at 31 December	2,000	2,000	2,000	2,000
Depreciation and impairment at 1 January	-28,054	-27,135	-27,532	-27,136
Depreciation/impairment for the year	-1,347	-918	-1,144	-396
Depreciation/impairment for the year	-29,401	-28,053	-28,676	-27,532
Carrying amount at 31 December	106,255	108,464	76,371	62,128

(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
	2025	2024	2025	2024
10. Other equipment, operating tools, and furnishings				
Acquisition value as of Jan 1st	293,773	98,179	245,073	54,179
Additions during the period	31,659	100,481	20,529	95,781
Disposal during the period	0	-1,893	0	-1,893
Transfers	0	97,006	-5,300	97,006
Acquisition value 31 December	325,432	293,773	260,302	245,073
Depreciations and impairments as of Jan 1st	-57,706	-49,286	-40,265	-36,397
Depreciations and impairments during the period	-18,567	-9,423	-12,478	-4,870
Depreciations and impairments of disposal	0	1,003	0	1,003
Depreciations and impairments as of December 31st	-76,273	-57,706	-52,743	-40,264
Book value on December 31st	249,159	236,067	207,559	204,809
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
11. Pre-paid aircraft acquisitions				
Acquisition value as of Jan 1st	16,568	120,739	16,568	120,739
Additions during the period	24,708	8,175	24,708	8,176
Transfers	0	-112,347	0	-112,347
Acquisition value 31 December	41,276	16,567	41,276	16,568
Book value 31 December	41,276	16,567	41,276	16,568
Prepayments in the balance sheet are for the purchase of two Airbus A320neo aircraft, which are scheduled for delivery in 2027 and 2028.				
12. Spare parts	31/12 2025	31/12 2024	31/12 2025	31/12 2024
Acquisition value as of Jan 1st	3,944	3,944	3,944	3,944
Acquisition value 31 December	3,944	3,944	3,944	3,944
Amortisations as of Jan 1st	-2,828	-2,488	-2,828	-2,488
Amortisations during the period	-388	-340	-388	-340
Depreciations and impairments as of December 31st	-3,216	-2,828	-3,216	-2,828
Book value on December 31st	728	1,116	728	1,116

<i>(DKK 1,000)</i>	GROUP		ATLANTIC AIRWAYS	
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
13. Investment in subsidiaries				
Acquisition value as of Jan 1st	0	0	32,500	25,500
Additions during the period	0	0	52,754	7,000
Acquisition value 31 December	0	0	85,254	32,500
Revaluations as of Jan 1st	0	0	-7,519	-4,404
Reversal of previous revaluations	0	0	16	0
Share of result before amortisations of goodwill	0	0	-4,636	-3,115
Revaluations 31 December	0	0	-12,139	-7,519
Book value 31 December	0	0	73,115	24,981

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

<i>(DKK 1,000)</i>	Equity portion	Equity	Result	Book value Atlantic Airways P/F
P/F Hotel Atlantic, Sørvágur	100 %	43,052	-4,537	43,052
P/F Ognarfelagið matr nr. 406b, Sørvágur	100 %	30,063	-98	30,063
		73,115	-4,635	73,115

(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
14. Investment in associates				
Acquisition value as of Jan 1st	5,301	4,995	2,101	1,795
Additions during the period	17,510	306	0	306
Acquisition value 31 December	22,811	5,301	2,101	2,101
Revaluations as of Jan 1st	19,347	17,761	11,955	12,472
Reversal of previous revaluations	305	0	305	0
Annual result	12,497	11,586	11,059	9,483
Dividend	-11,000	-10,000	-11,000	-10,000
Revaluations as of December 31	21,149	19,347	12,319	11,955
Book value as of December 31	43,960	24,648	14,420	14,056

Financials highlights of the associates according to the latest approved annual reports

(DKK 1,000)	Equity portion	Equity	Result	Book value Atlantic Airways P/F
P/F Duty Free, Flogvöllurin, 380 Sörvágur	50%	24,611	21,994	12,305
P/F Greengate Incomming, Niels Winthersgøta 5, 100 Tórshavn	49%	2,857	307	1,400
P/F Gjáargarður, Dalavegur 20, 476 Gjógv	30,5%	2,343	-289	715
		29,811	22,012	14,420

(DKK 1,000)	GROUP		ATLANTIC AIRWAYS	
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
15. Subordinated loan	12,800	12,800	0	0
Acquisition value as of Jan 1st	-12,800	0	0	0
Recognized during the year	0	12,800	0	0
Book value as at December 31	0	12,800	0	0
Asset P/F Ognarfelagið matr.nr. 1332e	0	12,800	0	0

	GROUP		ATLANTIC AIRWAYS	
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
(DKK 1,000)				
16. Deferred Tax Assets				
Deferred tax asset at 1 January	3,243	2,137	0	174
Deferred tax for the year	1,360	1,280	0	0
Deferred tax recognized directly in equity	0	-174	0	-174
	4,603	3,243	0	0
17. Derivatives				
Other derivatives	18,465	18,654	18,442	18,639
	18,465	18,654	18,442	18,639
18. Share capital				
Share capital as of Jan 1st	104,500	104,500	104,500	104,500
	104,500	104,500	104,500	104,500

The share capital of DKK 104,500,000 is divided into 1,045,000 shares. The share capital is not divided into different classes. There have been no movements in the share capital over the past five years.

The company holds treasury shares with a total nominal value of DKK 34,155,000, corresponding to 33% of the share capital.

19. Deferred income tax liabilities				
Deferred income tax liabilities as of Jan 1st	35,604	32,849	35,604	32,849
Deferred income tax in the period	-15,758	3,789	-15,758	3,789
Income tax recognized in equity	-1,692	-1,034	-1,692	-1,034
	18,154	35,604	18,154	35,604

	GROUP		ATLANTIC AIRWAYS	
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
(DKK 1,000)				
20. Long-term debt	Total liabilities 31/12 2025	Short term part of long term debt	Long-term debt 31/12 2025	Due for payment after 5 years
GROUP				
Mortgage loans	303,101	33,453	269,648	0
	303,101	33,453	269,648	0
ATLANTIC AIRWAYS				
Mortgage loans	268,634	28,346	240,288	0
	268,634	28,346	240,288	0

	GROUP		ATLANTIC AIRWAYS	
	31/12 2025	31/12 2024	31/12 2025	31/12 2024
(DKK 1,000)				
21. Prepayments				
Prepayments, ticket fares	70,509	60,370	70,509	60,370
	70,509	60,370	70,509	60,370
22. Derivative financial instruments, liabilities				
Jet fuel swap transactions	15,670	6,272	15,670	6,272
	15,670	6,272	15,670	6,272

23. Collateral and Guarantees

ATLANTIC AIRWAYS

Aircraft and helicopters with a carrying amount of DKK 208 million as of 31 December 2025 have been pledged as collateral for DKK 507 million.

The company has three operating lease agreements. These relate to two A320neo aircraft and one A320.

The lease agreements are as follows:

In 2025: DKK 59,9 million

After 5 years: DKK 0 million

The company has provided assurance to the lenders of an associated company that the operations and liquidity of the subsidiary will be sufficient to maintain its activities for six years from 01.01.2021

The company has provided guarantees amounting to DKK 2,6 million.

Of cash at hand DKK 2,5 million is guaranteed.

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

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

As security for debt to credit institutions, the company has provided a mortgage with a nominal value of DKK 100 million on Land Registry No. 422ab in Sørvágur, which has a carrying amount of DKK 55.7 million as of 31 December 2025.

Subsequent to the end of the financial year, the company has been reported to the Faroese Police by the Data Protection Agency, with a recommendation for a fine of DKK 14 million. P/F Atlantic Airways disagrees with the conclusion of the Data Protection Agency.

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

GROUP

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

As security for debt to a lending institution, P/F Hotel Atlantic has provided a business pledge of a nominal value of DKK 30 million. The business pledge covers trade receivables, inventories, operating equipment, tools, and licenses, with an accounting value of DKK 28.120 thousand as of 31.12.2025.

(DKK 1,000)	GROUP	
	2025	2024
24. Adjustments		
Depreciation, amortisation and write-down of tangible and intangible assets	65,232	41,087
Income from equity investment in associate	-13,423	-11,585
Dividend from associate	11,000	10,000
Subordinated loan repaid	12,800	0
Deferred tax	-17,091	2,684
	58,518	42,186
25. Changes in working capital		
Change in inventories	-611	-308
Change in receivables	18,424	-25,890
Change in trade and service payables and other liabilities	9,170	-405
Other changes in working capital	582	-195
	27,565	-26,798

