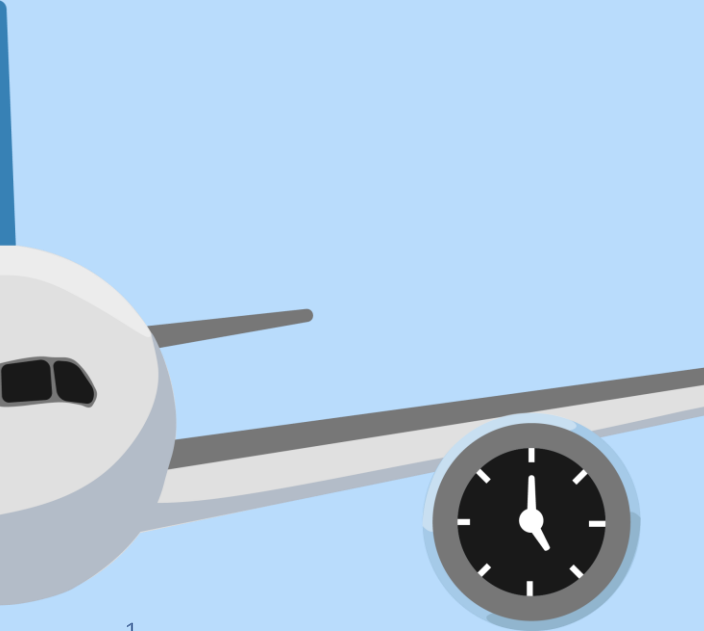




NORSE

# Norse Atlantic Airways

Company presentation, 28 February 2023



# Ready for take-off in 2023

*Building a leading low-cost transatlantic airline in two years: summer 2023 first season with scale*

## Ready to go

- All regulatory approvals and airport slots secured to operate from EEA and UK to US
- Ramping-up transatlantic operations from current 3 aircraft per day to 10 by mid-2023, as well as 5 on sub-lease

## Key London market coming

- UK AOC to start operations end March 2023 and building up through S23 season
- 5 aircraft based at London Gatwick by mid-2023

## Strategy and business case validated

- Yield and OPEX estimates (excl fuel) intact
- Subsequent lease transactions confirm attractiveness of Norse's leases (\$380 million NPV)

## S23 bookings positive

- Average yields rising (~40% since September by booking date)
- Taking steps to further accelerate sales

## Fully financed

- Norse fully-financed ahead of 2023 ramp-up; no debt (other than long-term aircraft leases)
- Target profitability from H2 2023

# Investment Highlights



**The leading low-cost long-haul transatlantic airline**

**Strong rebound in transatlantic travel expected to continue**

**Modern and fuel-efficient fleet at historically low costs**

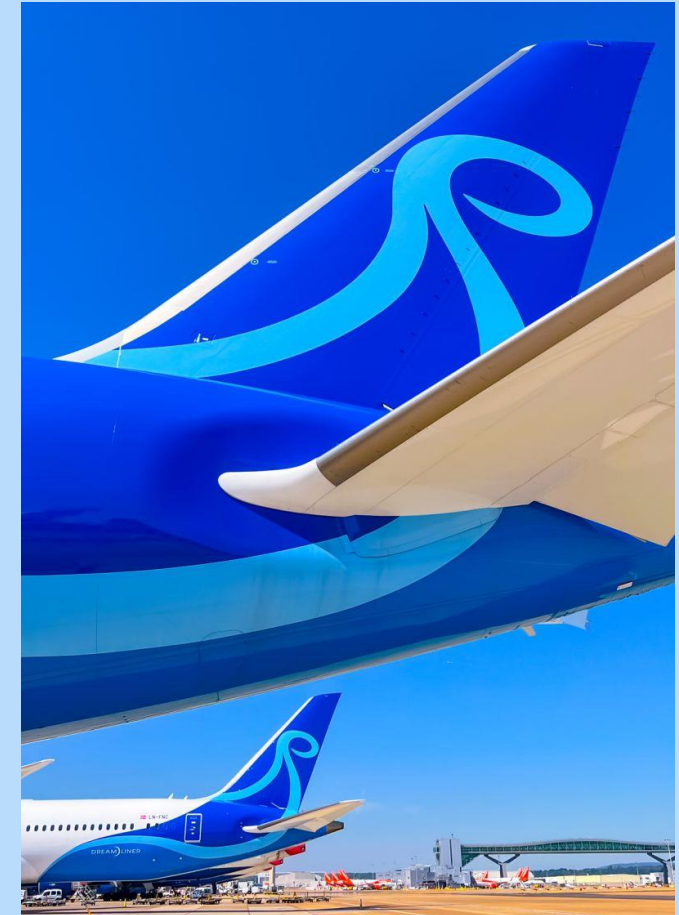
**Strong operational performance and progress**

**Target profitability from H2-2023**

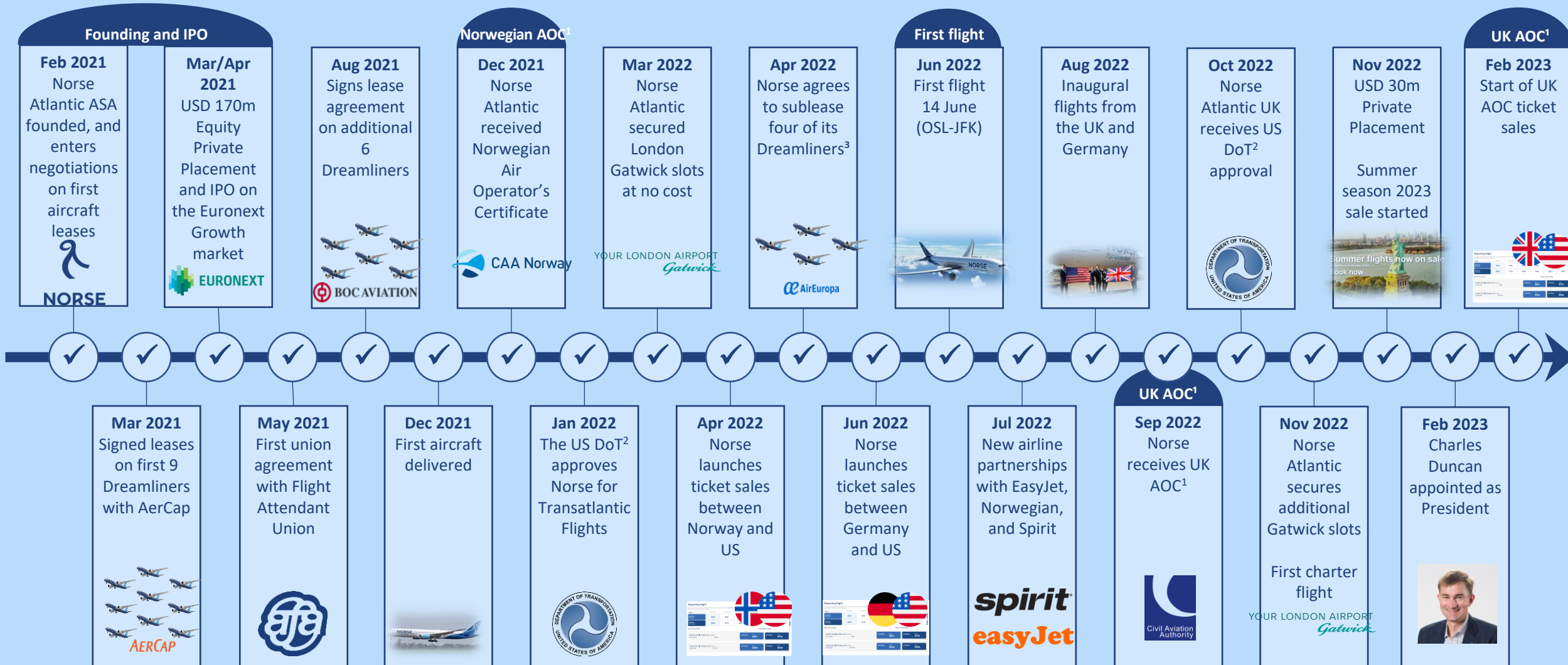
# Norse Atlantic Airways – The Explorers’ Airline

*A profitable low cost long haul transatlantic airline*

- Established and founded in March 2021 by Bjørn Tore Larsen, CEO and major shareholder.
- Point-to-point transatlantic flights at affordable fares
- Headquartered in Arendal, Norway and publicly traded on the Euronext Growth Exchange in Oslo, Norway.
  - Offices in Arendal, London Gatwick, Fort Lauderdale, Paris
- 15 Boeing 787 Dreamliners on favourable long-term leases
- Two ‘airlines’:
  - **Norse Norway**: first flight June 2022; Paris base launches 2023; EEA-US
  - **Norse UK**: first flight March 2023; UK-US



# We've been busy, but only just getting started...



5 Note: 1) Air Operator Certificate  
 2) Department of Transportation  
 3) Four aircraft subleased initially and delivered around end June 2022; a fifth added end December 2022



# Significant value created since inception

## Early investments are paying off

- Unique in the industry: a fully-fledged, low-cost long-haul operation
- Brand recognition is positive and spreading
- The organization is ready: IT, operations and marketing near fully scaled to a 15-aircraft operation

## Established UK subsidiary is a game changer

- UK AOC and US DoT approval granted
- Secured valuable slots at LGW and JFK
- Allows Norse to serve large and highly attractive UK-US market
- On sale from 14<sup>th</sup> Feb 2023; first flight 26<sup>th</sup> Mar

<b>~700</b> employees	<b>15</b> aircraft	<b>&gt;11 years</b> Avg. remaining lease period
<b>12</b> destinations	<b>15%</b> lower opex	<b>USD ~380m</b> NPV of lease advantage

## Significant value created through aircraft leases

- 15<sup>1</sup> modern 787 Dreamliners on long-term leases well below market creates a sustainable cost advantage



# Norse available for sale seats has doubled

## Norse S23 routes available for sale



## Norse UK on sale 14<sup>th</sup> Feb 2023

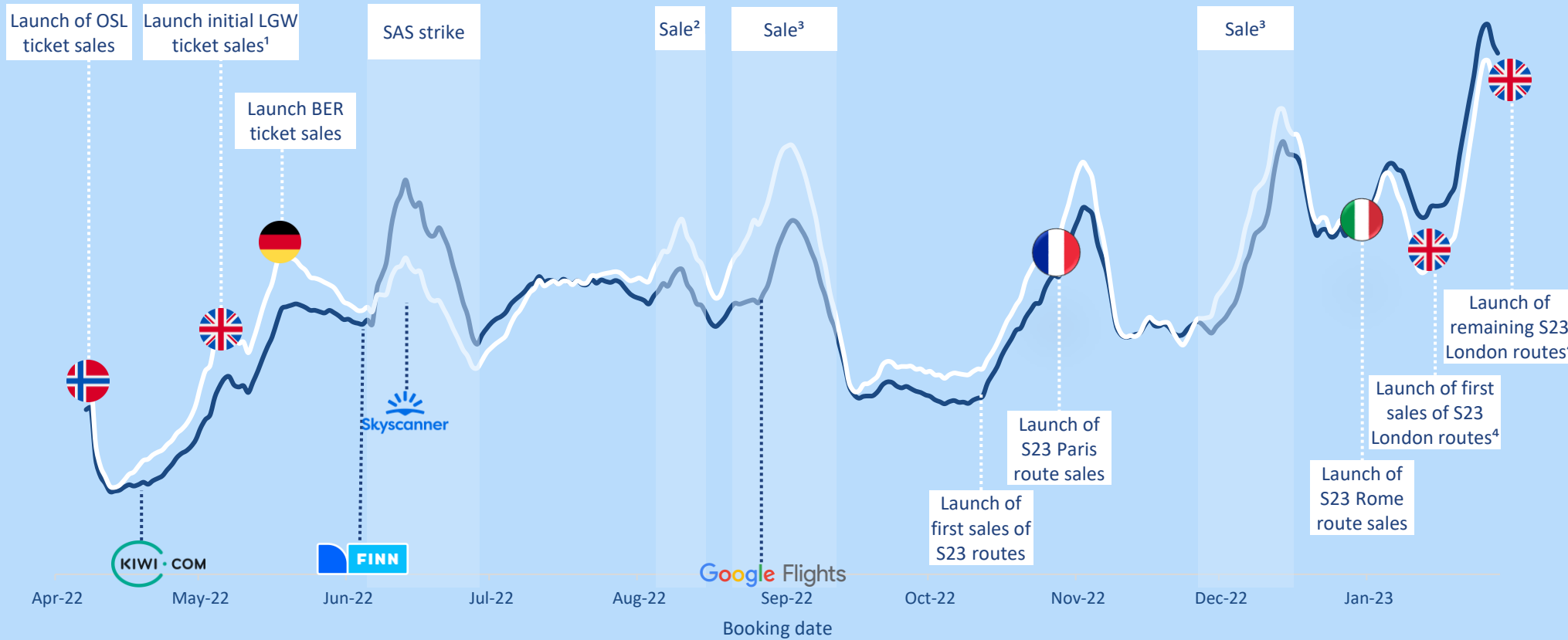
- Norse UK will serve 7 US destinations
- All from London Gatwick
- Norse becomes largest transatlantic operator at LGW

## 5 New Destinations S23



# Forward bookings increase as network expands

Rolling seven days bookings in USDm and number of passengers by booking date



- Marketing initially done through media and word of mouth
- Sales have grown with increased availability on booking platforms
  - Expedia expected spring 2023

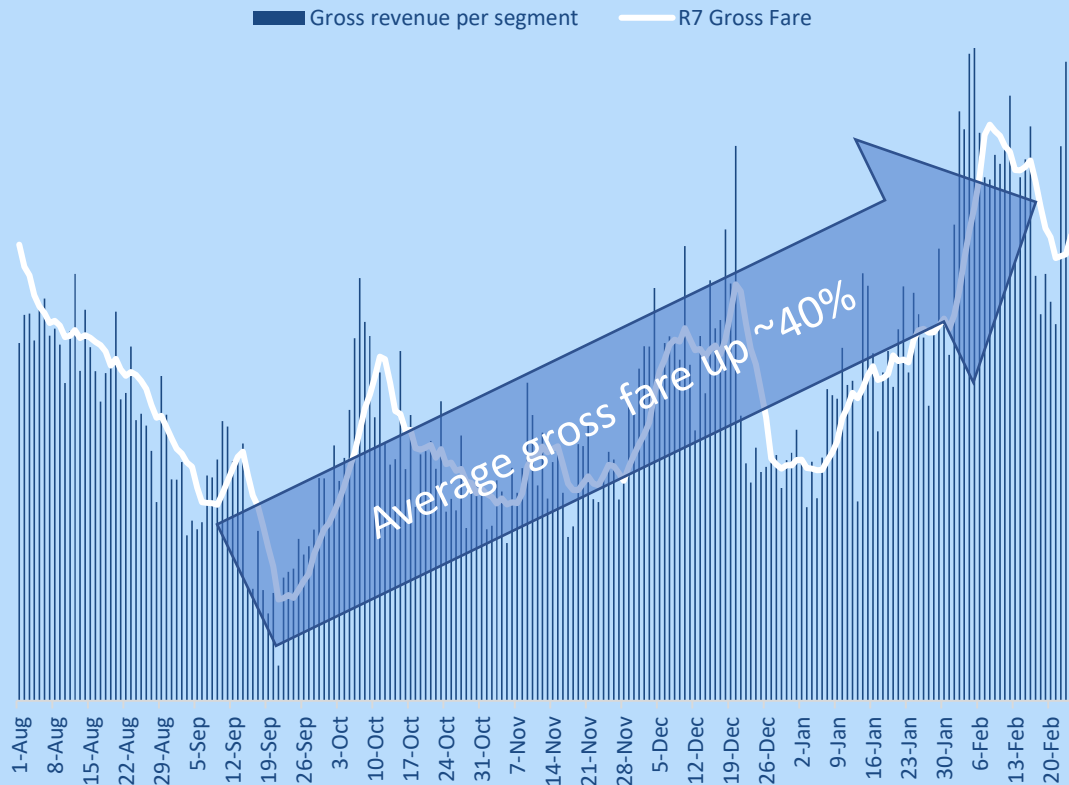
Note: 1) Flying using Norway AOC  
 2) Flash sale for routes to/from OSL only  
 3) Total network  
 4) First sales by UK AOC 14-Feb (3 routes) and final S23 London routes on sale 28-Feb-23 (further 4 routes)



# Fares increasing as summer network is launched

## Gross ticket revenue per segment

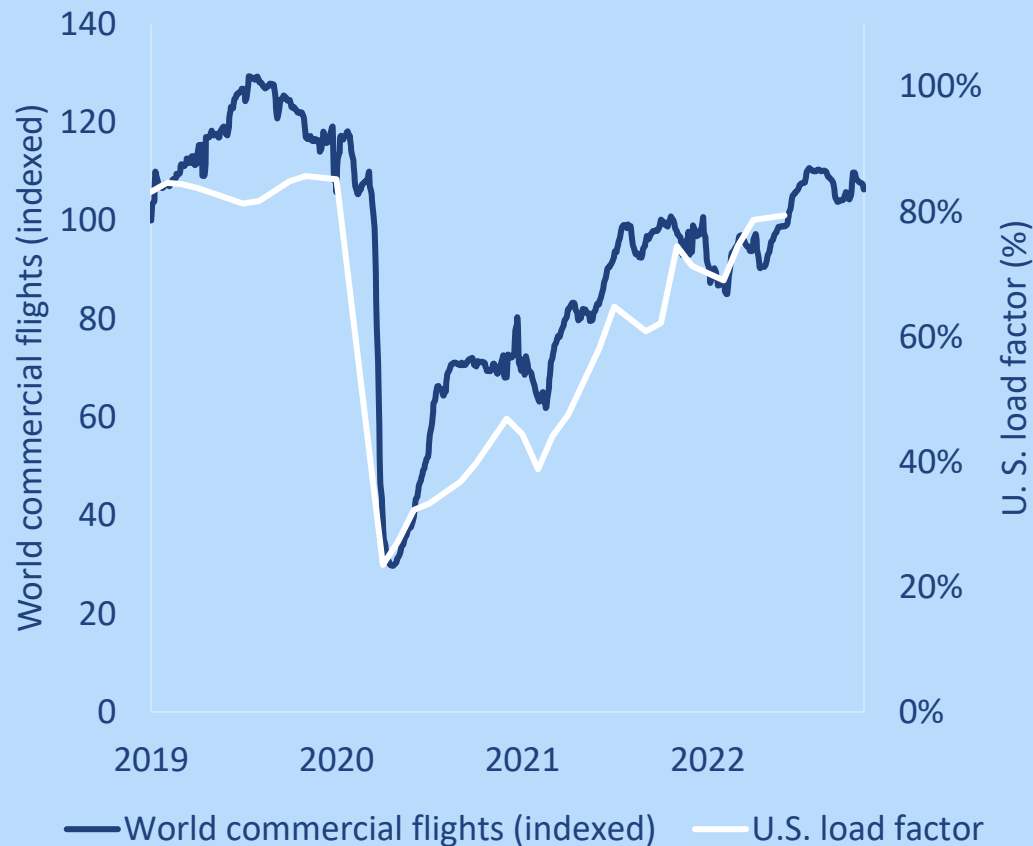
Based on booking date



- Increasing selling windows allows for higher yields
  - S22 season on sale ~3 months in advance
  - W22 season on sale ~4 months in advance
  - S23 on sale ~5 months in advance
  - W24 expected on sale ~7 months in advance
- Increasing focus on higher yielding front cabin
- Improving revenue management capabilities

# Market is approaching pre-COVID levels

## World commercial flights (thousands of flights)

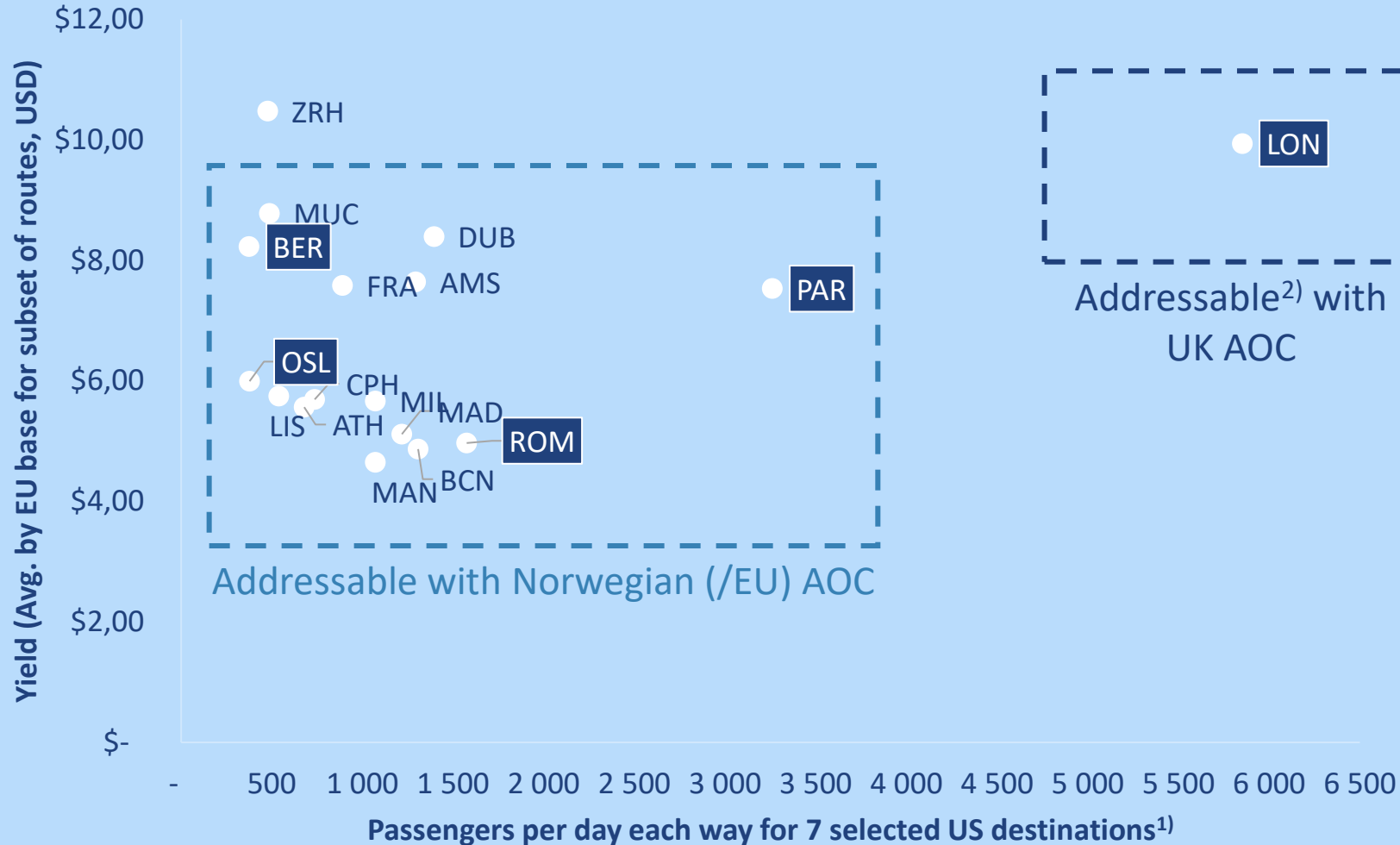


## Comments

- The market has rebounded, although later than originally expected, and remains below 2019 levels
  - New Delta/ Omicron COVID wave during winter 21/22
- Lagging recovery in Asia has led to some capacity being reallocated to Transatlantic market, creating some temporary overcapacity
- Increased economic uncertainty driven by interest rate increases and inflation indicates softer demand winter 22/23
- Longer-term, recovery expected to continue driven by pent-up demand and removal of remaining travel restrictions

# UK market is key to transatlantic travel

*London twice the size market as any other; Paris a clear second with twice the size of the next (Rome)*



- London by far the largest European hub for US traffic, and also has among the highest yields
- Large and high yield market creates opportunity to carve out demand, in addition to demand created through market stimulation
- Serving the market with flights terminating in the UK requires UK AOC



# Modern and more environmentally friendly aircraft



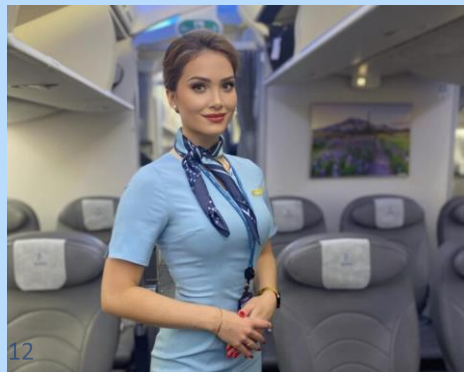
## Modern and homogenous fleet

- Homogenous fleet of modern 787-9s and -8s
- Freshly checked aircraft – 3 years until next service



## Superior environmental performance

- 25% lower CO2 emissions 50% quieter than the previous generation of aircraft still in operation with many major airlines globally
- Lowest carbon emissions per passenger



## Superior passenger comfort and experience

- More comfortable cabin altitude with cleaner air and better humidity
- The largest windows on any jet worldwide

# Lease contracts increasing in value

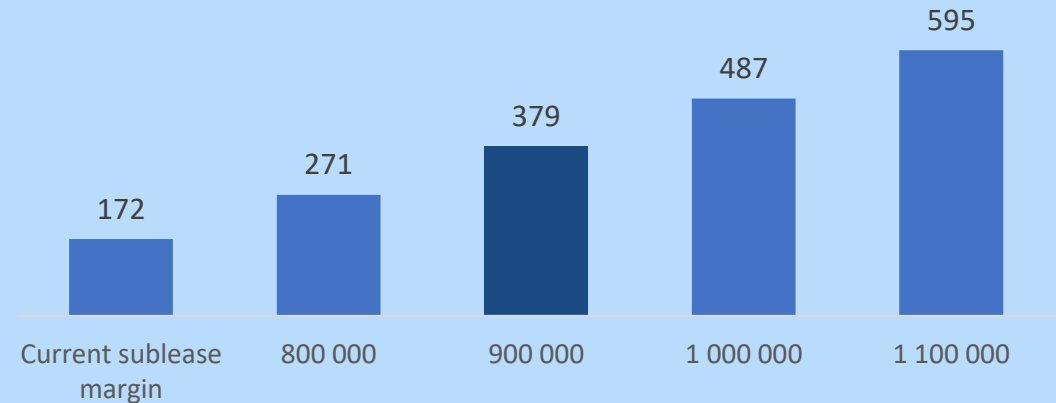
*Shortage of supply of Boeing Dreamliners*

## Timing is everything:

- Norse lease rates are capped at approximately 50% of historical cost
- Current lease rates for 787-9s USD 865 to 1,050<sup>1</sup>
- The present value of the difference between Norse’s lease cost and current market lease is estimated at USD ~380m
  - At 10% WACC and est. current rates of USD 900k/mo.
- The fleet will be fully employed in Norse’s operations by 2024, and these numbers are thus to be seen as an indication of the additional earnings potential created by the timing of Norse’s market entry

## NPV of remaining lease advantage

NPV at various rates and WACC = 10%, USDm



Rate (USD/month)	WACC		
	7.5%	10.0%	12.5%
Current sublease margin	194	172	153
800 000	307	271	241
900 000	429	379	337
1 000 000	552	487	433
1 100 000	674	595	529

# The 5 pillars of Norse commercial strategy

1

Best value  
economy fares

*Unlocking new areas  
of demand through  
low-cost stimulation  
in high-density  
markets*

2

Smart Business  
Travel

*Targeting cost-  
conscious business  
travellers and  
premium leisure  
traffic*

3

Ancillary  
services

*Ambition to be  
industry-leading  
ancillary per  
passenger*

4

Best-in-class cargo  
product

*Wide-body aircraft  
flying direct to key  
cargo gateways*

5

Revenue from  
leases and charter

*Attractive lease-in  
rates and seasonal  
variations enable  
profits*

**Simplicity is key to cost control**

# Income statement

First flight 14 June; careful increase in production in H2 2022 ahead of full launch summer 2023

## Income statement

<i>USD thousands</i>	<b>6 months H2 2022</b>	<b>12 months FY 2022</b>	<b>11 months<sup>1</sup> FY 2021</b>
<b>Revenue</b>	<b>101,296</b>	<b>104,269</b>	-
Personnel expenses	(33,035)	(44,462)	(4,471)
Fuel	(59,993)	(61,793)	-
Other operating expenses	(51,123)	(58,336)	(3,160)
<b>EBITDAR</b>	<b>(42,855)</b>	<b>(60,323)</b>	<b>(7,631)</b>
Variable aircraft rentals	(26,413)	(27,263)	-
Depreciation & amortization	(37,019)	(58,517)	(315)
<b>EBIT</b>	<b>(106,287)</b>	<b>(146,104)</b>	<b>(7,946)</b>
Net financial items	(16,710)	(28,870)	949
<b>EBT</b>	<b>(122,997)</b>	<b>(174,974)</b>	<b>(6,996)</b>

## H2 2022

- Revenue \$101.3m
  - \$75.6m passenger revenue
    - 289k passengers at average \$262 per passenger
  - \$14.0m sublease income
  - \$10.0m cargo revenue
  - \$1.2m charter revenue
  - \$0.4m other revenue
- Cost increase due to higher activity
- Lease accounting technicality results in higher lease cost during PBH period
  - \$78.4m lease accounting cost recognized, of which \$26.4m is cash cost

# Balance sheet at 31 Dec

## Statement of financial position

<i>USD thousands</i>	<b>2022</b>	<b>2021</b>
Non-current assets	958,394	119,550
Total current assets	131,846	134,960
<b>Total assets</b>	<b>1,090,240</b>	<b>254,510</b>
Total equity	10,535	156,585
Non-current liabilities	958,731	95,560
Current liabilities	120,973	2,365
<b>Total equity &amp; liabilities</b>	<b>1,090,240</b>	<b>254,510</b>
<i>Number of aircraft received</i>	<i>15</i>	<i>1</i>

- Total cash \$70m
  - Aircraft lease deposits \$20m on account with lessors
- Aircraft lease right-to-use asset \$933m
  - Average remaining fleet lease length >11 years
  - Total lease liability \$961.7m
- Book equity \$11m
  - Net of accumulated non-cash lease accounting cost \$81m
  - Positive NPV ~\$380m of lease benefit not recognized
  - Value of slots (e.g. LGW, JFK) not recognized
  - Deferred tax asset not recognized



# Cash flow statement

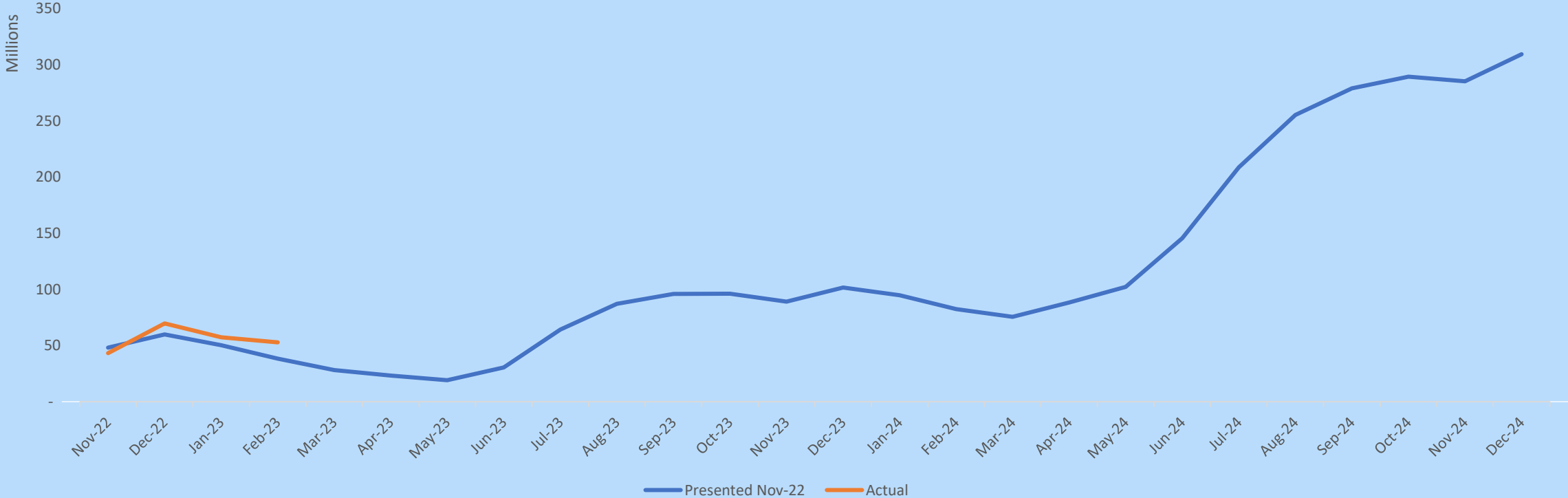
<i>USD thousands</i>	<b>6 months H2 2022</b>	<b>12 months FY 2022</b>	<b>11 months<sup>1</sup> FY 2021</b>
<b>Operating CF before WC</b>	<b>(67,620)</b>	<b>(84,803)</b>	<b>(7,310)</b>
Working capital movement	11,118	8,007	1,773
<b>Operating cash flows</b>	<b>(56,503)</b>	<b>(76,796)</b>	<b>(5,537)</b>
<b>Investing cash flows</b>	<b>17,387</b>	<b>(10,734)</b>	<b>(24,411)</b>
<b>Financing cash flows</b>	<b>27,612</b>	<b>22,589</b>	<b>163,502</b>
Forex	74	(4,602)	698
<b>Net change in cash</b>	<b>(11,430)</b>	<b>(69,543)</b>	<b>134,252</b>
<b>Cash at period end</b>	<b>64,709</b>	<b>64,709</b>	<b>134,252</b>
Restricted cash held	5,000	5,000	-
<b>Total cash</b>	<b>69,709</b>	<b>69,709</b>	<b>134,252</b>

## H2 2022

- Operating cash outflow \$56.5m
- Working capital build-up due to ramp-up
- Investing cash inflow largely due to proceeds from sales of financial assets (inflation protected US securities)
- \$30m private placement completed during H2 2022
  - Norse is committed to a repair offering linked to the completed private placement
  - Expected to be done during H1 2023

# Cash projections on-track

Cash flow actual versus projected in equity raise pitch presented Nov-22 (USDm)



- Base case key assumptions:
  - Average monthly load factor 74% in 1H23 and 78% full-year 2023
  - Average ticket price peaks in the June-August mid-summer season
  - Full capacity from summer 2024
  - Peak negative cash flow February 2023 with positive cash flow from June 2023
  - Using fuel costs USD 955/ton (monthly average) for 2023 and USD 855 for 2024

# Summary and outlook

*Once in a lifetime opportunity to build a profitable long haul low cost transatlantic airline*

## Strategy and business case validated

- Unit costs in line with target (excl. fuel) and will further improve with increased scale
- Modern fuel-efficient fleet; lease contracts substantially in-the-money

## Flexibility

- Sub-leasing of aircraft and seasonal charter work becomes part of the business model
- Norse targets world-leading low cost base

## Revenue growing

- Strong start to S23 sales
- First Norse UK tickets available for sale from 14<sup>th</sup> February and final summer 2023 on sale 28<sup>th</sup> Feb

## Ramping-up

- Travel demand continues post-COVID recovery
- Scaling up from March 23 to 10 aircraft under own operation, and further to 15 by mid-24

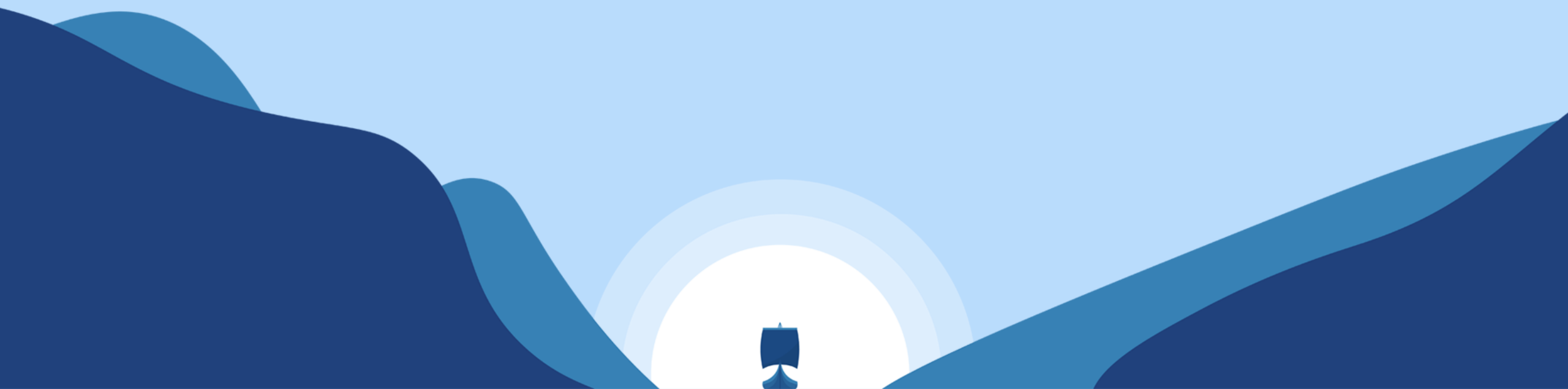
## Profitability

- Target profitability from H2-2023



**NORSE**

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



# Key financials since first flight

14 June to 31 Jan 2023

	Jun22	Jul22	Aug22	Sep22	Oct22	Nov22	Dec22	Jan23
Number of aircraft in fleet	11	13	13	13	14	14	15	15
Aircraft subleased out	2	4	4	4	4	4	5	5
ASK (millions)	54	248	505	663	567	293	384	397
RPK (millions)	44	212	349	373	338	145	233	206
Load factor	82%	86%	69%	56%	60%	50%	61%	52%
Number of passengers	6,633	31,842	58,702	62,749	60,836	29,816	44,172	35,150
Number of flights	24	110	254	338	307	190	228	229