



NORSE

Norse Atlantic Airways

Q2 2023 Presentation

31 August 2023



Highlights

Activity increasing and new routes added

- Gradually increased activity through Q2 2023, all aircrafts in production from 1st of July
- Several new routes and destinations opened
- All flights operated through summer 2023, zero cancellations

Low-cost confirmed

- Ramping up activity while keeping costs under control
- CASK gradually decreasing as available seat kilometers (ASK) increase

Load factors and fares increasing

- High and increasing load factors during summer peak season
- Strong summer bookings with increasing fare levels

Ancillary revenue continues to increase

- Successful focus on ancillary revenues
- Business model confirmed as passengers add on services based on own preferences

Profitable summer

- June is first profitable month in Company's history
- Expect profitable Q3

Challenges and Opportunities

Cargo market

- Cargo market disappoints with low volumes and price pressure

Cash management

- Rapid growth is capital intensive, increased bank guarantees and restricted cash plus hold-back from credit card companies
- Aiming to gradually decrease as company and operations mature

Premium class

- New and improved service program in Premium class to be rolled out during September
- Potential for increased fares and higher load factor at attractive price point

Revenue management

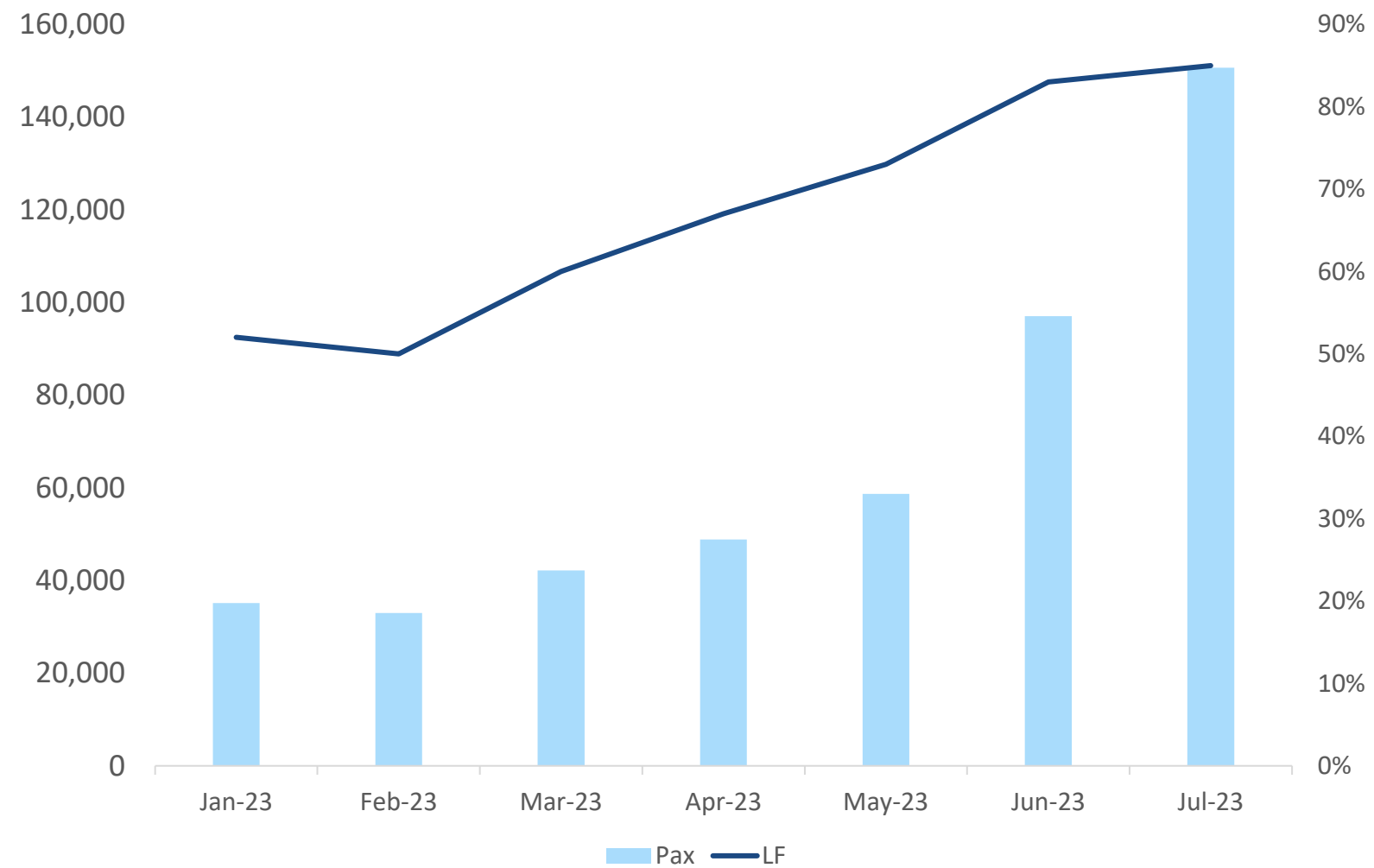
- Managing fare levels, load factors and route selection through the seasons is of key importance

ACMI

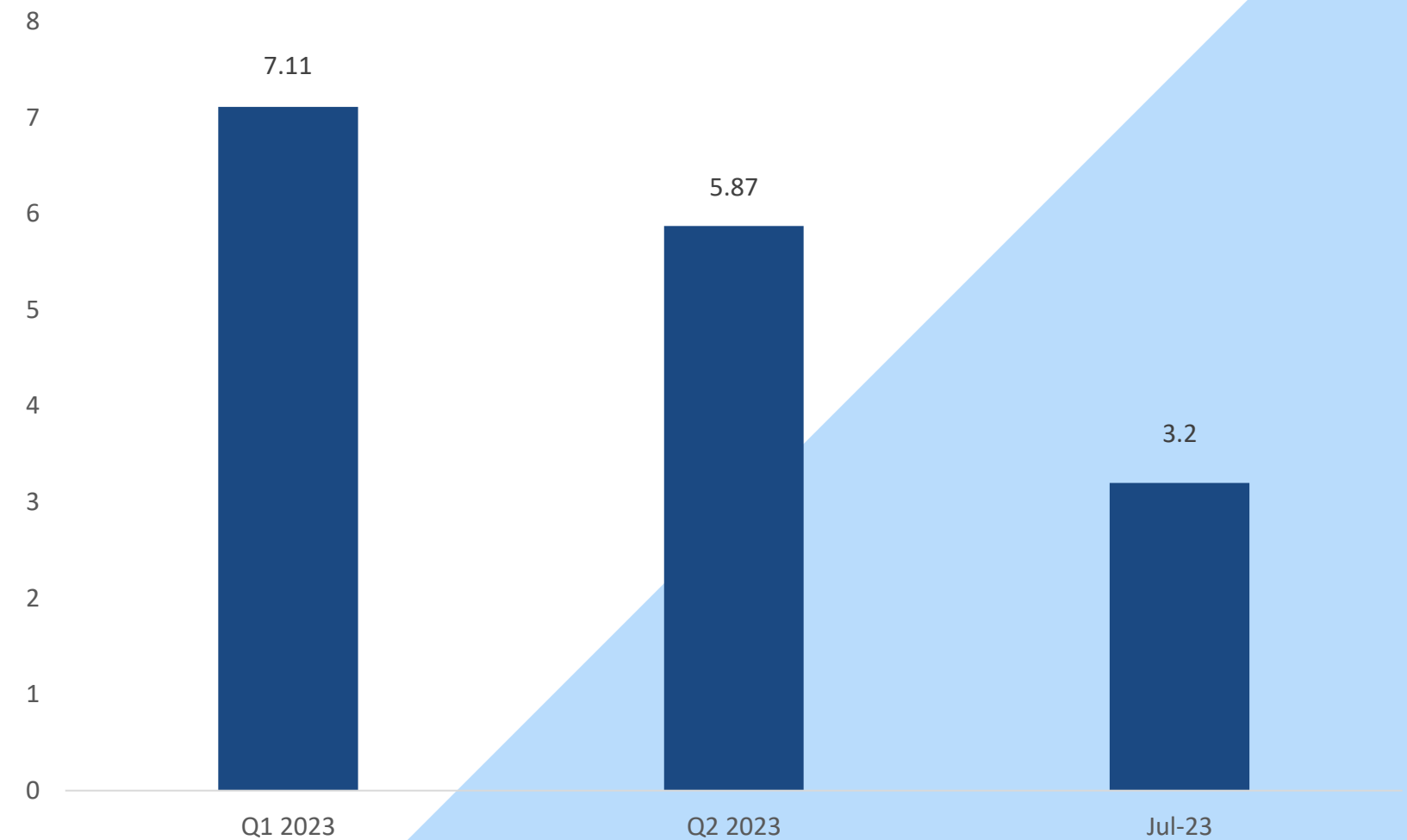
- Well positioned for attractive ACMI opportunities through winter season

Increased Sales – Decreased CASK

Passengers and Load Factor Per Month



CASK (Ex Fuel) per Quarter + July 2023



- 151,000 passengers transported at 85% load factor in July 2023
- Rapid production growth as well as increased load factor

- Lowest Cost per Available Seat Kilometer (CASK) in the Transatlantic market

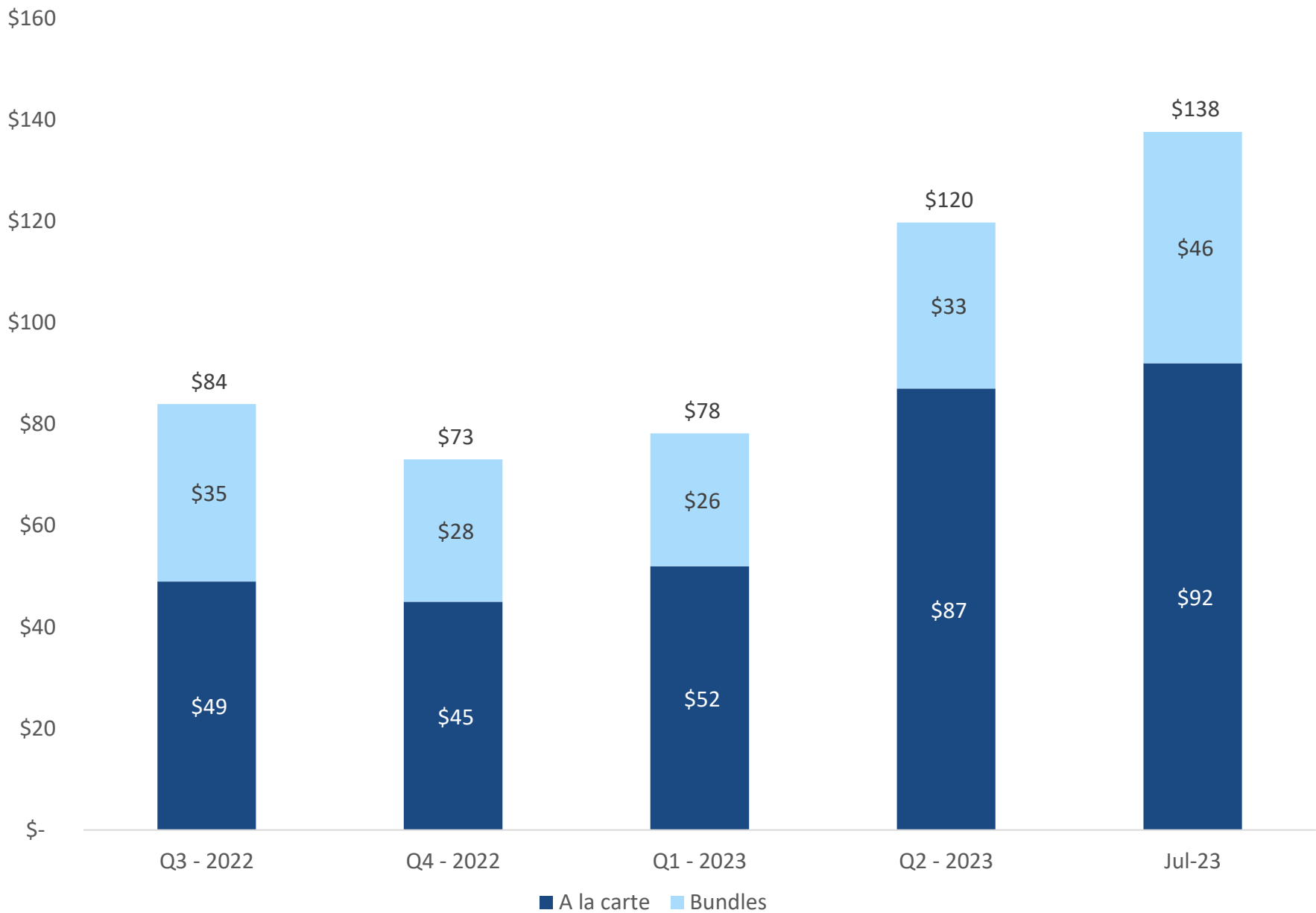
Ancillary sales are increasing

- Steady increase in ancillary revenue
- Norse's fare model provides pricing flexibility to passengers
 - Passengers pay for what they choose, enabling Norse to maximize revenue
- Ancillary revenue consists of:
 - Upgrades to Premium cabin
 - Extra baggage
 - Seat selection
 - Food and beverages
 - 3rd party sales commissions



Norse aims to be the number #1 airline for ancillary/pax revenue

Ancillary Revenue Per Passenger \$



• Bundles are ancillary items included in the original ticket price of Classic and Flextra fares and are showed as ticket revenue in our financials



Q2 2023 Financials

Income Statement

Large increase in capacity and revenue during summer season ramp-up

USD thousands	3 months Q2 2023	3 months Q1 2023	3 months Q4 2022	12 months FY 2022
Revenue	100,101	39,757	46,428	104,269
Personnel expenses	23,590	19,353	17,434	44,462
Fuel, oil & emissions	25,945	21,896	27,002	61,793
Other OPEX	38,119	24,121	22,346	42,706
SG&A	10,230	7,314	5,751	15,630
EBITDAR	2,218	(32,926)	(26,103)	(60,323)
Variable aircraft rentals	7,755	8,725	13,180	27,263
Depreciation & amortization	20,655	20,813	19,402	58,517
EBIT	(26,202)	(62,464)	(58,685)	(146,104)
Net finance cost	8,784	8,408	8,378	28,871
EBT	(35,130)	(70,873)	(67,063)	(174,974)

- Q2 2023 revenue up 152% versus prior quarter due to;
 - 51% increased capacity (ASK)
 - 89% increased revenue per passenger
 - Load factor up to average of 75% over quarter, and with strong intra-quarter development
- Fuel up 19%, increasing less than production due to lower unit cost
- Variable aircraft rentals represents cash paid under Power By the Hour (PBH) aircraft lease terms
- USD 16 million non-cash aircraft lease accounting cost

Balance Sheet

Statement of financial position

<i>USD thousands</i>	30 Jun-23	31 Mar-23	31 Dec-22
Non-current assets	949,429	952,148	973,037
Total current assets	197,514	130,984	117,202
Total assets	1,146,518	1,083,132	1,090,239
Total equity	(82,157)	(60,337)	10,535
Non-current liabilities	967,693	965,875	971,284
Current liabilities	260,981	177,595	108,421
Total equity & liabilities	1,146,518	1,083,132	1,090,240
<i>Number of aircraft received</i>	15	15	15

- \$911 million aircraft right-of-use asset
 - 15 Boeing 787 Dreamliners on leases with average remaining life 10.6 years
 - Corresponding lease liability of \$971 million
- \$20 million refundable aircraft lease deposits carried at \$16 million
- \$117 million receivables from credit card companies for booked tickets
- \$117 million liabilities to passengers for fares being booked, not yet flown
- Value adjusted equity position in excess of USD 300 million, including NPV value of the aircraft leases

Cash Flow Statement

<i>USD thousands</i>	3 months Q2 2023	3 months Q1 2023	3 months Q4 2022	12 months FY 2022
Operating cash flows	18,996	(20,771)	(13,264)	(68,639)
Investing cash flows	(1,357)	1,256	7,921	(24,956)
Financing cash flows	(9,724)	(8,530)	27,928	22,589
Forex	(932)	366	1,463	1,463
Net change in free cash	6,983	(27,679)	24,049	(69,543)
Free cash at period end	44,013	37,030	64,709	64,709
Restricted cash held	15,056	5,000	5,000	5,000
Total cash	59,070	42,030	69,709	69,709

- Q2 2023 total cash increase of \$17 million mainly driven by \$19 million inflow from operations
- \$59 million total cash held at end Q2 2023
- Restricted cash increased by \$10 million during quarter due to network extensions
- Subsequent equity offering was completed in April 2023, raising gross \$14 million
- Net increase in cash during the quarter, also net of cash from subsequent equity offering

Key Operational Numbers Since First Flight

14 June 2022 to 31 Jul 2023

	Jun22	Jul22	Aug22	Sep22	Oct22	Nov22	Dec22	Jan23	Feb23	Mar23	Apr23	May23	Jun23	Jul23
Number of aircraft in fleet	11	13	13	13	14	14	15	15	15	15	15	15	15	15
Aircraft subleased out	2	4	4	4	4	4	5	5	5	5	5	5	5	5
ASK (millions)	54	248	505	663	567	293	384	397	344	390	449	511	750	1,215
RPK (millions)	44	212	349	373	338	145	233	206	172	234	300	371	619	1,034
Load factor	82%	86%	69%	56%	60%	50%	61%	52%	50%	60%	67%	73%	83%	85%
Number of passengers	6,633	31,842	58,702	62,749	60,836	29,816	44,172	35,150	32,970	42,143	48,847	56,680	97,037	150,621
Number of flights	24	110	254	338	307	190	228	229	203	223	218	243	351	524



Summary

Summary and Outlook

Building a profitable long-haul low-cost transatlantic airline

Strategy and business case validated

- Low and decreasing unit costs (CASK)
- High load factors with increasing fare levels

Increased activity

- All 15 aircrafts in the fleet operative and generating revenue

Revenue growing

- Strong peak summer 2023 bookings
- Successful focus on ancillary revenues is key to profitability

Flexibility

- Focus on winter 2023/2024 route selection
- Excess fleet capacity allows for attractive ACMI charters

Norse will be...



The first truly low-cost sustainable transatlantic airline

The lowest unit cost airline amongst peers

The highest ancillary revenue per passenger in the industry

The lowest emissions per passenger versus long-haul peers

The most affordable and best value transatlantic product



NORSE

Thank You For Flying With Us!



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