



NORSE

Norse Atlantic Airways

# Q4 2023 Presentation

28 February 2024



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# Highlights from the quarter and the full year

1

Successful completion of first full year of operations, validating long-haul low-cost

2

Carrying almost one million passenger across 4,000 flights over the full year

3

Q4 revenue increased 104% YoY, revenue per passenger up 42% YoY

4

Q4 load factor of 70% up by 12%-points YoY, on top of Q4 ASK increasing 81% YoY

5

Robust operational excellence with 100% completion of the Q4 planned flights

6

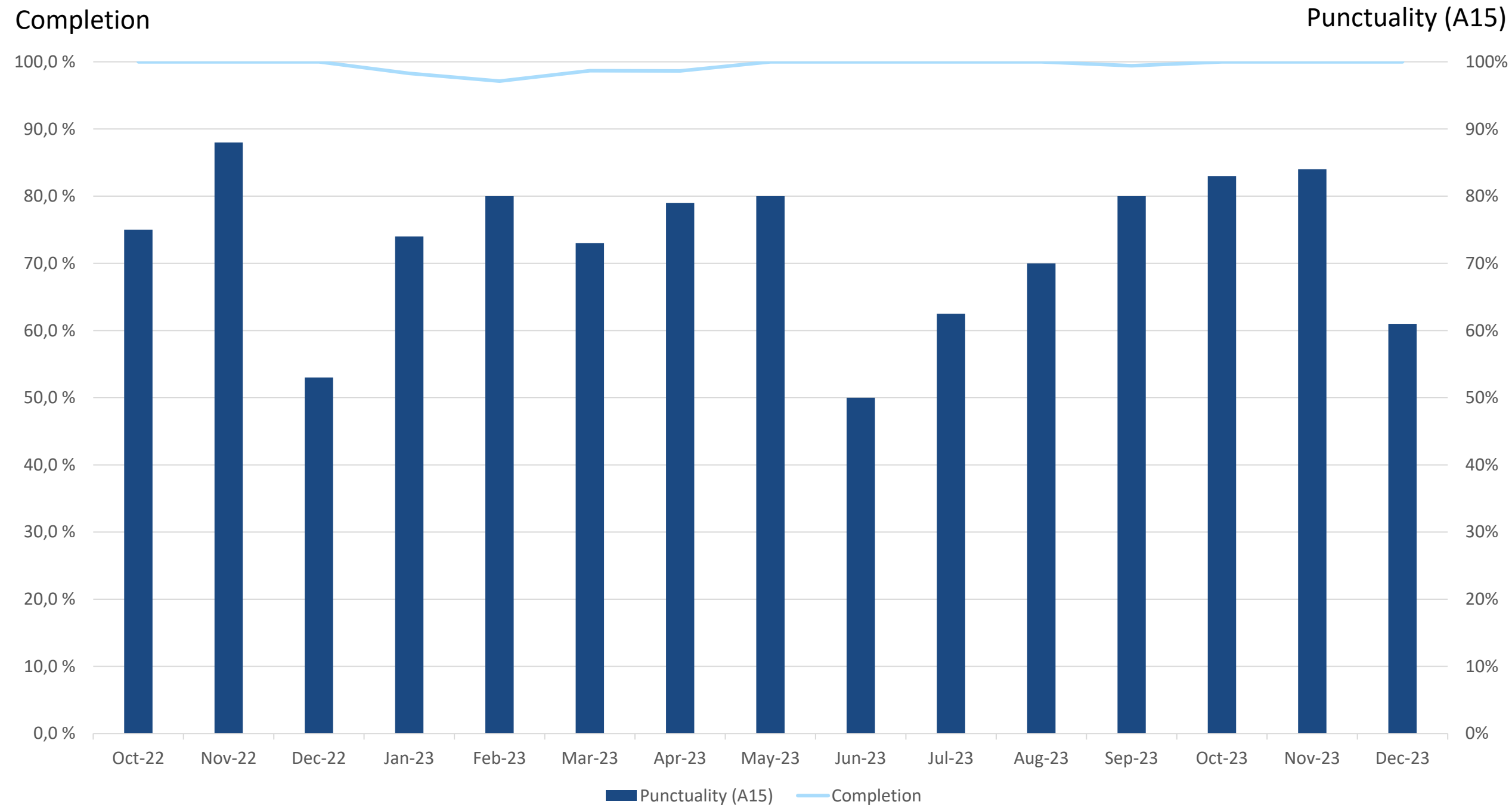
New equity capital raised with USD 62 million including January subsequent offering

7

Seabury Securities appointed as investment banker into next phase of strategic review

# Strong operational performance

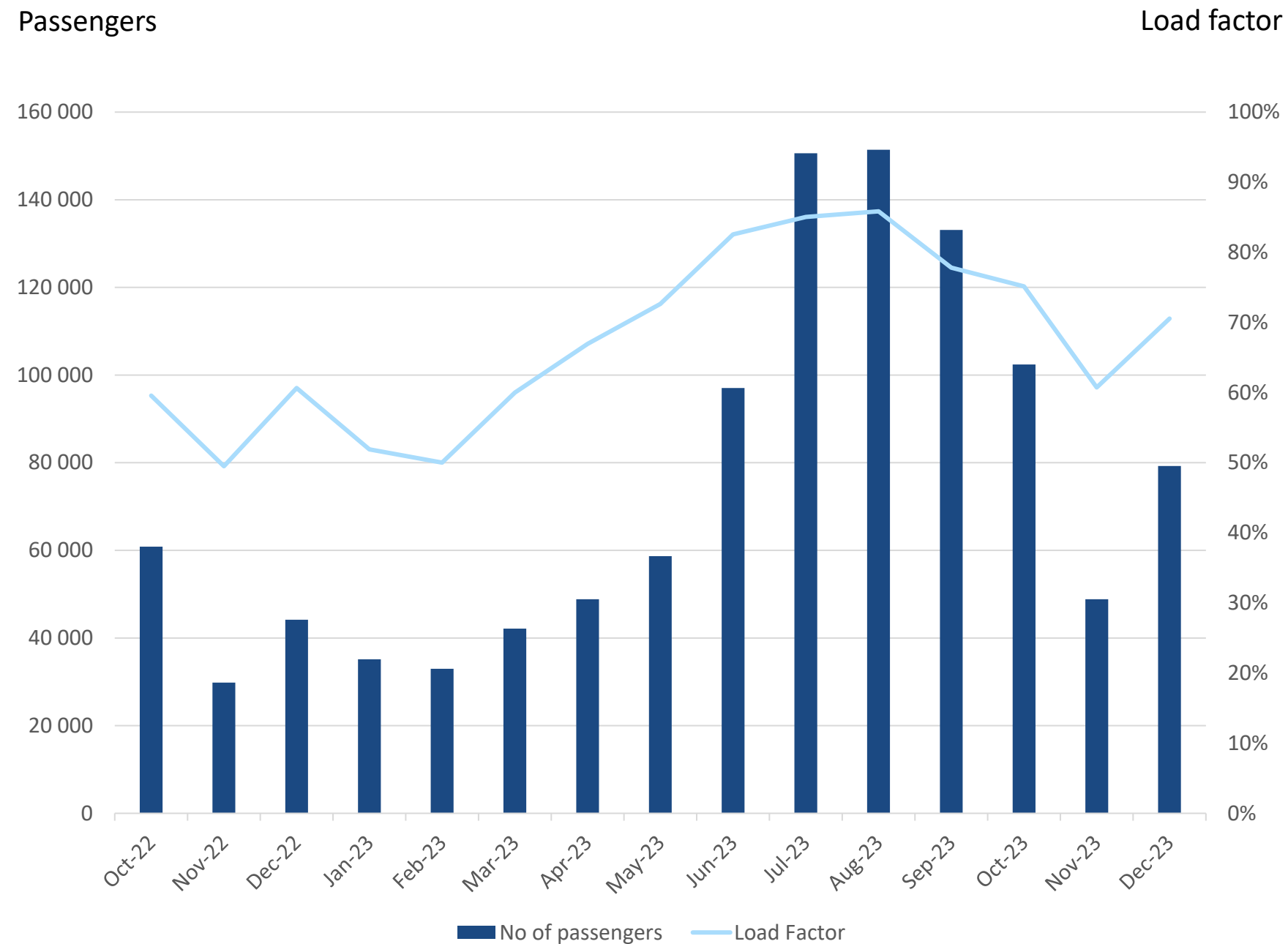
## % of flights completed and arriving on time



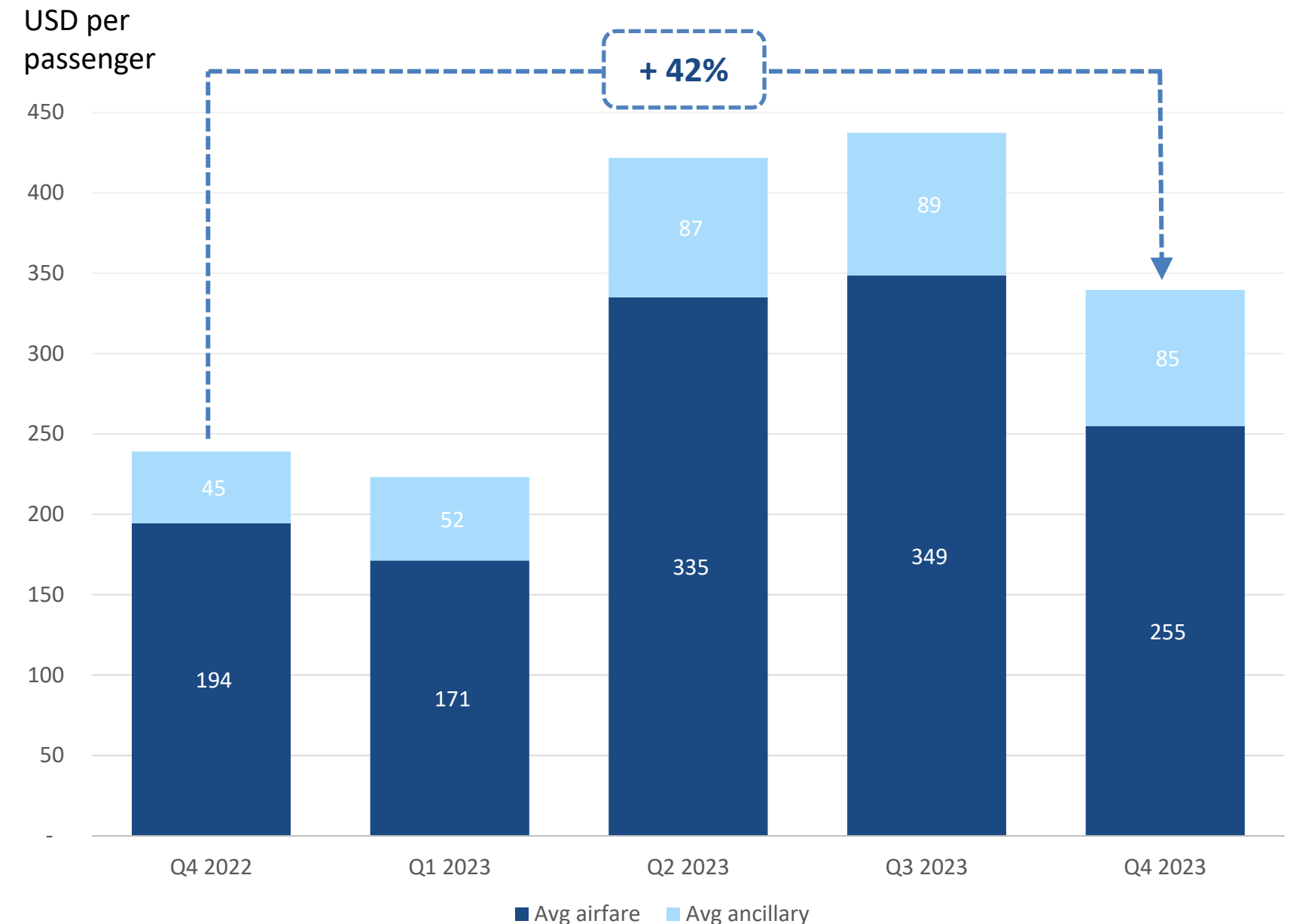
- 100% completion rate through Q4
- Generally strong completion rates through the year, including 100% through all peak season
- Gradually improved on-time performance through fall, with bad weather causing dip in December

# Both scale and pricing on positive trend

## Number of passengers and load factors increasing YoY...



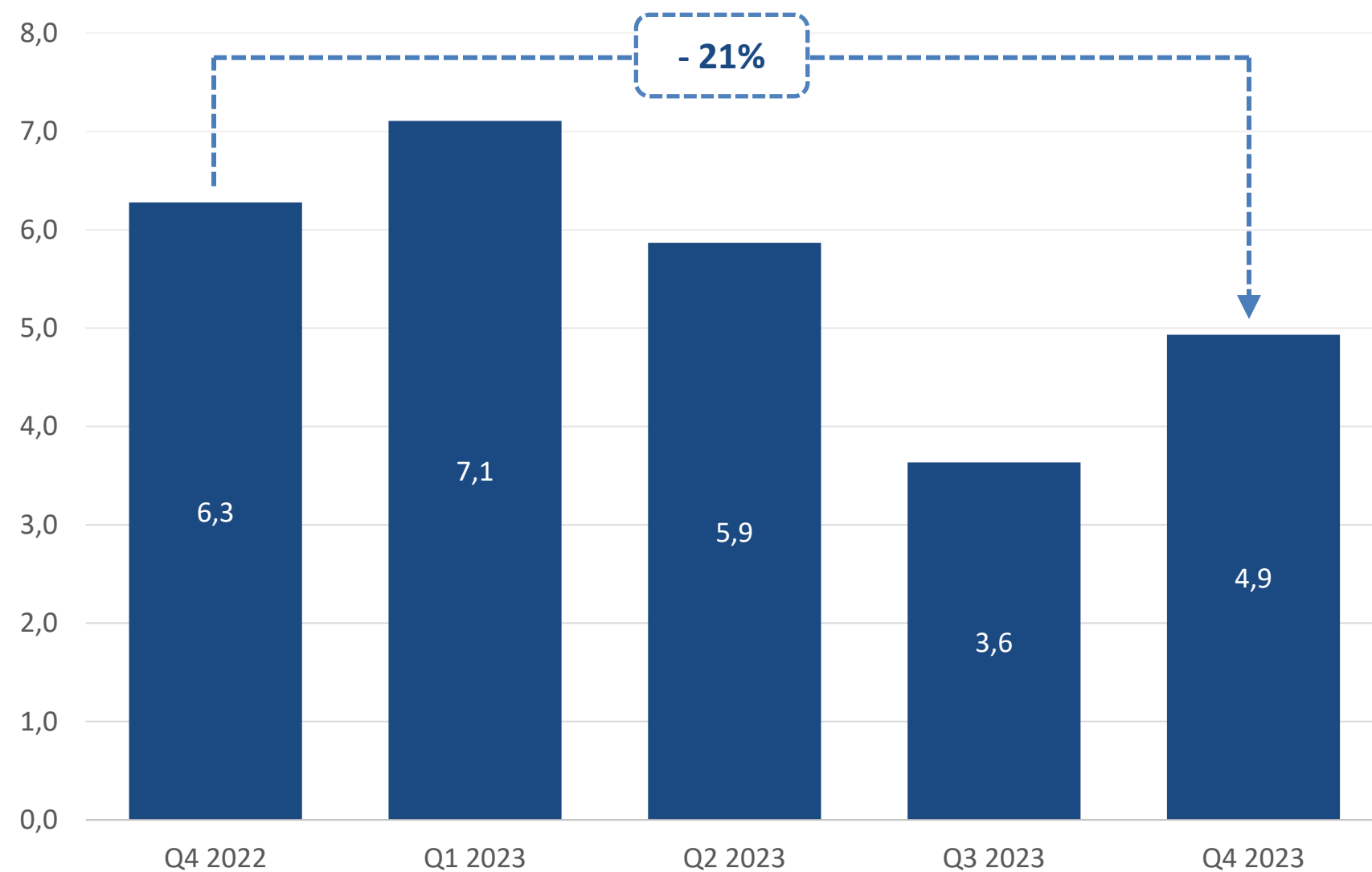
## ... while both airfare and ancillary sales are growing YoY



# Lowering the cost and growing the revenue

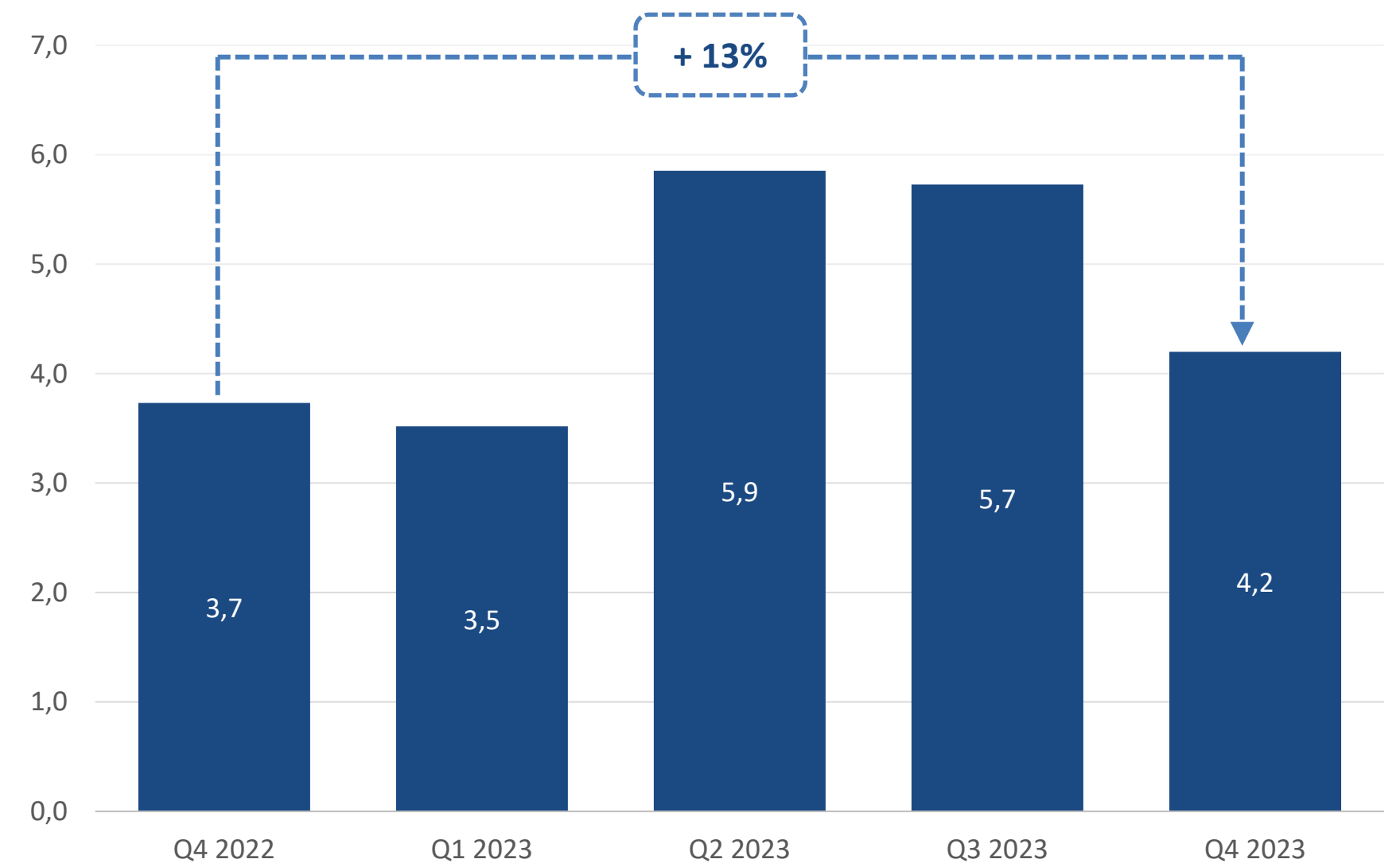
## CASK still improving YoY...

USD cent per ASK



## ...as RASK continues to grow YoY

USD cent per ASK



Notes: CASK defined as CASK ex. Fuel, RASK defined as TRASK: Total revenue per available seat kilometer

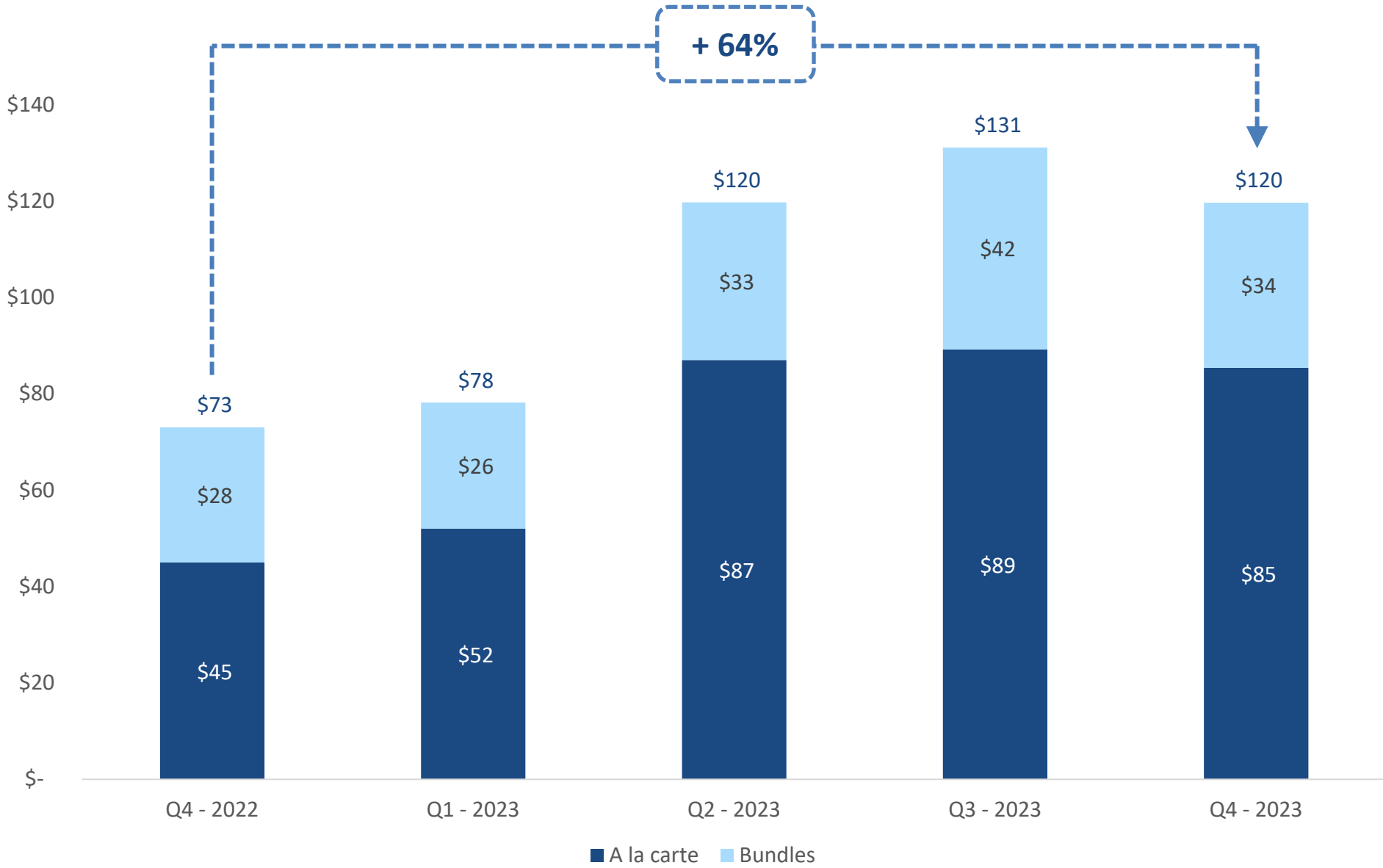
# Ancillary stabilizing at attractive levels

- Norse’s fare model provides pricing flexibility to passengers
- Ancillary revenue consists of:
  - Upgrades to Premium cabin
  - Extra baggage
  - Seat selection
  - Food and beverages
  - 3<sup>rd</sup> party sales commissions
- Continuously adding services



The #1 airline for ancillary revenue

### Ancillary revenue per passenger USD



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

# Income Statement

<i>USD thousands</i>	3 months Q4 2023	3 months Q4 2022	12 months FY 2023	12 months FY 2022
<b>Revenue</b>	<b>94,782</b>	<b>46,428</b>	<b>439,436</b>	<b>104,269</b>
Personnel expenses	29,308	17,433	99,759	44,462
Fuel, oil & emissions	40,125	27,002	152,527	61,793
Other OPEX	44,199	22,345	162,886	42,706
SG&A	9,473	5,751	37,689	15,630
<b>EBITDAR</b>	<b>(28,324)</b>	<b>(26,103)</b>	<b>(13,425)</b>	<b>(60,323)</b>
Variable aircraft rentals	7,370	13,179	33,139	27,263
Depreciation & amortization	21,172	19,402	84,103	58,517
<b>EBIT</b>	<b>(56,866)</b>	<b>(58,685)</b>	<b>(130,667)</b>	<b>(146,104)</b>
Net finance cost	7,472	8,378	33,113	28,871
<b>EBT</b>	<b>(64,338)</b>	<b>(67,063)</b>	<b>(163,780)</b>	<b>(174,974)</b>

- Q4 2023 revenue up 104% YoY due to;
  - 81% increased capacity (ASK)
  - 42% increased revenue per passenger
  - Load factor up to average of 70% over quarter, compared to 62% in the same quarter last year
- Variable aircraft rentals represents cash paid under Power By the Hour (PBH) aircraft lease terms
- USD 10 million non-cash aircraft lease accounting cost under depreciation and net finance cost for Q4 (USD 60 million for the full year)



# Cash Flow Statement

<i>USD thousands</i>	3 months Q4 2023	3 months Q4 2022	12 months FY 2023	12 months FY 2022
<b>Operating cash flows before WC<sup>1)</sup> movements</b>	<b>(34,827)</b>	<b>(35,553)</b>	<b>(39,054)</b>	<b>(90,862)</b>
<b>WC<sup>1)</sup> movements</b>	<b>13,973</b>	<b>22,101</b>	<b>18,496</b>	<b>22,223</b>
<b>Operating cash flows</b>	<b>(20,853)</b>	<b>(13,453)</b>	<b>(20,558)</b>	<b>(68,639)</b>
<b>Investing cash flows</b>	<b>(4,307)</b>	<b>1,641</b>	<b>(7,332)</b>	<b>(24,956)</b>
<b>Financing cash flows</b>	<b>35,945</b>	<b>27,675</b>	<b>1,524</b>	<b>22,589</b>
Currency effects	975	8,186	586	1,463
<b>Net change in free cash</b>	<b>11,760</b>	<b>24,049</b>	<b>(25,780)</b>	<b>(69,543)</b>
<b>Free cash at period end</b>	<b>39,330</b>	<b>64,709</b>	<b>38,929</b>	<b>64,709</b>
Restricted cash held	15,500	5,000	15,901	5,000
<b>Total cash</b>	<b>54,830</b>	<b>69,709</b>	<b>54,830</b>	<b>69,709</b>

- Free cash increased by USD 12 million during Q4 2023
- Net cash outflow due to low season operations being more than outweighed by positive financing cash flow driven by November equity capital raise
- USD 55 million total cash held at end Q4 2023

# Balance Sheet

## Statement of financial position

<i>USD thousands</i>	<b>31 DEC 23</b>	<b>31 DEC 22</b>
Total non-current assets	935,505	973,038
<i>Credit card receivables</i>	60,214	31,371
<i>Other receivables/current assets</i>	32,587	16,122
<i>Cash and cash equivalents</i>	54,830	69,709
Total current assets	147,945	117,202
<b>Total assets</b>	<b>1,083,136</b>	1,090,240
Total equity	(89,697)	10,535
Total non-current liabilities	960,060	971,284
<i>Deferred passenger revenue</i>	52,394	17,001
<i>Other current liabilities</i>	160,379	91,420
Total current liabilities	212,773	108,421
<b>Total equity &amp; liabilities</b>	<b>1,083,136</b>	1,090,240

- USD 20 million refundable aircraft lease deposits carried at \$16 million
- USD 60 million receivables from credit card companies for booked tickets
- USD 52 million liabilities to passengers for fares booked, not yet flown
- Other current liabilities increasing as the next 12 months' lease payments converts from variable to fixed payments
- Book equity reflects USD 141 million accumulated non-cash aircraft lease accounting cost since inception
- Value adjusted equity positive including NPV value of the aircraft leases

# Summary and Outlook

*Building a profitable long-haul low-cost transatlantic airline*

## Strategy and business case validated

- Successful completion of first full year of operations
- CASK still decreasing YoY, on journey to validate long-haul low-cost

## Increased activity

- Q4 production in terms of ASK up by 81% YoY
- Fleet under own operations to increase from 10 to 12 aircraft into summer 2024
- High on maintenance during low season – thrust reversers one-off at USD 10 million

## Revenue outlook

- Upgraded Premium product is launched – providing basis for better fares
- Value of ticket sales YTD '24 +80% versus YTD '23
- Group bookings and charters on positive trend

## Flexibility

- Improving network based on lessons learned from past route performances
- Seasonal strategies develops – focus own network during summer, charter during winter
- Subleases for three 787-8 aircraft extended until spring '25 – allowing for careful growth

## Financing & Strategy

- Successful private placement & subsequent offering – new capital of gross USD 62 million
- Seabury Securities appointed as investment banker into next phase of strategic review

# 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



# Appendix

# Key Operational Numbers

## Monthly break-down over last five quarters

	Oct22	Nov22	Dec22	Jan23	Feb23	Mar23	Apr23	May23	Jun23	Jul23	Aug23	Sep23	Oct23	Nov23	Dec23
Number of aircraft in fleet	14	14	15	15	15	15	15	15	15	15	15	15	15	15	15
Number of aircraft subleased out	4	4	5	5	5	5	5	5	5	5	5	5	5	5	5
ASK (millions)	567	293	384	397	344	390	449	511	750	1,215	1,207	1,152	900	557	800
RPK (millions)	338	145	233	206	172	234	300	371	619	1,034	1,036	896	676	339	564
Load factor	60%	50%	61%	52%	50%	60%	67%	73%	83%	85%	86%	78%	75%	61%	71%
Number of passengers (thousand)	61	30	44	35	33	42	49	57	97	151	151	133	102	49	79
Number of flights	307	190	228	229	203	223	218	243	351	524	520	503	403	242	343



**NORSE**

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