

The Gamechanger

REINVENTING LONG-HAUL / REINVIGORATING LUXURY

January 2022

DEAL SUMMARY

- Opportunity to invest in UAE based ARABESQUE AVIATION LLC on Seed round, the first all-premium class schedule airline
- The company focuses on leisure air transportation, starting from Maldives with national carrier status
- Current round size is \$17M

INVESTMENT THESES



DISRUPTIVE BUSINESS MODEL

- Competition with traditional airlines in long haul markets with a better product and 3-8 times better fares in premium classes



HUGE & RAPIDLY RECOVERING LEISURE MARKET

- There is a strong year-on-year predictable demand with no seasonality, recovering faster than business trips



UNIQUE NARROW BODY AIRCRAFT CONFIGURATION

- Allows to achieve 60% less total costs compared to average latest generation widebody aircraft



TEAM WITH SOLID EXPERIENCE

- Each Arabesque executive member has 20+ years experience in aviation industry

FUNDS ALLOCATION

- COMPLETION OF CERTIFICATION
- A/C DEPOSITS
- IT INFRASTRUCTURE
- SALES / DISTRIBUTION SETUP
- FLIGHT CREW HIRING
- GENERAL & ADMIN

TARGET METRICS

\$1Bn+

EV valuation in 2025 based on EV/EBITDA multiples

18 months

to achieve EBITDA breakeven

\$41.5M

total investments required to get \$1Bn+ valuation

27 aircrafts

in operation by the end of 2026

BUSINESS MODEL

SINCE THE INTRODUCTION OF LLC MODEL TO THE MASS MARKET, TRADITIONAL AIRLINES ARE SUBSIDIZING NON-PROFITABLE ECONOMY CLASS BY INCREASED FARES AND REDUCED QUALITY OF BUSINESS CLASS

A TRADITIONAL FULL-SERVICE CARRIER



A PROFESSIONAL TEAM
A UNIQUE BUSINESS MODEL

BEFORE LOW-COST

C-class 12 seats x \$600 = \$7.200
Y-class 122 seats x \$150 = \$18.300

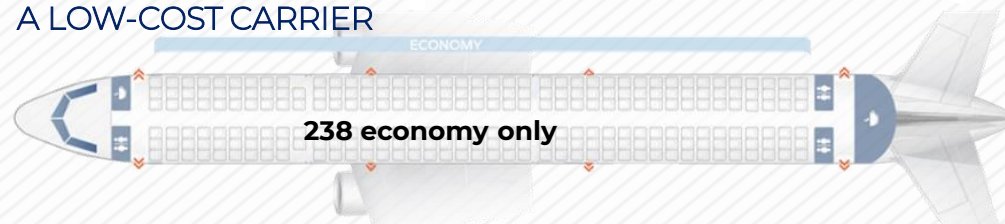
FLIGHT REVENUE \$25.500

AFTER LOW-COST

C-class 10 seats x \$975 = \$9.750
Y-class 157 seats x \$100 = \$15.700

FLIGHT REVENUE \$25.450

A LOW-COST CARRIER



Y-class 213 seats x \$100 = \$21.300
20% ancillary revenue = \$4.260

FLIGHT REVENUE \$25.560

THE GAMECHANGER



C-class 68 seats x \$375 = \$25.500

FLIGHT REVENUE \$25.500

... WHILE ARABESQUE ADOPTS PREMIUM-ONLY MODEL TO DELIVER QUALITY BUSINESS CLASS FLIGHTS AT LOWER PRICE

MARKET OVERVIEW

LEASURE TRIPS ARE CHARACTERIZED BY PREDICTABLE DEMAND WITH NO SEASONALITY, RECOVERED FASTER THAN BUSINESS TRIPS

- Non-stop premium leisure travel has been most sustainable during pandemic
- Premium charter traffic has grown 800% during the crisis
- Business class leisure flights is still a \$32bn+ market

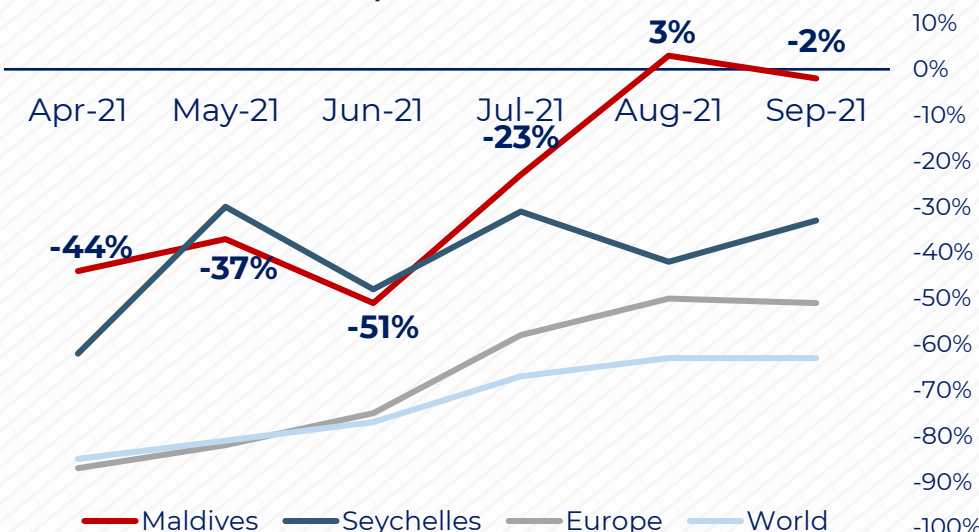


MALDIVIAN MARKET IS ATTRACTIVE FOR PREMIUM FLIGHTS...

- **NO** competition from the national carrier
- **PREMIUM leisure market** with luxury attitude for travel
- **STRONG** demand for premium class travel
- **FASTEST RECOVERY** segment with significant pent-up demand
- **NO** seasonality - year around and year-on-year predictable demand
- **SCALEABLE** with access to more than 100 destinations globally
- **OPTIMAL** flight distance to key markets for unbeatable economics

... AND HAS RECOVERED BACK TO 2019 NUMBERS

2021 tourism traffic compared to 2019, in %



SOURCE: <https://www.unwto.org/>

MARKET POSITIONING

ARABESQUE DEMONSTRATES UNIQUE VALUE PROPOSITION

- The only premium leisure airline worldwide
- Serves only one customer segment - the luxury tourists
- Provides significant cost advantage over existing offers by 3-8 times
- Competes with premium classes of traditional airlines in long haul flights
- Dedicated to particular geographical markets - island luxury vacation
- Offers product and customer experience far above any existing



ALL BUSINESS CLASS AIRLINES TODAY/TOMORROW

ARABESQUE'S BUSINESS MODEL ALLOWS TO OUTPERFORM EXISTING COMPETITORS

PrivatAir
SAUDI ARABIA
شركة الطيران الخاص السعودي المحدودة

Middle East,
operate since 2018



Saudi Arabia based investor team secured the rights for the PrivatAir brand (previously used A319/737NG) to provide ad-hoc private jet charter services

The company has turned to ad-hoc charters due to lack of expertise and absence of appropriately configured airplanes.

KLASJET

Pan-European,
operate since 2018



KlasJet operates full business class configured B737CL on European routes (charter) for sport teams / corporations

The company has a bad reputation of poor safety performance. KlasJet is an ad-hoc charter with no vision for schedule services.

LA COMPAGNIE
Boutique airline

France,
operate since 2019



Paris-Orly based schedule carrier, operates all business class A321LR on transatlantic routes (Miami, New-York) since 2019

The company faces financial troubles due to a sequence of wrong underlying assumptions to core market

AURA
AVIATION

USA,
planned 2022



2020 Startup in USA, launched postponed to 2022. Will operate high density business routes with E195E2 aircraft

ZED is aiming to operate all business (recline seats) in the US domestic on business travel market. Implementation of project is in progress.

ZED
AEROSPACE

ODYSSEY

UK,
considered be dead



2010 UK-based startup by ex-SilverJet management, which is targeting UK-USA schedule all-business A220 service out of London city airport.

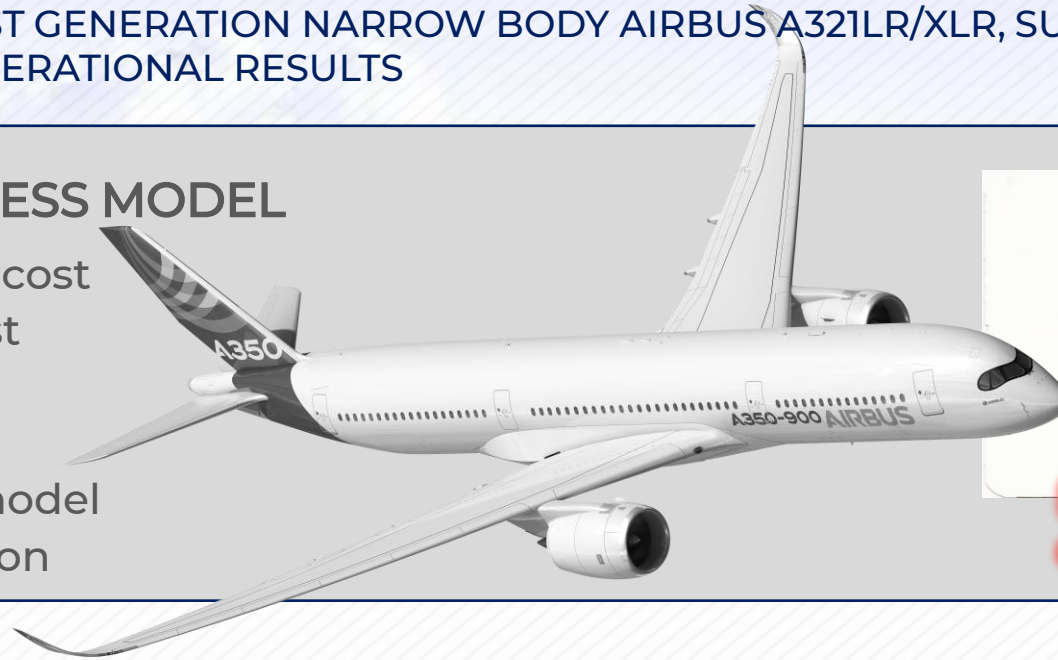
The company seems to be failed to start due to wrong strategy of purchasing aircrafts, high start-up costs and no significant benefits for passengers.

AIRCRAFT CONFIGURATION

ARABESQUE IS TO UTILISE LATEST GENERATION NARROW BODY AIRBUS A321LR/XLR, SUITABLE FOR 10+ HOURS FLIGHTS TO ACHIEVE BETTER OPERATIONAL RESULTS

OLD-FASHIONED BUSINESS MODEL

- Very high wide-body op cost
- Very high ownership cost
- More crew required
- Mixed cabin
- Complicated business model
- Very complex organization



BUSINESS				BOARDING PASS
MOSCOW - SVO				
Gate	Boarding at	Gate closes at	Seat	
	2340	2350	2F	
BUSINESS LOUNGE				

\$11.500 RT

THE GAMECHANGER



- Low narrow-body op cost
- 60% less a/c ownership cost
- Less weight = more range
- Less crew required
- Mono class = single product
- Flat, compact organization

SIGNIFICANTLY LOWER OPERATING COST

BUSINESS				BOARDING PASS
MOSCOW - SVO				
Gate	Boarding at	Gate closes at	Seat	
	2340	2350	2F	
BUSINESS LOUNGE				

\$1.870 RT

FOUNDERS AND IMPLEMENTATION TEAM

ARABESQUE TEAM DEMONSTRATES STRONG AND DIVERSE TRACK RECORD ACROSS AIRLINE INDUSTRY

- Dream team of motivated yet very experienced (20+ years each) aviation professionals, all of whom have held top-management positions at top-tier airlines (Lufthansa, Qatar, etc.), leading aviation consultancies (Lufthansa Consulting, IATA) and/or OEMs (Boeing)
- Solid practical experience and dozens of successfully implemented airline startups with various business models



Tero Taskila

Chief Executive Officer,
Leader Investment



Previous experience:

- CEO at Estonian Air
- Chief Commercial Officer at airBaltic
- Chief Strategy Officer at Gulf Air
- Senior Corporate Development Manager at Qatar Airlines
- Chairman in several start-ups and Advisory Firms

Key Projects:

- Airline Restructuring and Mergers of several airlines (Southwest, Qantas, Finnair, etc.)
- Setting up future leaders' program for Gulf Air



Sascha Feuerherd

Chief Performance Officer,
Leader Start-up



Previous experience:

- Head of Airline Restructuring at Lufthansa Consulting
- Management Director at other aviation consulting firms (IATA, Alton, Feuerherd Aviation Consulting)

Key Projects:

- Airline Restructuring and Strategic Transformation for TAROM, Air Madagascar, VARIG, Bulgaria Air, PAL, Garuda Indonesia, etc.
- Strategic Projects for Malaysia Airlines, Rossiya, RwandAir Express, Air Pacific, Aeroflot



Max Nilov

Chief Strategy Officer,
Leader Fleet



Previous experience:

- Regional Director of Sales & Marketing at Boeing
- Head of Strategy at Aeroflot
- Executive VP Strategy & Development at Rossiya Airlines
- Network / Strategy consultant at Lufthansa Consulting

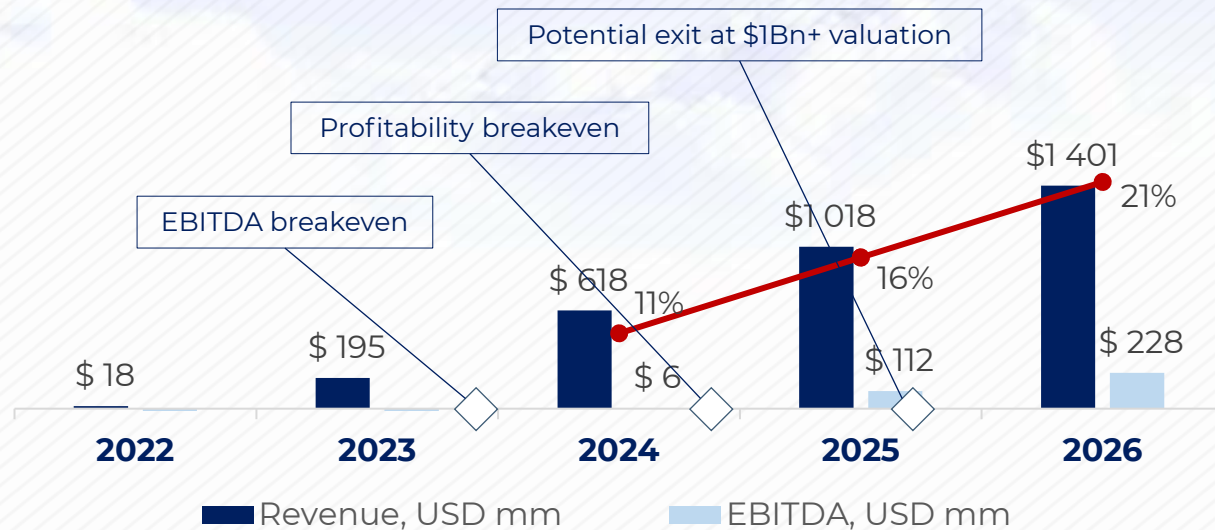
Key Projects:

- 7 successful airline start-ups (Pobeda, Etihad, etc.)
- Fleet/Network Strategy Development for 25+ airlines
- a/c transaction portfolio: 200+ sold and purchased a/c from Airbus and Boeing

and the rest of the team has 150+ years of practical experiences in global aviation



FINANCIALS



	Seed Round	Bridge Round	Series A
Date	~Apr 2022	~Sep 2022	~Feb 2023
Round size	\$17M	\$13M	\$10M
Key milestone	Establishment of Maldivian operating entity and finalization of aircraft leasing contracts	Start of commercial sales	Maiden flight

Achieved goals:	Q1 2022:	Q2 2022:	Q3 2022:	Q4 2022:	2026 outlook:
<ul style="list-style-type: none"> Business plan and financial model verified by external consultants Initial negotiations with lessors on general terms Aircraft selection and configuration NOC/NOL application in DXB 	<ul style="list-style-type: none"> Finalizing negotiations with lessors Starting negotiations with destination airports Registration and Licencing (DXB/MLE) AOC finalisation 	<ul style="list-style-type: none"> Starting negotiations with travel agents Start of marketing campaign and wholesales 	<ul style="list-style-type: none"> Technical stuff hiring Start of retail sales 	<ul style="list-style-type: none"> Maiden flight 	<ul style="list-style-type: none"> 32 aircraft in operation 1.4 M passengers 23% of the market 52 Non-stop destinations

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APPENDIX: GENERAL MAINTENANCE POLICY

MRO POLICY (MSG-3 COMPLIANT)

	OCCURRENCE	HOME BASE	DXB BASE	THIRD PARTY
LINE MAINTENANCE	Every flight	In-house for every MLE departures	none	Third party providers in every departure airport
A-EQUIVALENT	750FH or 750 cycles or 120 days (what occurs first)	none	Rotation of every a/c through Dubai base and own MRO organisation in Dubai starting form 2023	Dynamic approach in early 2023– during the long turnarounds in SIN, DXB, HKG
C-CHECKS	7,500FH or 730 days (what occurs first)	none	In-house, DXB base, starting form 2024	Outsource to third party: preferably Turkish Technic, S7, HAECO or FL Technic, Subject to lessor's approval
D-CHECKS	every 6, 12, 18 years	none	none	Outsource to third party: preferably Turkish Technic, HAECO or Lufthansa Technik, Subject to lessor's approval
COMPONENTS REPAIR	ad-hoc	none	none	Preferable partner: OEM (Airbus) - subject to lessor's approval
SPARE PARTS	ad-hoc	none	none	Preferable partner: FSH by Airbus (aircraft OEM)) - subject to lessor's approval
ENGINE MX SERVICE	20.000 cycles	none	none	TOTAL CARE direct agreement with CFM international (engine OEM) - Subject to lessor's approval
SPARE ENGINE	ad-hoc	none	none	Pre-agreement with Wills Lease with 24 hours availability guarantee

APPENDIX: TEAM'S CV

Tero TASKILA: Managing Partner



Languages	➤ Finnish, Estonian, English, Swedish, Spanish, German (understanding)
Education	➤ MSc in Aeronautical Engineering (Air Transport Management), BBA (Marketing)
Focus	<ul style="list-style-type: none"> ➤ Executive Leadership and Coaching ➤ Strategic Management (EV, Logistics – 3PL, Last mile, Tech and health) ➤ Innovation Management
Key Projects	<ul style="list-style-type: none"> ➤ Airline Restructuring and Mergers of several airlines (Southwest, Qantas, Finnair, etc.) ➤ Network and Commercial Planning for dozens of cargo and passenger airlines, alliances and airports. ➤ Innovation Management Leadership for Qatar Airways ➤ On-Demand Cargo Logistics Provider set up ➤ Setting up future leaders' program for Gulf Air ➤ Start-ups, Scale-ups of several 3PL, Last Mile and Logistics companies
Professional Experience	<ul style="list-style-type: none"> ➤ Arabesque Aviation – Co-Founder / Managing Partner / Chairman and CEO ➤ Chairman in several start-ups and Advisory Firms ➤ Aviado Partners GmbH – Senior Partner ➤ C-level positions in several airlines around the World (Estonian Air, Air Baltic, Gulf Air, Qatar, Finnair) ➤ Lufthansa Consulting Senior Consultant Network / Strategy ➤ Lecturer in Strategy and Innovation Management (St. Gallen University MBA- program, City University MSc- program and other tailor-made training and management programs for aviation (Airbus) and tech businesses

Sascha FEUERHERD: Managing Partner



Languages	➤ German, English, French, Spanish
Education	➤ Degree in Business Administration (Financial Management, Organization & Plan. and HRM)
Focus	<ul style="list-style-type: none"> ➤ Airline Restructuring and Strategic Transformation ➤ Cost Reduction Management ➤ Strategic Business Planning
Key Projects	<ul style="list-style-type: none"> ➤ Airline Restructuring and Strategic Transformation for TAROM, Air Madagascar, VARIG, Bulgaria Air, PAL, Garuda Indonesia, etc. ➤ Cost Efficiency (Fuel) for FedEx and dozen of other airlines ➤ Development and review of dozens of Cargo and Pax Market Potential Analysis ➤ Strategic Projects for Malaysia Airlines, Rossiya, RwandAir Express, Air Pacific, Aeroflot,... ➤ Successful sale of a regional Airline ➤ Shadow Management / Coaching to various airlines ➤ Startup for IATA Consulting - set-up and developed AL Consulting unit into a double digit Million US\$ business and setup of airline consulting unit for Alton Aviation Consultancy
Professional Experience	<ul style="list-style-type: none"> ➤ Arabesque Aviation – Co-Founder / Managing Partner / Chief Performance Officer ➤ Lecturer for Airbus Business Academy (Airline Business and Ops) ➤ Feuerherd Aviation Consulting GmbH – Managing Director ➤ Alton Aviation Consultancy – Managing Director Airline Consulting ➤ IATA Consulting - Head of all Airline Consulting projects ➤ Lufthansa Consulting - Head of Airline Restructuring ➤ Lufthansa German Airlines

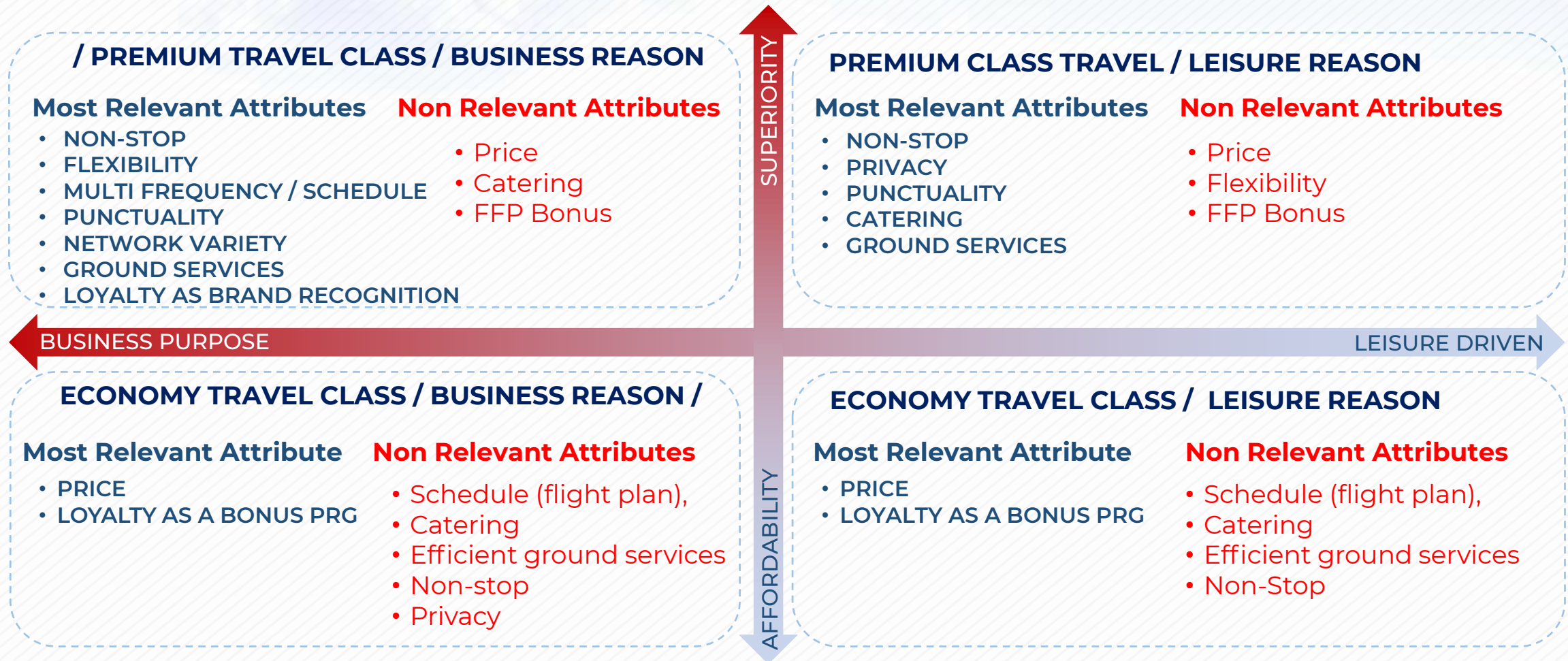
Max NILOV: Managing Partner







Languages	<ul style="list-style-type: none"> ➤ English, German, Russian
Education	<ul style="list-style-type: none"> ➤ MSc in Marketing Management and Organization Management
Focus	<ul style="list-style-type: none"> ➤ Aviation Strategy (Airlines, Airports, Aviation Groups, Alliances and JVs) ➤ Airline Restructuring, M&A and PMI ➤ Fleet Management - Development / Restructuring / Acquisition
Key Projects	<ul style="list-style-type: none"> ➤ 7 successful airline start-ups (Pobeda, Etihad among others, etc.) ➤ Aeroflot Group restructuring and strategy development ➤ Saudi Arabia Airline Restructuring (strategy / network / fleet) ➤ Fleet/Network Strategy Development for 25+ airlines across the globe ➤ a/c transaction portfolio: 200+ sold and purchased a/c from Airbus and Boeing ➤ Collaboration with WeDrone on NextGEN UAV cargo technology – 2000 kg payload Cargo Drone development project
Professional Experience	<ul style="list-style-type: none"> ➤ Arabesque Aviation Group / Arabesque Aviation – Founder / Managing Partner / Chief Strategy Officer ➤ Boeing Commercial Airplanes - Executive Director Regional Sales / Marketing Director ➤ C-level positions in airlines of different sizes / business models (Aeroflot, Rossiya, AirUnion) ➤ Lufthansa Consulting, network / strategy consulting and lead on regional development and CIS expansion ➤ Lecturer in Strategy and Airline Commercial matters for Boeing Corporate University ➤ Tailor-made aviation trainings, Aviation MBA course development

APPENDIX: COMPETITIVE LANDSCAPE AND CASE STUDIES

RELEVANCY OF ATTRIBUTES IN DIFFERENT SEGMENTS OF PASSENGERS



BUSINESS-CLASS ONLY AIRLINES FAILED

	FLEET	NETWORK	PRODUCT	REASON OF FAILURE
 eOS <small>AIRLINES</small> 2004-2008, USA	6 x Boeing 757-200 (average age 12.7 y)	4 routes (USA-UK)		ALL THESE AIRLINES HAD COMMON PROBLEMS: WRONG STRATEGY FOR THIS SEGMENT <i>VERY OLD = UNRELIABLE A/C</i> <i>POOR ON-TIME PERFORMANCE</i> <i>SMALL FLEET = NO DAILY MULTIFREQUENCY</i> <i>SMALL FLEET = LACK OF NETWORK / SCALE</i> <i>POOR PRODUCT – NOT COMFORTABLE SEAT</i> <i>NOT INTERCHANGEABLE FLEET WITH MORE THAN ONE CONFIG</i> <i>MISUNDERSTANDING OF CUSTOMER REQUIREMENTS IN SEGMENT</i>
 Maxjet 2003-2007, USA	5 x Boeing 767-200 (average age 18.2 y)	4 routes (USA-UK)	92, 94, 100, or 102 (160° recline seats)	
SILVERJET 2006-2008, UK	3 x Boeing 767-200 (average age 19.5 y)	1 route (UAE-UK)	94 or 102 seats (160° recline seats)	
 L'AVION <small>PARIS - NEW YORK</small> 2003-2009, FRANCE	2 x Boeing 757-200 (average age 16.2 y)	2 routes (USA-FR)	90 seats (140° recline seats)	
 PrivatAir 1977-2018, SWITZERLAND	2 x A319CJ 3 x BBJ	No own network	46 / 48 seats (full flat)	NO CONTROL OVER NETWORK, SALES, TARIFFS, ETC. (DONE BY LUFTHANSA / SAS, etc.)

LESSONS LEARNED

MOST COMMON MISTAKES

- Fundamental Market Forecasting Errors
- No match of the product to market
- Poor on-time performance
- Network / Frequency
- No differentiation in product
- No real benefit for the customer
- Inadequate support from distribution channel
- Poor timing
- Rapid competitive response
- Shift in market during implementation
- Change in customer taste
- Poor after-sale
- Insufficient investment
- Lack of operational experience
- Internal organizational problems
- Marketing mistakes
- Poor cost control

HOW ARABESQUE ADDRESSES

- Market Forecast based on MIDT and premium class only
- Luxury product to match all business leisure segment
- Brand-new equipment ensures high on-time performance
- Optimal stage length with frequency fitting vacation
- Unique player in terms of product (one product only)
- Similar or better services at unbeatable prices
- Strong interaction with Hotel chains and Tour Operators
- Post Covid start-up satisfying the hunger for travel
- Limited response from competition possible
- Shift in market during implementation
- Luxury vacation is on since forever and will be so as well
- Continuous after sale / CRM utilization for future sales
- Proper investment from the very beginning
- Leadership team with substantial industry background
- Lean organization with scalability
- Premium customer marketing only
- Constant cost control and efficiency improvement

PRIVATAIR SA



Middle East, launched 2018



After securing the legacy swiss brand PrivatAir, once the most successful all-business class airline operator and moving the rest of fleet to SaudiArabia, the management of the new PrivatAir has decided to concentrate on ad-hoc charters and fleet management for third parties.

PrivatAir is not going back to scheduled all-business class operations due to lack of expertise and absence of appropriately configured airplanes

KLASJET



K L A S J E T

Pan-European, launched 2018



KlasJet operates full business class configured B737CL on European routes (charter) for sport teams / corporations

KlasJet has been specializing on corporate ah-hoc charters and sport teams transportation for past decade.

KlasJet operates 6 (of total 7) very old 737s, customized for a short haul operations with 56 all business class cabin.

Airline has a bad reputation at all of the ends – starting from problems with EU-regulators (lack of transparency, illegal practices) as well from EASA (European Aviation Safety Agency) for poor safety performance. After getting into troubles with Belgium Soccer team in June, there was another terrible air incident with cabin decompression with a German National Soccer Team on-board and KlasJet lost biggest part of customers in EU

LA COMPAGNIE

LA COMPAGNIE

France, launched 2019



Paris-Orly based schedule carrier, operates A321neo LR on transatlantic routes (Miami, New-York) since 2019

“By focusing their attention solely on the Paris-Orly to Newark route and the seasonal service between the “Big Apple” and the French Riviera, the airline realized that expanding into other markets did not make financial sense” – claims management of the airline

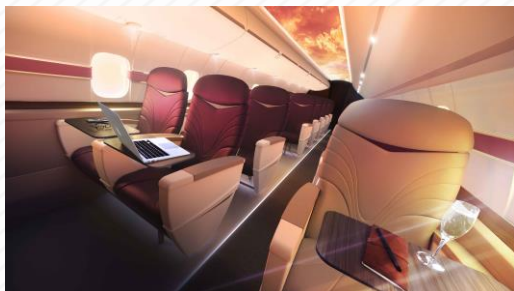
La Compaigne has been permanently getting into financial troubles since the strategy of airline is basically a replica of failed airlines like SilverJet and L’Avion, but mostly is replica of all possible mistakes made – mix of old 757 and 321neo in different configuration, problems with punctuality, frequency and the wrong market since both of the shareholders are very emotionally insisting on flying the home markets – New-York and Paris respectively.

Arabesque was offered to take over the airline completely or partially (fleet of 321neos with lease rates under \$400k monthly) but we declined since even the 321s appearing to be wrong – these a short-/medium haul 321neos

ZED AEROSPACE



USA, launch postponed to ...



2020 Startup in USA, launch postponed to 2021. Will operate high density business routes with regional aircraft

2020 Startup in USA, launched postponed first to 2021 and later to unknown date.

ZED Aerospace offers a newly-crafted flying experience, combining the luxury and convenience of a private jet with the affordability and reliability of an airline. To deliver on this unique vision, we upgraded 75-seat Bombardier CRJ700 aircraft to accommodate just 29 passengers.

ZED Aerospace will connect North American metropolitan hubs with reliable and frequent service. To serve the demanding needs of business travelers, no city-pair is served less than twice daily, with increased frequency on busy routes. Seasonal routes will be launched throughout the year to popular ski, holiday, and event destinations. Schedules will be released every 90 days. City routes will be served year-round.

ODYSSEY AIRLINES



UK,
considered be dead



2010 UK-based startup has been targeting UK-USA schedule all-business 40 lay-flat seated A220 service out of London city airport.

Considered be dead

2010 Startup in UK. There is no official updates on potential launch dates. It is doubtful that the project will ever take off and considered to be dead.

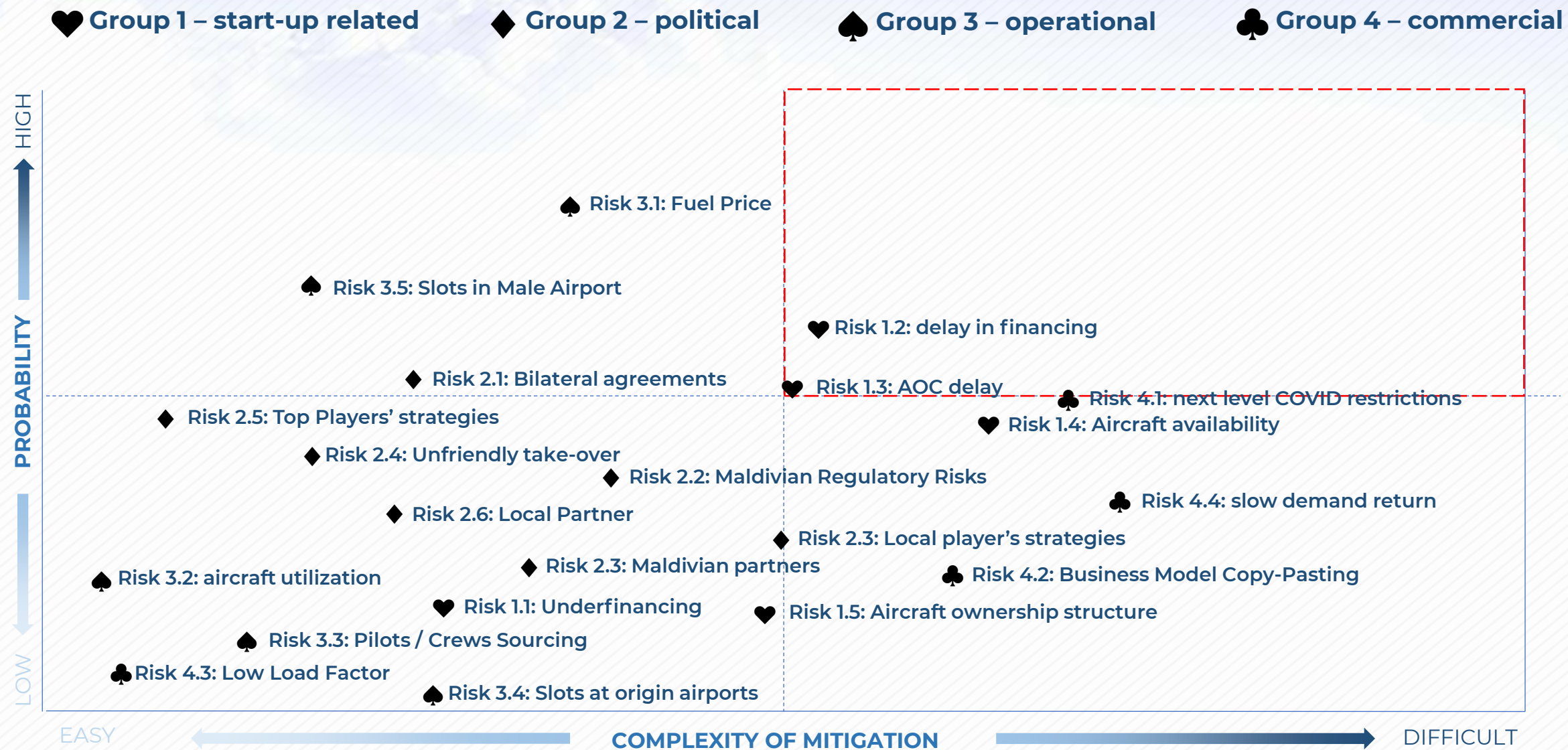
Odyssey is a franchise of ex-SilverJet management with the same concept, but it looks like they did not learned from previous mistakes:

- wrong airplane (too small)
- wrong product (lay-flat)
- too high start-up (\$85m)
- wrong approach (purchase a/c),
- huge founder team with no equity option for investor

Odyssey has been able to raise between \$2 and \$6m which represented not more than 7% of capital need. The company made an order for 10 x C-Series aircraft in 40 lay-flat seat configuration but never fulfilled its obligation (PDPs). The model has not provided any revolutionary breakthrough economic model / business concept and no significant benefit for passengers – neither from cost nor from product perspective

APPENDIX: RISK ANALYSIS

TOP-20 RISKS ASSESSMENT



START-UP RISKS MITIGATION

♥ Group 1 – start-up related

♦ Group 2 – political

♠ Group 3 – operational

♣ Group 4 – commercial

1.1	Underfinancing	L	L	The Financial Model was challenged various times and also reviewed by an independent consultants, Banks, Investors. We have full confidence in the model's accuracy. There are contingencies included to buffer potential delays or volatility in prices or any other external effects. In case of significant changes to the necessary amount, additional finance would be could be sought much cheaper (due to the progress in the start-up).
1.2	Delay in financing	H	H	The on-time financing of the different phases is crucial for the success of the start-up. Many payments are rather fixed in their timing (e.g. payments for the aircraft, IT-tools, AOC acquisition, etc.) and are not flexible. Thus, we are insisting on professional partners for the investment. Delays of a few days or up to a couple of weeks can be mitigated by streamlining other processes. Longer delays would shift start of operation and need to be avoided. Short term loans could be searched, but would unnecessarily bind management attention and come with additional cost and should thus be avoided.
1.3	AOC delay	M	M	The AOC process will immediately be started, once the NOL/NOC is granted. The NOC/NOL certification is already initiated, but mandates a couple of steps, which will immediately commence with downpayment from the investor. These steps include the foundation of a local company, working processes with the local civil aviation authority as well as the airport authority, presentation of the operational leadership team (postholders)... Once the NOC/NOL is obtained, the AOC process will immediately commence. It includes significant documentation needs and will culminate in a test flight and other presentations regarding the "airworthiness" of the airline. This process will last until shortly before the inauguration flight. Throughout the process, the relationship with the Civil Aviation Authority will be managed with Top Management attention and adjustments will be applied immediately when and as required. The most time consuming step is the development of a set of documentation (approx. 10-15 folders of paper) and the team will use masters to save precious time
1.4	Aircraft availability	M	H	We are in regular contact with the Leasing companies to receive updates on availability of the A321LR. The current COVID crisis is beneficial in terms of aircraft availability, but we are informed by the lessors, that they start seeing the demand for this aircraft type picking up. Thus it is crucial for the team to kick-off the leasing contract process. This will be commenced immediately with the downpayment. Certainty on the future tranches of the investment, aligned to the cash flow will allow signing and making necessary payments without delay. Should there be delays in terms of availability, the team can still approach airlines that have ordered and try to organize mutually beneficial deals.
1.5	Aircraft ownership structure	L	M	Some Lessors indicated their concerns of having the aircraft registered directly with the Maldivian entity. Having the Dubai AOC will be a possible mitigation to this risk. The aircraft are in the beginning leased and thus owned by the Lessors. In the longterm, the team is working on ECA financed procurement of aircraft to benefit from dealing directly with the manufacturer. The team aims for this kind of financing after the first 2-3 years.

POLITICAL RISKS MITIGATION

♥ Group 1 – start-up related

♦ Group 2 – political

♠ Group 3 – operational

♣ Group 4 – commercial

	RISKS			MITIGATION STRATEGY
2.1	Bilateral agreements	M	L	<ul style="list-style-type: none"> From EU and other destination side regulator's perspective - Substantial Ownership and Effective Control should be with the Maldivian shareholder (SOEC) and we propose a legal structure which fulfill SOEC requirements, but doesn't provide any control of the business to the local partner (also partly addressed below in the Maldivian Partner risk section). "Grandfathers" (historical carrier on the route) – managed by the Chief Commercial Manager in relation with the Civil Aviation Authority. Registration in Maldives will open all routes to and from Maldives.
2.2	Maldivian Regulatory Risks	M	M	<ul style="list-style-type: none"> We have been networking with local influencers (chairman of national bank, owner of 48 resorts, liquor distribution, private hospitals) We have a most influential Maldivian airliner with 40+ years experience in our Bord of Directors as independent member We believe giving the prominent politicians board seat in Maldivian entity, but no shareholding. Board seat is easier to adjust after potential political power shift.
2.3	Maldivian partners	L	M	<ul style="list-style-type: none"> The government cannot take over the company, but it can make life difficult. That said, when we deliver according to business plan, we control 23% of the premium traffic (almost 35% of the tourism spending). That makes us influential and offer an attractive board position. In worst case, the government can make a case that we are avoiding taxes by moving most of the profit to Dubai entity. In this case, we can settle some of the taxes. Likely costs are maximum 20% of the estimated profits.
2.4	Unfriendly take-over	M	L	<ul style="list-style-type: none"> We also are well connected with IMF and Cleary who handle Maldivian international support packages. These can pressure politicians to behave within legal parameters rather than impulsively. Faster we can grow locally and expand to other hubs (Seychelles, Mauritius), more leverage we have in countering any attempts to make our life more difficult.
2.5	Top Players' strategies	M	L	EK, LH, QR etc. serve Maldives for decades. They have been asked to set up operations and/or take over national carrier for past 10 years. If they have not had interest until now, why suddenly? Naturally these airlines try to use fares to protect their market share. But ultimately Maldives is a small part of their business and they will not adjust their processes to fight against us. They haven't done it with more bigger and influential competitors either. They focus on their hub development.
2.6	Local Players	L	L	<p>Some of local players might get jealous and want a piece.</p> <p>Faster we can grow locally and expand to other hubs (Seychelles, Mauritius), more leverage we have in countering any attempts to make our life more difficult. At worst, we may need to share some profits, but more influential we become, more difficult it will become to demand something from us</p>

OPERATIONAL RISKS MITIGATION

♥ Group 1 – start-up related

♦ Group 2 – political

♠ Group 3 – operational

♣ Group 4 – commercial

	RISKS			MITIGATION STRATEGY
3.1	Fuel Price	H	L	Our Business Model is build on highly unlikely growth rate for fuel with 10% p.a. and we are still profitable with more than 20% margin. Fuel price growth will hit our competitors more badly in all the scenarios since we are competing with light narrow body with heavy long-haul wide-body airplanes which consumes 60-70% more fuel. Last but not least, we can always utilize a fuel surcharge to mitigate the risk.
3.2	Aircraft Utilization	L	L	Our far above average utilization rate for A321neo aircraft will always be in our favor and confirmed by both – airframe and engine OEMs. We are utilizing aircraft less intensive since our segment length is above 8.5 flying hour in comparison to 2.0 flying hour of an average A321neo airline and we have 2 segments per day (2 starts at the full thrust instead of 5-6 full thrust starts for typical A321neo operator. Our engines will require by far less maintenance and our MRO cost are lower that industry average for this a/c family
3.3	Pilots / Crews Sourcing	L	L	As a consequence of COVID and lower flying activity of passengers up to 50% a/c are still grounded. We observe a highest underutilization of pilots in the history of aviation and heavy salary cuts by most of airlines worldwide. Beside Russia, Ukraine and Belarus which used to be a source of the pilots in the past decade, the highest unemployment rates are demonstrated in Middle East and China in particular. There is a huge oversupply for cheap pilots / crews. Our network and headhunt agent network in aviation pilot communities in Russia, Middle East and China are monitoring the situation on the daily base and we have been able to source and put on hold ca 30 first officers on “ready-to-go” base and we are quite confident to source any number of pilots at any point
3.4	Slots at Origin Airports	L	M	With our operation model (business class only), our high income passenger and such a unique destination as Male, we are very attractive customer for any airport including very prestigious and busy ones like London-Gatwick or Munich since they don't have such an airport in their network portfolio. Since we do not intend to develop complex networks in Origin airports and avoid busiest hub airports wherever applicable, choosing rather smaller more quite and closer airports – like Linate instead of Malpensa in Milan, Orly in Paris and Vnukovo in Moscow
3.5	Slots Male Airport	H	L	By far biggest customer for Male Airport with 22% of capacity in 2026 Unique schedule with no more than 5-6 a/c at the same time Schedule until 2026 is submitted to airport authorities, approval expected with NOC/NOL

COMMERCIAL RISKS MITIGATION

♥ Group 1 – start-up related

♦ Group 2 – political

♠ Group 3 – operational

♣ Group 4 – commercial

4.1	next level COVID restrictions	M	H	<p>The entire economics of Maldives is highly dependent on tourism and touristic spending in Maldives. Maldivian Government has been demonstrating outstanding crisis-management and was able to provide the highest level of tourist safety and keeps on maintaining the comfortable level of arrivals to Maldives during pandemics and in the post-COVID environment.</p> <p>We are continually monitoring the market and have the set of stress scenarios which are taking into account possible actions from the governments of countries with zero COVID tolerance strategies (such as China, Australia, etc.) and have a short-list of underserved markets with confirmed passenger numbers and we will be able to adjust our business and operational model on a short notice in order to switch our capacity to heavily underserved markets (CZ, PL, HU, KZ, US, PH, IN, etc.) which are not part of our network yet.</p>
4.2	Business Model Copy-Pasting	L	M	<p>Our business model is the result of many years of work in this industry and careful finetuning of the business model. While naturally cycles in copying know how from others are tightening, we do not believe that our model can be copied faster than 2-3 years. Next to the significant first mover advantage, the availability of the fitting aircraft as well as appropriate markets are beneficial to the Founder team as well. Furthermore, we are not standing still, but already work on the next steps of development to continue staying in front of the competition (Boom, MS21, Lucid, Burberry...)</p>
4.3	Low Load Factor	L	L	<p>Our load factors are during start-up phase slightly below, slowly developing to be in line with other airlines competing in a similar segment.</p> <p>In the first two years of operation we will have a guaranteed load from tour operators, close to the route profitability break-even point. On side of own sale we need to sell around 20 seats only at very competitive fare base which will allow us to play with the price to stimulate demand and attract passengers from the competition.</p>
4.4	Slow Demand Return	L	L	<p>Our team is monitoring arrival statistics on regular basis in order to adjust the model (network and capacity side) to the latest trends. We observe that our key markets such as Russia and other European Origin countries already outperforming the number of travelling passengers compared to the pre-COVID level by 2 and more times. We are quite confident to be able serve Maldivian market with appropriate capacity and stay flexible in choice of the markets we serve.</p>

APPENDIX: LONG-TERM VISION

SCALABILITY POTENTIAL

NEXT LEVEL PRODUCTS IN LUXURY SEGMENT



NEW DIMENSION OF LUXURY TRAVEL:

- First scheduled all-business widebody AC
- Supersonic Experience
- Revolution product in business aviation

#1 CHOICE OPERATOR FOR PREMIUM MARKETS

LUXURY TOUR OPERATOR:

- Maldives
- Seychelles
- Caribes
- Hawaii
- Fiji



SINGLE UMBRELLA BRAND



GLOBAL AIRLINE BRAND

- North America
- Dubai
- Pan-EU
- Pan-Asian

700M+ PASSENGERS BUSINESS TRAVEL MARKET

EXPANSION INTO

- Luxury Yachts
- 7* Hotel Chain



AIR



WATER



GROUND

COMBINED EXPERIENCE FOR TRAVELER

THIRD PARTY WISH LIST

We are aiming to transport 3.8 mln high income passengers over the next 5 years.

That makes us very unique, attractive and desired airline marketing partner for luxury brands and/or multinational holdings with exposure to high-end consumer market in luxury travel

LUXURY GOODS

KERING


LVMH

FOSUN 复星

MULTI HOLDINGS

مبادلة
MUBADALA 



جهاز قطر للاستثمار
QATAR INVESTMENT AUTHORITY

TRANSPORT / TOURISTIC

kerzner®



THE CARLYLE GROUP
GLOBAL ALTERNATIVE ASSET MANAGEMENT

