NORWEGIAN AIR SHUTTLE ASA

ANNUAL REPORT 2020

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LETTER FROM THE CEO

The year began on a positive note as we were set to deliver a profitable 2020 thanks to successful cost-saving initiatives and a more efficient operation. 2020 also saw the highest summer bookings ever, but it proved however to be a year like no other as travel effectively ground to a halt across all markets in which Norwegian operated due to the pandemic and travel restrictions. The impact has been profound, on both a financial and operational front. Like all airlines we have had to rapidly adapt in order to survive and be in a position to capitalise on opportunities that will arise in the future as the world recovers from this pandemic.

Norwegian reported an operating loss of NOK 23,768 million compared to an operating profit of NOK 856 million in 2019. The company's total revenue in 2020 was NOK 9,096 million, a decrease of 79 percent compared to a year earlier, driven by the dramatic reduction in operations. From April through to July, Norwegian operated eight aircraft on domestic routes only. Throughout the summer, once travel restrictions were lifted, the company operated around 20 aircraft to 76 routes across Europe. However, following renewed travel restrictions introduced in November and the strained financial situation, the operation was again reduced to only between eight and ten aircraft in order to dramatically reduce costs.

2020 – A FIGHT FOR SURVIVAL LEADING TO RENEWED STRENGTH

This last year has marked the most challenging period in Norwegian's history. We entered 2020 having already made huge strides in reducing our costs and optimising our route network as we sought to move from growth to profitability. Unfortunately, time was not on our side as the effects of the pandemic soon took over every aspect of our operations and our forward planning. Yet throughout this turbulent year we have faced every challenge head on, we have sought long term solutions and most importantly implemented decisions with decisive speed to achieve immediate results. I have truly felt humbled by the continuous support and understanding from our shareholders, loyal customers and vendors who have equally fought hard to ensure the survival of this company. Working together, we have overcome obstacles and reached many milestones thanks to an open dialogue and compromise. I would also like to thank our dedicated Red Nose Warriors throughout the company who have bravely faced these uncertain times with courage and strength.

The power and passion of the Norwegian 'voice' has been heard over the last year and is a testament to the importance of our brand and the value that we bring to Nordic economies through business and tourism.

I have had to make difficult decisions that have impacted dedicated colleagues across several business areas, however, on every occasion this has been a necessary step to ensure the continued survival of the airline. By rightsizing the company at this crucial time, we will be in a far better position to weather this storm that has still yet to pass.

My executive team and colleagues throughout the company have worked tirelessly to secure a strong future for Norwegian. We accessed an initial loan guarantee from the Norwegian government in May after meeting their stringent requirements. This was followed by the creation of a more agile and lean management structure across the airline to ensure a greater employee and customer focus, more efficient operation and, not least, an organisation that facilitates broad cooperation across the business. In November and December, the company initiated an Examinership and Reconstruction process in Ireland and Norway respectively to reduce debt, rightsize the fleet and secure new capital.

We will all look back at the events of 2020 and remember the sudden changes and restrictions that have touched every aspect of our lives, but we must also focus on the strengths that these challenges have brought out in all of us. We have all learnt to be agile, to cope with change, to seek solutions and to remain focused on better times to come – this is no different for Norwegian and we now look to the future with renewed vigour and a revised proposition forming the backbone of a profitable and financially secure company.

BEYOND 2020 – A NEW NORWEGIAN – AGILE AND FOCUSED

In January 2021, Norwegian announced a new plan that would strengthen the core profitable short-haul operation and cease long-haul operations going forward. The uncertainties surrounding long-haul passenger demand were clear and we took the decision to focus on the Nordics business to create a robust and solid company that will attract investors and continue to serve new and existing customers. We set ourselves an ambitious yet achievable target to reduce debt significantly to around NOK 20 billion and to raise between NOK 4 and 5 billion in new capital through a combination of a rights issue to current shareholders, a private placement and a hybrid instrument. Subsequently, the Norwegian government decided to support and contribute to the airline's funding of new capital pending certain conditions, and the Examinership and Reconstruction processes have proceeded as planned. The capital raise have later been increased to between NOK 4.5 billion and NOK 6 billion.

Across the industry we had hoped that the effects of the pandemic, though deep, would be short lived. This has repeatedly proved to not be the case and there are still hurdles to overcome before a return to normality. There are many uncertainties facing every aspect of global travel, from government imposed travel restrictions to general demand in some markets being impacted for many months if not years. However, the accelerating pace of vaccinations across our key markets and the combined efforts of governments to reopen international travel in a safe and secure way gives me great optimism for the future.

Flying brings people together and is of great value to society. But flying also comes at an environmental cost that must be reduced. In our environmental sustainability strategy launched last year, we committed to reducing our emissions by 45 percent by 2030, in line with the 1.5°C target set forth in the Paris Agreement. We have a good starting point. Our low-cost model reduces fuel and resource consumption – cutting costs, ticket prices and carbon emissions at the same time. The low-cost model is the sustainability model in aviation, as it enables highly efficient energy and resource management. However, we cannot rest on our laurels. We need to do more. Our targets and the direction of our environmental sustainability strategy remains and will be aligned with our new business plan.

Our core focus on European operations means we will be ready to capitalise on the pent-up demand that we know has built up over the course of the pandemic as customers look to once again travel for leisure and business. Affordable and reliable air travel is an essential part of our lives. As customers look to reunite with loved ones, friends and family as travel restrictions are eased, we will be well positioned to offer a product and network that responds to their needs.

Compared to both new and old competitors in the market, a revitalized, more agile and lean Norwegian will be able to confront the industry challenges ahead with renewed strength, ensuring that we are the airline of choice for customers seeking value and excellent service for many years to come. Norwegian will continue to be synonymous with being at the forefront of sustainability, offering great value and providing exceptional service – we are the customer's *smart choice*.

/s/ Jacob Schram
Chief Executive Officer

BOARD OF DIRECTORS' REPORT

In the first two months of 2020 Norwegian reported higher unit revenue, record high punctuality and higher load factor after taking significant actions in 2019 to optimize the route network, cut costs and create financial headroom. The strategy of moving from growth to profitability had gathered pace and was beginning to lay the foundations for the company to deliver a positive result in 2020.

This positive guidance had to be withdrawn following the rapid and deep impact of the COVID-19 global pandemic that severely affected the entire industry.

In March 2020, the effects of the COVID-19 pandemic in light of government imposed travel restrictions led to an abrupt drop in demand that forced the company to cancel most of its flights, ground all but a few aircraft and furlough approximately 90 percent of its workforce.

Throughout 2020 the company focused on reducing costs and restructuring the airline to enable it to emerge a stronger, more resilient and focused entity for the benefit of customers, shareholders and employees.

The global impact of COVID-19 presented the company with unprecedented financial and operational challenges that severely impacted all results for the majority of the year. Norwegian reported an operating loss of NOK 23,768 million representing a loss of NOK 24,624 million compared to 2019. Revenue decreased by 79 percent in 2020 with an associated increase in unit revenue by one percentage and a decrease in load factor of 11.4 percentage points to 75.2 percent. The on-time performance was 90 percent. The airline's CO_2 emissions per passenger kilometre were also impacted negatively due to the drop in passenger demand and shorter flight distances when compared to the previous year. CO_2-emissions increased by 17 percent to 82 grams CO_2 per passenger kilometre. Around 6.87 million passengers flew with Norwegian in 2020, a decrease of 81 percent compared to 2019 due to COVID-19 related global travel restrictions.

In 2020, the capacity, in terms of available seat kilometres, was 82 percent lower than the previous year. Production (ASK) was severely reduced compared to previous years, driven by the drastic reduction in flight operations due to the global COVID-19 pandemic.

Out of a current fleet of 131 aircraft, an average of 15 were operational during the latter half of 2020, mainly on domestic routes in Norway.

In 2020, Norwegian took swift and significant action to reduce debt and cut operational costs in light of the impact of the global COVID-19 pandemic. Faced with a dramatic drop in demand due to global travel restrictions the company announced in March that it would cancel 85 per cent of flights and temporarily lay off 7,300 employees, equating to approximately 90 percent of the global workforce. In the same month Norwegian fulfilled the criteria set out by the Norwegian government to secure an initial loan guarantee tranche of NOK 300 million. In April, to further reduce costs in light of the lack of significant financial support from the Swedish and Danish governments, the decision was taken to apply for bankruptcy for the pilot and cabin crew companies based in those respective countries. In May the company finalised a restructuring and recapitalisation process that completed access to the total state loan guarantee of NOK 3 billion. At the same time, and as part of the restructuring process, Norwegian announced a new management structure that was better suited to serve the needs of the business going forward.

The summer 2020 trading season remained extremely challenging, however, seizing the small window of opportunity that relaxed travel restrictions provided Norwegian operated 76 routes across Europe from the airports across Scandinavia.

Following the announcement by the Norwegian government in November 2020 that no further financial support would be provided, the company immediately took measures aimed at securing the future of the business. These initially included scaling back the operation to a domestic only network and placing a further 1,600 additional employees on furlough. Norwegian followed by initiating an Examinership and Reconstruction process in Ireland and Norway respectively to reduce debt, rightsize the fleet and secure new capital.

In January 2021, while the Examinership and Reconstruction processes continued, Norwegian announced that it would focus solely on a strong and profitable short-haul network allowing the company to build a robust and solid foundation that would attract investors and continue to serve new and existing customers. As a result of this decision all long-haul operations would cease. In light of the company's new business plan and proposed structure the Norwegian government also announced the same month that it would support and contribute to the airline's funding of new capital, pending certain conditions. This move significantly increased Norwegian's chances of working through the crisis caused by the pandemic and to position itself as a key player within Norwegian and European aviation as vaccine programs are rolled out across Europe and travel demand begins to return.

Following the presentation of the new business plan to creditors, shareholders and both the Irish and Norwegian courts the company expects to exit these processes and raise new capital. This important milestone will allow the company to emerge from this prolonged crisis as a stronger and more agile business able to adapt to opportunities in key markets. Norwegian will continue to offer competitive fares and a product that responds to the needs of both loyal and new customers across our network.

KEY EVENTS 2020

- In January and February 2020 Norwegian reported higher unit revenue, better on time performance and lower CO2 emissions than the same period in previous years.
- Norwegian won two coveted accolades at the Airline Economics Aviation 100 Awards.
- Throughout March, in light of travel restrictions and a dramatic drop in global demand, Norwegian cancelled 85 percent of flights and furloughed approximately 90 per cent of the workforce.
- Norwegian fulfilled criteria for initial NOK 300 million in guarantee from the Norwegian Government.
- Norwegian's pilot and cabin crew companies in Sweden and Denmark filed for bankruptcy.
- Norwegian finalised recapitalisation and secured state aid of up to NOK 3 billion.
- Norwegian committed to reduce CO2 emissions by 45 percent by 2030 as part of a new environmental sustainability strategy.
- Norwegian was voted Europe's Leading Low- Cost Airline 2020 for 6th consecutive year at World Travel Awards.
- Norwegian initiated a reorganisation plan seeking protection under Irish Examinership and Reconstruction in Norway.

GROUP OVERVIEW

Norwegian Air Shuttle ASA ("Norwegian" or "the Company"), the parent of the Norwegian Group ("the Group"), is headquartered at Fornebu in Norway, just outside Oslo. In 2020, the Company and its subsidiaries employed 6,365 staff at 26 operational bases in 11 countries. Figures include apprentices, temporary employees in administrative positions and employees in companies that are in a bankruptcy process due to the discontinuation of long-haul operations (UK, France, US and Italy). Norwegian has additional branch registrations according to local requirements in the operating regions. Norwegian has a leading position in the Nordic short-haul point-to-point market.

BUSINESS STRATEGY

Norwegian has long been recognized as an industry leader in low-cost travel, winning numerous awards during its close to 20 years in operation. The company will build on this foundation when refocusing its strategy. The company's renewed strategy builds on its core Nordic business and operating a European short-haul network with narrow body aircraft. The airline will continue to meet its customers' needs by offering affordable fares for all across a broad range of attractively scheduled domestic routes in Norway, across the Nordics and to key European destinations.

Since 2018, Norwegian has been progressing well on the shift in strategic focus from growth to profitability and has taken major operational and financial measures that allowed the Company to guide on a positive net profit in 2020. As society overall, and in particular the aviation industry, suffered from the consequences of the COVID-19 pandemic, Norwegian was forced to ground a significant part of its fleet due to government-imposed travel restrictions and lack of demand, and took drastic measures immediately to preserve liquidity and navigate through the crisis. During this hibernation period, the Company has seized the opportunity to completely restructure and re-create a strong, investable airline with a new strategy and business plan.

The new airline is built on the pillar of delivering attractive returns to investors supported by the new business plan labelled "New Norwegian" with the following core elements:

ROBUST FINANCIAL PLATFORM

A complete financial restructuring to ensure a robust capital structure for the long-term. The Phase 1 Restructuring was successfully completed in 2020 and on 17 December 2020 the EGM approved the resolutions necessary to implement the proposed Phase 2 Restructuring. The restructuring allows the Company to rightsize the network and fleet around the profitable core Nordic business and give financial headroom to maneuver through the pandemic until demand recovers. Both phases of the restructuring additionally seek to lower financial and ownership costs and thereby creating an economically sustainable platform for the Company for the benefit of all stakeholders.

STRONG NORDIC-FOCUSED NETWORK

The new short-haul network is an optimized, consolidated version of the network Norwegian has developed and refined since the beginning in 2002 with a core Nordic footprint. Over the past two years, the Company has rationalized the route portfolio and the new network of 300+ routes retains the historically strongest-performing routes while maintaining the presence and connectivity that our customers highly value. Pre-Covid, Norwegian was the leading carrier for leisure-oriented traffic in the Nordics and the second largest on domestic & intra-Nordic flights, and the new network is designed to defend and strengthen this position. Furthermore, changes are made to deliver a more efficient operation focusing on the most popular destinations and the largest traffic flows. Importantly, sufficient scale allows the airline to maintain a clear cost advantage versus its closest peers and potential new entrants.

The long-haul network was in January 2021 decided to be terminated following the economic rightsizing of the fleet.

COMPETITIVE COST BASE

A low-cost operating model with less complexity, higher reliability and, most importantly, a rightsized and competitive cost base, is the Company's fundament to continue to provide affordable fares to all. The airline will leverage and strengthen its cost advantage going forward, boosted by the effects obtained in the restructuring and with a clear strategic priority in further improving cost-efficiency and reinforcing cost control. Through the hibernation period, the airline has reviewed its entire operational setup, processes and sourcing practices and will emerge as a streamlined company devoted to its core business. Clear efficiency-gains are expected from improved asset and resource utilization, concentrated network, and lighter overhead. This model allows Norwegian to compete effectively on price versus legacy carriers, on scale versus new entrants and with a superior quality offering than what the ULCCs offer. Maintaining and improving on this competitiveness, by striving every day for increased cost-efficiency in combination with a quality customer offering, is part of the Company's DNA.

ATTRACTIVE CUSTOMER OFFERING

A new customer platform to provide a hassle-free, sales oriented, sustainable & personalized customer journey based on the already award-winning experience the airline is known for. A clear priority is strengthening ancillary sales by offering relevant and attractive products at the right time, increasing conversion through a personalized, data-driven e-commerce engine. Norwegian will leverage its brand strength and customer satisfaction to continue to be the preferred option for those who seek an affordable alternative without compromising on quality. A revised and focused brand platform will ensure that brand strength translates into customer satisfaction and attractive customer acquisition costs / high marketing return on investment.

Leverage the unique and award-winning Reward program, with over 4 million members in the Nordics, to develop a broader ecosystem in connection to the airline to create new, steady revenue streams and strengthen loyalty and customer lifetime value (CLV) through more frequent and engaging interactions outside the traditional airline journey. This will be enabled through new and existing partnerships, our strong membership base and innovative service- and product offerings.

HIGH-PERFORMING ORGANIZATION

Increased labor efficiency following a re-designed, more crew-friendly network allowing for a right-sized base structure that will increase utilization and reduce operational costs. The Company will be better positioned to manage seasonality through a leaner organization and more flexible arrangements.

Importantly, Norwegian has a very dedicated, experienced workforce with a strong fighting spirit. "Red Nose Warriors" has grown into a strong employer brand that will be a competitive force to attract and retain top talent and competence vital to succeed in a post-Covid environment.

Strong organization and governance structure with an experienced, dedicated executive team and redesigned management levels building on key performers and new talent. To support the new organization, a modernized and flexible backbone will boost productivity through select IT investments, development of new business centers and rigorous supply chain management.

CORE VALUES

Due to the change in strategy and the new business plan, the Company will, together with its employees, define the new core values to shape our culture going forward after the restructuring is completed.

CORPORATE STRUCTURE

The Norwegian Group consists of the parent company, Norwegian Air Shuttle ASA, and its directly or indirectly owned subsidiaries in Norway, Sweden, Denmark, Finland, Ireland, Spain and the United Kingdom.

The Group has structured its operations and different functions into several entities and the purpose is to have an organizational structure that maintains Norwegian's flexibility and adaptability considering the Company's strategy. The respective companies offer permanent employment, and terms & conditions according to local markets, laws, and regulations.

The Group does not report profit per entity, as the Executive Management considers the business as one operating segment, which is low-cost air passenger travel. The Group's operating profit comes from airline-related activities and the aircraft fleet is the Group's main revenue generating asset, which is utilized across the Group's geographical segment.

The Group's organization is further organized into five functional business areas:

- Network, Pricing & Optimization
- Product & Digital Development
- Marketing, Sales & Customer Care
- Operations
- Support Functions

NETWORK, PRICING & OPTIMIZATION

The objective for the business area is to optimize the P&L for the airline through network, pricing and operations planning. This is achieved through the development of the network strategy and allocation of aircraft not just for the commercial production, but also cargo and charter, through ongoing route management.

Great focus given to airline planning, which is broken down into fleet, and operations planning, schedule development, slot strategy and crew resourcing optimization.

PRODUCTS & DIGITAL DEVELOPMENT

The business area primary objective is to deliver great user experiences across digital and physical touchpoints, and to maximize value from ancillary products, inflight sales, partnerships and loyalty program. Products & Digital development was introduced to increase focus on revenue development of ancillary services as important contributor to the business plan, to consolidate management and development of all products in one unit, and to ensure that Norwegian is delivering a friction-free and personalized user experience across the travel journey. By combining products with digital development we aim to increase focus on the digital customer experience and to position Norwegian as a digital leader in the travel industry.

The business area consist of the following areas:

- Product Management; Secure great product experiences for travel ancillaries, drive revenue growth, and introduce new products and concepts in the marketplace
- Loyalty & Memberships: Secure a profitable and industry-leading Reward program with almost 10 million members and maximize revenues from partnerships.
- In flight Retail: Deliver an attractive product offering and inflight experience

and build a profitable retail operation in the air.

Digital channel development: Develop conversion-oriented, friction free and best in class user experiences.

MARKETING, SALES & CUSTOMER CARE

The business area seeks to optimize sales distribution and marketing in all channels, drive the eCommerce operation and take care of our customers with timely and high-quality information in order to attract, engage and support customers throughout the entire customer journey.

An important aspect is managing and developing the brand with a focus on aligning brand efforts across the business to maximize investment and marketing impact while reducing costs. Developing a strong and consistent brand across the business supports Norwegian's aim to deliver positive customer experiences worldwide.

OPERATIONS

At year-end 2020, Norwegian had five airline operators in four different countries, each holding a unique national air operator's certificate (AOC). Each AOC is under the supervision of the civil aviation authorities in their respective country. The AOCs exist to give the Norwegian Group broad market access, however the Company is in the process of evaluating and implementing a new AOC structure based on the new business plan.

The parent company Norwegian Air Shuttle ASA (NAS), based at Fornebu, outside Oslo, Norway, holds one of the AOCs. The fully owned subsidiaries Norwegian Air International Ltd. (NAI), based in Dublin, Ireland, Norwegian Air UK Ltd. (NUK), based in London, United Kingdom, Norwegian Air Norway AS (NAN), based at Fornebu, Norway, and Norwegian Air Sweden AB (NSE), based in Stockholm, Sweden, each have an AOC.

Norwegian's commercial airline activities have been operated through local bases in the following countries: Norway, Sweden, Denmark, Finland, United Kingdom, USA, Italy, Spain and France. The base structure will also be consolidated as a result of the new business plan.

Red Handling carries out ground handling services and is established in the UK and Spain. Red Handling UK Ltd. provides ground handling services at London Gatwick Airport (LGW) and Red Handling Spain S.L provides ground handling services at Barcelona Airport (BCN), Alicante Airport (ALC), Palma de Mallorca Airport (PMI), Málaga Airport (AGP) and Las Palmas Airport (LPA).

SUPPORT FUNCTIONS

The Group has four important support functions: Finance & Control, People, IT & Business Services and Communications & Public Affairs.

The Finance & Control business area oversees the Group´s asset companies, which are organized in a set of subsidiaries based in Dublin, Ireland. Arctic Aviation Asset DAC is the parent company. The business area handles aircraft financing, leasing, and ownership. Arctic leases aircraft to both Norwegian's own operations and external airlines.

MARKET CONDITIONS

Norwegian began the financial year positioned as one of the largest low-cost carriers in Europe and among the ten largest in the world. It operated as a global airline, with a route network stretching across Europe into North Africa, the Middle East, North America, South America and South-East Asia. Work to pivot Norwegian from growth to profit had begun to deliver significantly improved results in both European short-haul and long-haul operations.

But the outbreak of the global COVID-19 pandemic in March 2020 led to the rapid imposition of significant and extensive travel restrictions across Norwegian's network. In response Norwegian, along with all other commercial airlines, was forced to ground the majority of its fleet. By the second quarter of 2020 global air travel fell by 66% versus the prior year as demand for air travel collapsed.

From April 2020 Norwegian's network was reduced to a core short-haul network of just 7 aircraft operating only within the Nordics. This persisted until July when the first wave of the pandemic began to pass and European travel restrictions were eased. In response Norwegian ramped-up its European short-haul operations to a peak of 26 aircraft operating in September 2020. But as the second wave of the pandemic began to emerge Norwegian was once again forced to reduce its network to match a second fall in demand linked directly to COVID related travel restrictions. From December 2020 Norwegian has been operating a fleet of around 9 aircraft focused once again on a core short-haul network serving predominantly Norway domestic routes.

Once travel restrictions lift, Norwegian plans to ramp-up operations to a peak of around 50 short-haul aircraft in 2021 and around 70 short-haul aircraft in 2022. Norwegian's long-haul operations will not resume. It is not expected that demand for short-haul travel in Europe will return to 2019 levels before 2023 or 2024 and so Norwegian will deploy capacity back into the market at a pace that matches this.

When conditions normalise, Norwegian will serve its four core source markets of Norway, Denmark, Sweden and Finland with a balance of intra-Nordic and domestic routes and routes to key cities and popular leisure destinations across Europe.

Despite the global pandemic, competition in Norway has intensified. Yet Norwegian is well placed to compete against both new entrants and established competitors, offering higher value than any other carrier in the market: Norwegian's cost base is significantly lower than that of its legacy competitors, allowing Norwegian to offer more competitive fares; Norwegian's core product offering (including the breadth and depth of its network) and its local brand strength are far stronger than those of any new entrants.

SAFETY AND COMPLIANCE

The operational focus is always on safety and compliance. Safety is underlaying all activities governed by our five airlines: Norwegian Air Shuttle ASA, Norwegian Air Norway AS, Norwegian Air Sweden AB, Norwegian Air UK Ltd., and Norwegian Air international Ltd. of which two Nordic AOC are operative and the remaining three AOC are hibernated following Covid operational reduction.

Our safety standards are based on compliance to the regulations and to our internal documentation, managed according to the Safety Management System principles and have dedicated safety departments and quality/ compliance departments. The directors of both departments report directly to the accountable manager of their respective airline.

Norwegian as an international company brings new cultures and new challenges to the operation. Norwegian meets these challenges proactively, as part of the Management of Change, conducting change impact assessments and safety risk assessments to ensure that to the highest degree possible, hazards are identified, and associated risks are adequately managed. Norwegian's safety culture is derived from industry best practice and learning and in accordance with the European Plan for Aviation Safety, EPAS.

The four pillars of SMS (Safety Management System) are:

1. Safety policy and objectives,
2. Safety promotion,
3. Safety risk management and
4. Safety assurance.

Norwegian places emphasis on its safety culture as a key safety tool, and the Norwegian Safety Management System is underpinned by a strong reporting culture, which is used to provide early identification of hazards, permitting opportunity to prevent escalation to accident or incident. It is also used to measure trends to be able to be proactive of implementing corrective actions or mitigating factors in the safety work.

The reporting culture is built on the foundation of "just culture", and a "learning culture". "Just culture" is a culture in which front-line operators and others are not punished for actions, honest mistakes, missions or decisions taken by them which match their experience and training, but where gross negligence, willful violations and destructive acts are not tolerated. The knowledge Norwegian gains from its safety reporters is used to ensure continual safety improvement. The Norwegian code of ethics, applicable to all personnel, welcomes and ensures all cultures joining and already amongst the family experience respect and recognition in the workplace.

All changes in documentation or organizational changes are subject to a management of change process and the Company has an active hazard register and performing risk analysis to support safety measures and managing changes. Changes are documented and the effectiveness of the mitigations of risks are regularly reviewed for effectiveness in a pre-determined set review loop.

A collaborative, cohesive and proactive approach to safety across the Norwegian group airlines is recognized and accepted as essential to the business. Accordingly, the safety directors drive harmonized systems to deliver risk management and safety assurance, and the accountable managers and nominated persons ensure safety lessons from one part of the airline is utilized across the group to ensure the group of airlines learns and develops from a common set of data. Safety management system training is provided to all personnel, and specialist safety personnel receive internal and external training applicable to their role.

Norwegian moves from 2020 into 2021 with no fatal accidents since its inception in 1993. The Group had no critical personnel injuries during 2020. The safety is managed to a degree at and above regulatory requirements utilizing cutting edge safety IT systems fed with data from highly competent and well engaged personnel.

In order to ensure compliance with the European Union Aviation Safety Agency (EASA) regulations the compliance departments perform audits of both internal functions as well as contracted providers within all operational areas. The focus ahead is to develop predictive methods to manage safety.

The year 2020 was the year of pandemic resulting in more than 90% reduction of the operation with massive numbers of staff reductions, furloughs and closure of operational bases. The outlook for 2021 is still to be seen, however the rollout of the vaccine will provide a forecast of business recovery.

AIRCRAFT MAINTENANCE

Each national civil aviation authority has approved the AOCs' maintenance organization (CAMO) and maintenance program (AMP).

The Company has a Maintenance Repair Organization (MRO) organized under Norwegian Air Shuttle ASA. The MRO delivers maintenance services to the AOCs in Norwegian for aircraft through a direct agreement with the AOCs. During 2020 Norwegian in-sourced maintenance services from Boeing BCASEL/GoldCare.

Major airframe and workshop maintenance are performed by external sources subject to approval by the European Aviation Safety Agency (EASA) and the national aviation authorities. Airframe (base) maintenance for the 737 fleet is currently carried out by Lufthansa Technik in Budapest, Hungary. Lufthansa Technik are undertaking the engine and component workshop maintenance. On the 787 Trent 1000 engines, engine shop maintenance was carried out by Rolls Royce covered under a Total Care agreement between Norwegian and Rolls Royce.

All maintenance, planning and follow-up activities, both internally and externally, are performed according to both the manufacturers' requirements and additional internal requirements, and are in full compliance with authoritative international regulations. The Group carries out initial quality approval, as well as continuously monitoring all maintenance suppliers. All supplier contracts are subject to approval and monitored by the national aviation authorities.

2020 has been a challenging year with regards to the continued grounding of the Boeing 737 MAX as well as the engine challenges with the 787 and on top the Covid pandemic bringing the global industry to a grinding halt. The MAX was grounded in March 2019 because of two fatal accidents involving the aircraft type, on 29 October 2018, Lion Air Indonesia and the other on 10 March 2019 involving Ethiopian Airlines, with the tragic casualty of 346 people.

The year 2020 started with continuation of the technical issues with the Rolls Royce engines for the 787s. As a result of these faults, Rolls Royce and EASA have implemented a more frequent maintenance schedule on borescope of the engines and other maintenance actions.

FINANCIAL REVIEW

Norwegian reports consolidated financial information compliant to the International Financial Reporting Standards (IFRS) as adopted by the EU.

The preparation of the accounts and application of the chosen accounting principles involve using assessments and estimates and necessitate the application of assumptions that affect the carrying amount of assets and liabilities, income and expenses. The estimates and the pertaining assumptions are based on experience and other factors. The uncertainty associated with this implies that the actual figures may deviate from the estimates.

Maintenance reserve obligations, expected useful lives and residual values of aircraft as well as the recognition of deferred tax assets are among the most important estimates applied by Management when preparing the financial statements.

CONSOLIDATED INCOME STATEMENT

The Group's total operating revenue for 2020 decreased 79 percent to NOK 9,096 million (NOK 43,522 million), of which ticket revenue accounted for NOK 6,455 million (NOK 35,216 million). Ancillary passenger revenue was NOK 1,535 million (NOK 6,651 million), while NOK 1,105 million (NOK 1,654 million) was related to freight, third-party products and other revenue.

The ticket revenue per available seat kilometer (unit revenue) for 2020 was NOK 0.36 (NOK 0.35), up one percent from the previous year, following a yield increase of 16 percentage. Ancillary revenue per passenger rose by 22 percent to NOK 223 (184).

The number of passengers decreased by 81 percent during 2020 and average sector length decreased by 26 percent.

Operating expenses excluding aircraft lease, depreciation and amortization in 2020 amounted to NOK 13,851 million (NOK 36,208 million), with a unit cost of NOK 0.94 (NOK 0.44). The unit cost excluding fuel was NOK 0.83 (NOK 0.31).

Operating profit excluding lease, depreciation and amortization ("EBITDAR") was negative NOK 4,755 million, compared to positive NOK 7,313 million in 2019. EBITDAR excluding other losses/(gains) was negative NOK 1,751 million (positive NOK 6,468).

Other losses/(gains) include restructuring costs, gains and losses from forward fuel contracts, translation of working capital in foreign currency and net gain or loss from sale of fixed assets. Net other losses/(gains) in 2020 was a loss of NOK 3,005 million (2019: gain of NOK 846 million), including restructuring costs of NOK 1,220 million, a net gain of NOK 883 million from forward contracts on jet fuel, a gain of NOK 28 million from translation of working capital in foreign currency and losses of NOK 930 million from sale of fixed assets.

Operating profit before interest and taxes ("EBIT") for 2020 was negative by NOK 23,768 million (2019: positive NOK 856 million), negatively affected by impairment losses of NOK 12,816 million related to owned and leased aircraft to be discontinued in the revised business plan as well as pre-delivery payments on terminated aircraft orders, and leasehold improvements and deposits on leased aircraft that will be redelivered.

Net financial items were positive by NOK 1,643 million (2019: negative NOK 2,530 million).

The Group's share of profit or loss from associates for the year resulted in a net loss of NOK 8 million (2019: loss of NOK 14 million) in the consolidated income statement.

Loss before tax ("EBT") amounted to NOK 22,133 million (loss in 2019 of NOK 1,688 million) and net loss after tax was NOK 23,040 million (loss in 2019 of NOK 1,609 million). Loss before tax includes negative effects from impairment assets held for sale of NOK 12,816 million. Earnings per share were negative NOK 1,022.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Since the COVID-19 outbreak forced Norwegian into hibernation, a significant financial restructuring process has been ongoing, reaching several milestones during 2020. In 2020, the restructuring improved equity by NOK 18.5 billion, of which NOK 5.2 billion recognized in the income statement

The Company sold ten Boeing 737 aircraft during 2020, five of which were financed through sale-leaseback. Three of the aircraft on sale-leaseback were redelivered after short lease periods ended in the first half of 2020. A further twelve 737s and five 787s on operational lease were redelivered in 2020. The Company did not take any new deliveries during the period.

Total non-current assets amount to NOK 11,867 million at the end of 2020, compared to NOK 70,734 million at the end of 2019. There were no significant new investments during 2020, while ten Boeing 737-800s were sold, five of which classified as held-for-sale assets at the end of 2019. Twelve leased 737s and five leased 787s were redelivered during the year. NOK 39.1 billion in right-of-use aircraft and owned aircraft were reclassified to a disposal group during the fourth quarter, following the decision to substantially reduce the company's fleet of air craft. Further, pre-delivery payments to aircraft manufacturers of NOK 4.8 billion were impaired due to termination of aircraft purchase contracts.

Intangible assets amounted to NOK 2,167 million at the end of 2020, compared to NOK 2,871 million at the end of 2019, including deferred tax assets of NOK 1,966 million compared to NOK 2,672 million at the end of 2019. The Company has NOK 4,065 million in unrecognized deferred tax assets at the end of 2020 related to carry-forward tax losses. As a result of the Groups decision to discontinue long-haul operation, the Group has derecognized carry forward losses of NOK 906 million in entities with related activities.

Total current assets amount to NOK 37,687 million at the end of 2020, compared to NOK 14,609 million at the end of 2019. Current assets include assets held for sale of NOK 30,377 million (NOK 1,205 million) related to 78 aircraft anticipated to be rejected following the examinership and reconstruction process. The assets held for sale are treated as one disposal group and have been impaired by NOK 8.7 billion, to estimated fair value less cost to sell. Trade and other receivables have decreased by NOK 5,554 million during the year, driven by reduced receivables with acquirers following refunds to customers and reduced sales. Cash and cash equivalents have decreased by NOK 429 million during the year, ending at NOK 2,667 million.

Total non-current liabilities were NOK 2,679 million at the end of 2020, compared to NOK 57,192 million at the end of 2019. Non-current debt has decreased by NOK 54,512 million. Aircraft financing and lease liabilities of NOK 30,768 million have been reclassified to disposal group liabilities classifies as held for sale, related to 78 aircraft anticipated to be rejected following the examinership and reconstruction process. Non-current liabilities were also substantially reduced following the reconstruction carried out in May 2020. Most of the company's lease liabilities and all of the company's bond debt and aircraft financing were in default on 31 December 2020, due to breaches of financial covenants and failure to comply with payment schedules. Consequently, NOK 11,240 million in debt has been reclassified from non-current to current debt.

Total current liabilities amounted to NOK 53,498 million at the end of 2020, compared to NOK 24,026 million at the end of 2019. Current liabilities include disposal group liabilities classified as held for sale of NOK 30,768 million. Air traffic settlement liabilities decreased by NOK 5,705 million from end of 2019 due to reduced production and reimbursements to customers on cancelled flights. Current debt increased by NOK 3,151 million, of which NOK 11,240 million was reclassified from non-current debt due to events of default occurring before 31 December 2020. This effect is partially offset by the reduction in current debt achieved through the May 2020 financial restructuring, including decreased short-term lease liabilities following conversion of debt to equity. Ten 737-800 aircraft were sold, with settlement of the corresponding debt. Other current liabilities increased by NOK 1,258 million from the end of 2019, including an increase in outstanding cash point balances by NOK 1,486 million, increased current portion of maintenance accruals due to planned redeliveries of aircraft by NOK 1,865 million and unrealized negative fuel hedge positions of NOK 49 million, offset by lower operational current liabilities due to reduced production.

CAPITAL STRUCTURE

Equity at the end of 2020 was negative NOK 6,624 million compared to positive NOK 4,1245 million at the end of 2019.

Equity increased by NOK 13,310 million following the financial restructuring including debt conversions and the public offering, offset by a net loss of NOK 23,040 million for 2020 (including impairment losses of NOK 12,816 million), and exchange rate losses from subsidiaries of NOK 979 million and other effects of NOK 40 million.

All issued shares in the parent company are fully paid with a par value of NOK 0.1 per share. There is only one class of shares, and all shares have equal rights. The Group's articles of association have no limitations regarding the trading of Norwegian Air Shuttle ASA's shares on the stock exchange.

Net interest-bearing debt at the end of 2020 was NOK 40,222 million compared to NOK 58,282 million at the end of 2019. Included in current year net interest-bearing debt are lease liabilities of NOK 3,165 million and disposal group liabilities of NOK 30,768 million. At the end of 2020, the equity ratio was negative 13.4 percent, compared to positive 4.8 percent at the end of 2019.

The Group's gross interest-bearing liabilities of NOK 42,889 million (NOK 61,378 million) mainly consisted of disposal group liabilities classified as held for sale of NOK 30,768, financing of aircraft amounting to NOK 3,812 million, lease liabilities of NOK 3,351 million, loan with state guarantee of NOK 2,989 million and bond loans with a net book value of NOK 1,532 million.

Current aircraft financing includes borrowings of NOK 3,812 million on 22 aircraft planned to remain on the fleet and NOK 15,661 million classified as liabilities included in disposal group on 33 aircraft to be returned in 2021.

The Company issued 3,809,786,402 new shares in 2020 and carried out a reverse split of the Company's shares where one hundred old shares were merged to one new share. The net cash proceeds from the share issues were NOK 328 million.

CASH FLOW

Cash and cash equivalents were NOK 2,667 million at the end of 2020 compared to NOK 3,096 million at the end of 2019.

Cash flow from operating activities in 2020 amounted to negative NOK 1,391 million compared to positive NOK 3,038 million in 2019. Air traffic settlement liabilities decreased by NOK 5,705 million (NOK 801 million). Changes in inventories, accounts receivable and accounts payable had a positive effect on cash flow by NOK 8,331 million (negative NOK 2,265 million) mainly due to received cash from credit card acquirers.

Cash flow from investing activities was NOK 2,662 million, compared to NOK 8,332 million in 2019. Proceeds from sale of tangible assets of NOK 2,775 million (NOK 6,970 million) consists mainly of proceeds from sale of ten Boeing 737-800 aircraft.

Cash flow from financing activities in 2020 was negative by NOK 1,628 million compared to negative NOK 10,193 million in 2019. Proceeds from new loans of NOK 3,291 million (NOK 2,408 million) include a loan with state guarantee and associated loans from private banks. Principle repayments of NOK 2,480 million (NOK 9,295 million) relate to settlement of financing on ten sold 737 aircraft amounting to NOK 1,926 million and scheduled repayments of NOK 235 million. Debt servicing on lease liabilities was NOK 2,351 million (NOK 3,923 million).

FINANCIAL RISK AND RISK MANAGEMENT

Risk management in the Norwegian Group is based on the principle that risk evaluation is an integral part of all business activities. Policies and procedures have been established to manage risk. The Group's Board of Directors reviews and evaluates the overall risk management systems and environment in the Group on a regular basis.

The Group faces many risks and uncertainties in a global marketplace that has become increasingly volatile. The variety of economic environments and market conditions can be challenging, with the risk of Norwegian's unit cost not being low enough to shield the airline in case of weaker consumer demand and business confidence in its key markets. Price volatility may have a significant impact on the Group's results. Norwegian is also continuously exposed to the risk of counterparty default.

The Group's reported results and net assets denominated in foreign currencies are influenced by fluctuations in currency exchange rates and in particular the US dollar.

Financial risk management is carried out by a central treasury department (Group treasury), under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risk in close cooperation with the Group's operating units. The Board provides principles for overall risk management such as foreign currency risk, jet-fuel risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

INTEREST RISK

The Group is exposed to changes in the interest rate level, following the amount of interest-bearing debt. The Group's cash flow interest rate risk arises from cash and cash equivalents and floating interest rate. Floating interest rate borrowings consist of unsecured bonds, aircraft financing, loan facility and financial lease liabilities. Fixed interest rate borrowings consist of aircraft financing guaranteed by export credits, commercial debt for aircraft and unsecured bonds. Borrowings are denominated in USD, EUR, SEK and NOK. Hence, there is an operational hedge in the composition of the debt.

FOREIGN CURRENCY RISK

A substantial part of the Group's expenses are denominated in foreign currencies. The Group's leases, aircraft borrowings, maintenance, jet-fuel and related expenses are mainly denominated in USD, and airplane operation expenses are partly denominated in EUR. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. In order to reduce currency risk, the Group has a mandate to hedge up to 100 percent of its currency exposure for the following 12 months. At the end of 2020, the Group did not have significant currency forward contracts.

PRICE RISK

Expenses for jet-fuel represent a substantial part of the Group's operating costs, and fluctuations in jet-fuel prices influence the projected cash flows. The objective of the jet-fuel price risk management policy is to safeguard against significant and sudden increases in jet-fuel prices whilst retaining access to price reductions. The Group manages jet-fuel price risk using fuel derivatives. Management has a mandate to hedge 10 to 50 percent of its expected consumption over the next 12 months with forward contracts. At the end of 2020, the Group had secured 18,000 tons of jet fuel (2019: zero tons) through forward contracts.

LIQUIDITY RISK

The Group monitors rolling forecasts of the liquidity reserves, cash and cash equivalents. In addition, the Group's liquidity management policy involves projecting cash flows in major currencies and evaluating the level of liquid assets required. Furthermore, these analyses are used to monitor balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

CREDIT RISK

Credit risks are managed on group level. Credit risks arise from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to commercial customers. The Company's policy is to maintain credit sales at a minimum level and sales to consumers are settled by using credit card companies. The risks arising from receivables on credit card companies or credit card acquirers are monitored closely.

CLIMATE-RELATED RISKS

Climate-related risks include transition risks and physical risks. Transition risks refer to transition to a lower-carbon economy; physical risks refer to the impacts of climate change.

Transitioning to a lower-carbon economy may involve changes in government policies, technological development and customer demands. The speed and focus of these changes may create financial and reputational risks.

A changing climate may cause increased severity of extreme weather events. Cyclones, hurricanes and floods are acute, event-driven physical risks. Higher temperatures, sea level rise and heat waves are chronic physical risks stemming from longer-term shifts in climate patterns. Physical risks may impact financial performance directly or indirectly through supply chain disruptions. Climate-related risks are managed on group level.

THE SHARE

The Company's shares are listed on Oslo Børs (Oslo Stock Exchange) with the ticker symbol NAS. Norwegian aims to generate competitive returns to its shareholders. The Company has not paid dividends during the last three years.

The share had a closing price of NOK 86.94 as of 31 December 2020. The Company issued 39,391,770 new shares during 2020. The number of shares has been adjusted for a reverse split carried out in December 2020, in which one hundred old shares gave one new share.

As of 31 December 2020, Norwegian had 67,438 shareholders and the twenty largest shareholders accounted for 68.4 percent of the share capital.

CHANGES IN THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

Anton Joiner, Chris Browne, Jaan Albrecht Binderberger and Vibeke Hammer Madsen were elected as new members of the Board at the Annual General Meeting 30 June 2020 as Liv Berstad and Christian Fredrik Stray stepped down as board members. Anton Joiner resigned 10 November 2020.

Jacob Schram was appointed new Chief Executive Officer from 1 January 2020. Kurt Simonsen stepped down as Chief Customer and Digital Officer, while Knut Olav Irgens Høeg assumed the position of Interim SVP IT / Customer care in addition to his role as SVP Procurement. EVP Operational Development and the Chief Legal Officer were integrated within the departments of the Chief Operating Officer's and the Chief Financial Officer's organizations, respectively.

The Executive Management team was temporarily expanded during February 2020 to include Brede Huser as EVP Loyalty & Managing Director of Norwegian Reward, Kei Grieg Toyomasu as SVP Marketing, Guro H. Poulsen as SVP Crew Management and Sarah Louise Goldsbrough as EVP Human Resources.

In June 2020, a new group management team was presented and consisted of the following:

- Jacob Schram, Chief Executive Officer
- Geir Karlsen, Chief Financial Officer
- Andrew Hodges, EVP Airline
- Guro H. Poulsen, EVP People
- Anne-Sissel Skånvik, EVP Communications
- Knut Olav Irgens Høeg, EVP IT, Supply Chain & Process Improvement
- Brede Huser (interim), EVP Airline Ecosystems
- Kei Grieg Toyomasu (interim), EVP Customer.
- Johan Gauermann (interim), EVP Operations

Christoffer Sundby assumed the position as EVP Customer in September 2020 and replaced Kei Grieg Toyomasu.

Tor-Arne Fosser assumed the position as EVP Airline Ecosystem in October 2020 and replaced Brede Huser who stepped down as interim EVP Airline Ecosystems in July 2020.

To adjust to the company’s new business plan, the following adjustments to the group management were announced in March 2021:

- Jacob Schram, Chief Executive Officer
- Geir Karlsen, Chief Financial Officer
- Andrew Hodges, EVP Network, Pricing & Optimisation
- Guro H. Poulsen, EVP People
- Anne-Sissel Skånvik, EVP Communications and Public Affairs
- Knut Olav Irgens Høeg, IT, Supply Chain & Process Improvement
- Christoffer Sundby, EVP Marketing, Sales & Customer Care
- Tor-Arne Fosser, EVP Products & Digital Development.
- Johan Gauermann, Interim EVP Operations

EVENTS AFTER 31 DECEMBER 2020

On 14 January 2021, the company presented an indicative plan for reconstruction, exit of the examinership and reconstruction processes and post-reconstruction company. Core to the plan is that Norwegian will focus on its core Nordics business, operating a European short-haul network with narrow body aircraft. As part of the plan, it was announced that the long-haul operation will be discontinued. The company announced a target to reduce its total debt to around NOK 20 billion, and also to raise NOK 4-5 billion in new capital through a combination of (i) a rights issue to current shareholders, (ii) a private placement and (iii) a hybrid instrument.

On 14 January 2021, Norwegian also published a listing prospectus. The listing group prospectus was prepared for the purpose of listing of perpetual bonds and shares only, and no securities are being offered pursuant to the listing prospectus.

On 21 January 2021, Norwegian announced that the government of Norway had decided to support and contribute to the airline’s funding of new capital, pending certain conditions. This move significantly increases Norwegian’s chances of working through the crisis caused by the pandemic and to position itself as a key player within Norwegian and European aviation.

On 27 January 2021, Norwegian published an updated investor presentation, available on the company’s website.

On 19 February 2021, Norwegian presented an update of the indicative plan for exit from Irish examinership and Norwegian reconstruction processes.

On 22 February 2021, Norwegian announced the conversion of USD 1.9 million in perpetual bonds and USD 17.7 million in future maintenance bonds into 485,054 new shares in the company.

On 26 March, Norwegian announced the appointment of Adrian Dunne as Executive Vice President Operations. Dunne has more than thirty years of experience as a leader within the aviation industry. Over the last 15 years, he has held managerial positions with Ryanair, including Director of Ground Operations and Director of Operations.

On 30 March 2021, Norwegian announced the conversion of EUR 0.5 million and USD 4.1 million in perpetual bonds into 113,108 new shares in the company.

On 12 April 2021, Norwegian announced that the Norwegian Reconstructor, Håvard Wiker at Ro Sommernes advokatfirma DA, has conducted a voting process in Norway on the NAS reconstruction proposal, and together with the Examinership. On 10 April the Reconstructor reported that the Reconstruction proposals were approved by a majority of the creditors of the

Company. The judge of the Oslo Byfogdembete has approved the scheme for an exit of the Reconstruction of the Company.

On 14 April 2021, the Board of Directors of Norwegian announced that the Capital Raise will be increased to a minimum NOK 4.5 billion up to NOK 6.0 billion, including a New Capital Perpetual Bonds with gross proceeds of up to NOK 1,875 million and a Rights Offering directed to the shareholders as of the record date with gross proceeds of up to NOK 400 million. The blended issue price in the Capital Raise will be set to maximum NOK 6.99 per share. The Company expect the Capital Raise to commence on or about 10 May 2021 after approval of the Prospectus by NFSA with a target closing on or about 26 May 2021.

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated financial statements for 2020.

GOING CONCERN

In the fourth quarter of 2020, the Company entered into an examinership process in Ireland and a reconstruction process in Norway ("reconstruction"). As a part of this process, the Company decided to substantially reduce its short-haul operation and discontinuation of the Company's long-haul operation. The Company's fleet is planned to be reduced from 131 aircraft at the end of 2020 to 53 aircraft upon exit of the reconstruction. The aircraft planned to be rejected through the examinership have been included in a disposal group classified as held for sale, measured at net fair value less cost to sell. Impairment losses of NOK 12.8 billion have been recognized on the discontinued fleet of aircraft and pre-delivery payments on terminated aircraft purchase contracts. As a result, the company reports a substantially negative equity position of NOK 6,624 million at the end of 2020. Through a successful exit from the examinership and reconstruction process, the company expects to achieve a sufficient level of equity and working capital considering the company's operations and risk.

The basis for continuing as a going concern is contingent upon a successful exit from the reconstruction, with a significant reduction in the company's fleet of aircraft, a significant reduction in the company's debt and obtaining significant new working capital and equity as an outcome.

The necessary additional working capital and equity is planned to be obtained through share offerings including the Rights Issue, private placement(s) and the offering of a New Capital Perpetual Bond, aiming to raise gross proceeds of NOK 4,500 million up to NOK 6,000 million. Such offerings are expected to take place during the second quarter of 2021 and the examinership and reconstruction processes are expected to be concluded at the same time.

It is uncertain whether the company will successfully exit the examinership and reconstruction processes and raise sufficient working capital and equity through aforementioned measures. The company is however optimistic that the examinership and reconstruction processes as well as that the capital raises will be successful, thus securing sufficient working capital for a period beyond 12 months after the date of these Financial Statements, but no assurance can be given to this effect.

In the Examinership and Reconstruction processes the High Court in Dublin and Oslo Byfogdembede both ruled in favor of the proposed scheme of arrangements.

Certain cornerstone investors who have provided long term support to the Restructuring and Capital Raise in times of significant uncertainty have, subject to certain terms and conditions, undertaken to subscribe for and will be allocated shares for a total amount of NOK 2,855 million in the Private Placement. In addition, current creditors of Norwegian have already expressed an interest to participate in the Capital Raise with an amount of at least NOK 1,800 million in the New Perpetual Bonds.

If the company does not exit the examinership and the reconstruction process, including raising capital in a successful way, it is highly likely that the company will enter into liquidation and/or bankruptcy proceedings during the second quarter of 2021.

PARENT COMPANY RESULTS AND DISTRIBUTION OF FUNDS

Norwegian Air Shuttle ASA ("NAS") is the parent company in the Norwegian Group. Net loss for the parent company Norwegian Air Shuttle ASA was NOK 33,851 million (NOK 914 million net profit in 2019). Total assets at the end of 2020 amounted to NOK 12,296 (NOK 43,479 million) and equity amounted to negative NOK 9,337 million (positive NOK 11,199 million). In accordance with the Company's Corporate Governance policy, the Board recommends the following distribution of funds:

(NOK million)	
Dividend	0
Transferred to equity	(33,851)
Total allocated	(33,851)

CORPORATE RESPONSIBILITY

Norwegian strives to be a good corporate citizen in every area of its operation. The Company is committed to operating in accordance with responsible, ethical, sustainable and sound business principles, with respect for people, the environment and the society.

The requirements of the Norwegian Accounting Act § 3-3c for reporting on Corporate Social Responsibility activities, have been covered in the separate report of Corporate Responsibility at Norwegian, presented in a separate section of the annual report and available on the Group's website www.norwegian.com. The Corporate Responsibility Report also includes reporting on health, safety, the environment, equality and non-discrimination, as required by the Accounting Act § 3-3.

CORPORATE GOVERNANCE

Good corporate governance is a priority for the Board of Directors. Norwegian's objective for corporate governance is based on accountability, transparency, fairness and simplicity with the ultimate goal of maximizing shareholder value while creating added value for all stakeholders.

The principles are designed in compliance with laws, regulations and ethical standards. Norwegian's core values are innovation, teamwork and simplicity, but no business conduct within the Group should under any circumstances jeopardize safety and quality. Due to the change in strategy and the new business plan, the Company will, together with its employees, define the new core values to shape our culture going forward after the restructuring is completed.

Norwegian is subject to the annual corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 7 on Oslo Børs' continuing obligations of listed companies. The Accounting Act may be found (in Norwegian) at www.lovdata.no. The Norwegian Code of Practice for Corporate Governance ("the code"), which was last revised on 17 October 2018, may be found at www.nues.no.

The annual corporate governance statement is approved by the Board of Directors and is pursuant to Section 5-6 of the Public Limited Companies Act, subject to approval by the Annual General Meeting. Norwegian has adapted to the code and subsequent amendments in all areas.

The annual statement on how Norwegian complies with the Code of Practice and the Norwegian Accounting Act's requirements for corporate governance is included in a separate section of the annual report and available on the Group's website www.norwegian.com.

OUTLOOK

Given the uncertainty and ongoing impact on overall demand for air travel, Norwegian does not provide guidance for 2021.

In the fourth quarter of 2020, the Company entered into an examinership process in Ireland and a reconstruction process in Norway. As a part of this process, the Company decided to substantially reduce its short-haul operation and discontinuation of the Company's long-haul operation. The Company is planning to obtain necessary additional working capital and equity through share offerings including the Rights Issue, private placement(s) and the offering of a New Capital Perpetual Bond, aiming to raise gross proceeds of minimum NOK 4,500 million up to NOK 6,000 million. Such offerings are expected to take place during the second quarter of 2021 and the examinership and reconstruction processes are expected to be concluded at the same time.

Once travel restrictions lift, Norwegian plans to ramp-up operations to a peak of around 50 short-haul aircraft in 2021 and around 70 short-haul aircraft in 2022. Norwegian's long-haul operations will not resume. It is not expected that demand for short-haul travel in Europe will return to 2019 levels before 2023 or 2024 and so Norwegian will deploy capacity back into the market at a pace that matches this. When conditions normalise, Norwegian will serve its four core source markets of Norway, Denmark, Sweden and Finland with a balance of intra-Nordic and domestic routes and routes to key cities and popular leisure destinations across Europe.

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS 2020

CONSOLIDATED INCOME STATEMENT 1.1 – 31.12

NOK million	*Note*	2020	2019
Passenger revenue		6,455.3	35,216.3
Ancillary passenger revenue		1,535.1	6,651.5
Freight		158.8	755.1
Other revenue		946.4	899.0
Total operating revenue	*4*	9,095.7	43,521.9
Personnel expenses	*6, 7, 17, 18*	2,921.2	6,817.5
Aviation fuel		2,006.7	12,607.1
Airport and ATC charges		772.5	4,140.3
Handling charges		1,392.2	5,260.2
Technical maintenance expenses		1,791.8	3,379.2
Other operating expenses	*5, 7A*	1,961.9	4,849.9
Other losses/(gains) - net	*20*	3,004.7	(845.8)
Total opex excl lease and depreciation		13,850.9	36,208.5
Operating profit excl lease, depreciation and amortization (EBITDAR)		(4,755.2)	7,313.5
Aircraft lease, depreciation and amortization	*1, 10, 11*	6,197.5	6,457.5
Impairment assets held for sale	*1, 10, 11*	12,815.7	0.0
Operating profit (EBIT)		-23,768.4	856.0
Interest income		68.2	204.5
Interest expense		(2,690.7)	(3,108.6)
Other financial income (expense)		4,265.7	374.1
Net financial items	*8*	1,643.2	(2,530.0)
Profit (loss) from associated companies	*25*	(7.8)	(13.6)
Profit (loss) before tax (EBT)		(22,133.0	(1,687.6)
Income tax expense (income)	*9*	906.8	(78.5)
Net profit (loss)		(23,039.8)	(1,609.1)
Basic earnings per share	*16*	(1,022.1)	(1,263.0)
Diluted earnings per share	*16*	(1,022.1)	(1,263.0)
Profits attributable to:			
Owners of the Company		(23,050.9)	(1,615.4)
Non-controlling interests		11.1	6.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 1.1 – 31.12

NOK million	*Note*	2020	2019
Net profit (loss)		(23,039.8)	(1,609.1)
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange rate differences on translation of foreign operations	*15*	(979.4)	31.4
Exchange rate differences on disposal of foreign operations		-	63.2
Share of other comprehensive income of associated companies		2.0	(20.8)
Net comprehensive income that may be reclassified		(977.5)	73.9
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain/(loss) on investments in equity instruments designated as FVTOCI	*20*	-	(7.8)
Actuarial gains (losses)	*18*	(42.0)	(42.3)
Exchange rate differences attributable to non-controlling interests		5.5	0.3
Net comprehensive income that will not be reclassified		(36.5)	(49.7)
Total comprehensive income for the period		(24,053.8)	(1,585.0)
Total comprehensive income attributable to:			
Equity holders of the Company		(24,070.3)	(1,591.5)
Non-controlling interests		16.6	6.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

NOK million	*Note*	2020	2019
ASSETS			
Intangible assets	*10*	200.9	198.2
Deferred tax asset	*9*	1,966.2	2,672.4
Aircraft, parts and installations on leased aircraft	*11*	6,129.6	27,392.0
Right-of-use aircraft, parts and installations	*11*	2,791.4	33,245.4
Equipment and fixtures	*11*	163.2	197.9
Right-of-use equipment	*11*	-	35.7
Buildings	*11*	252.4	263.7
Right-of-use buildings	*11*	216.6	297.3
Financial assets available for sale	*20*	3.7	
Investment in associate	*25*	80.4	23.7
Prepayment to aircraft manufacturers	*11*	-	4,946.6
Other receivables	*13*	62.6	1,461.4
Total non-current assets		11.867.1	70,734.2
Assets included in disposal group classified as held for sale	*11*	30,377.1	1,204.5
Inventory	*14*	64.1	175.7
Trade and other receivables	*13*	4,578.8	10,132.9
Cash and cash equivalents	*24*	2,666.9	3,095.6
Total current assets		37,686.9	14,608.7
TOTAL ASSETS		49,554.0	85,342.9

NOK million	*Note*	2020	2019
EQUITY AND LIABILITIES			
Share capital	*15*	397.5	16.3
Share premium	*15*	18,805.1	6,664.1
Other paid-in equity		943.5	149.2
Other reserves	*15*	112.8	1,085.5
Retained earnings		(26,882.7)	(3,814.0)
Shareholders' equity		(6,623.9)	4,101.1
Non-controlling interest		-	23.8
Total equity		(6,623.9)	4,124.9
Pension obligation	*18*	227.8	177.5
Provision for periodic maintenance	*19*	1,598.8	3,879.0
Other non-current liabilities	*19*	13.9	1.1
Deferred tax	*9*	650.0	540.7
Borrowings	*22*	-	22,144.4
Lease liabilities	*20*	185.7	30,079.8
Derivative financial instruments	*3, 20*	3.2	369.2
Total non-current liabilities		2,679.4	57,191.7
Liabilities included in disposal group classified as held for sale	*22*	30,767.8	-
Borrowings	*22*	8,769.9	4,589.6
Lease liabilities	*20*	3,165.4	4,194.5
Trade and other payables	*21*	10,328.8	9,129.5
Air traffic settlement liabilities		401.5	6,106.5
Derivative financial instruments	*3, 20*	49.2	-
Tax payable		15.8	6.1
Total current liabilities		53,498.4	24,026.2
Total liabilities		56,177.9	81,217.9
TOTAL EQUITY AND LIABILITIES		49,554.0	85,342.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 1.1 - 31.12

NOK million	Share Capital	Share Premium	Other paid-in equity	Other reserves*	Retained earnings	Shareholders' equity	Non-controlling interest	Total equity
Equity at 1 January 2019	4.5	2,686.7	132.9	1,011.7	(2,148.6)	1,687.2	17.3	1,704.4
Profit for the year	-	-	-	-	(1,615.4)	(1,615.4)	6.2	(1,609.1)
Fair value gain/(loss) on investments in equity instruments designated as FVTOCI	-	-	-	-	(7.8)	(7.8)	-	(7.8)
Actuarial gains and losses	-	-	-	-	(42.3)	(42.3)	-	(42.3)
Exchange rate differences on translation of foreign operations	-	-	-	31.4	-	31.4	0.3	31.8
Exchange rate differences on disposal of foreign operations	-	-	-	63.2	-	63.2	-	63.2
Share of other comprehensive income of associated companies	-	-	-	(20.8)	-	(20.8)	-	(20.8)
Total comprehensive income 2019	-	-	-	73.9	(1,665.4)	(1,591.5)	6.5	(1,585.0)
Share issue	11.7	3,977.4	-	-	-	3,989.1	-	3,989.1
Equity change on employee options	-	-	16.4	-	-	16.4	-	16.4
Transactions with owners	11.7	3,977.4	16.4	-	-	4,005.5	-	4,005.5
Equity at 31 December 2019	16.3	6,664.1	149.2	1,085.5	(3,814.0)	4,101.1	23.8	4,124.9
Profit for the year	-	-	-	-	(23,050.9)	(23,050.9)	11.1	(23,039.8)
Actuarial gains and losses	-	-	-	-	(42.0)	(42.0)	-	(42.0)
Exchange rate differences on translation of foreign operations	-	-	-	(979.4)	-	(979.4)	5.5	(974.0)
Share of other comprehensive income of associated companies	-	-	-	2.0	-	2.0	-	2.0
Total comprehensive income 2020	-	-	-	(977.4)	(23,092.9)	(24,070.3)	16.6	(24,053.8)
Share issue	381.2	12,141.0	-	-	-	12,522.3	-	12,522.3
Transactions with non-controlling interests	-	-	-	4.6	24.2	28.9	-40.4	-11.5
Perpetual bond issue	-	-	787.7	-	-	787.7	-	787,7
Equity change on employee options	-	-	6.6	-	-	6.6	-	6.6
Transactions with owners	381.2	12,141.0	794.2	4.6	24.2	13,354.4	-40.4	13,305.0
Equity at 31 December 2020	397.5	18,805.1	943.5	112.8	(26,882.7	(6,623.9)	-	(6,623.9)

**See note 15 for details on other reserves*

CONSOLIDATED STATEMENT OF CASH FLOWS 1.1 - 31.12

NOK million	*Note*	2020	2019
OPERATING ACTIVITIES			
Profit (loss) before tax		(22,133.0)	(1,687.6)
Taxes paid	*9*	(6.6)	(38.3)
Depreciation, amortization and impairment	*10,11*	6,215.2	6,457.5
Impairment assets held for sale	*10,11*	12,815.7	-
Losses/(gains) on disposal of tangible assets	*11,20*	930.0	(124.6)
Fair value losses/(gains) on financial assets	*20*	49.2	(1,361.4)
Financial items	*8*	(1,643.2)	2,530.0
Interest received	*8*	68.2	204.5
Change in inventories, accounts receivable and accounts payable		8,330.9	(2,265.3)
Change in air traffic settlement liabilities		(5,705.0)	(800.8)
Change in other current assets and current liabilities		(326.8)	93.9
Net cash flow from operating activities		(1,390.9)	3,037.8
INVESTING ACTIVITIES			
Prepayments aircraft purchase	*11*	-	(63.8)
Purchase of tangible assets	*11*	(14.7)	(867.2)
Purchase of intangible assets	*10*	(17.7)	(12.2)
Proceeds from sales of tangible assets	*11*	2,774.9	6,970.1
Proceeds from sales of financial assets	*20*	-	2,218.4
Proceeds from sale of shares in subsidiaries net of cash		-	(19.1)
Net investment in associated companies	*25*	(80.4)	16.8
Other investing activities		-	89.4
Net cash flow from investing activities		2,662.1	8,332.4
FINANCING ACTIVITIES			
Proceeds from new loans	*22*	3,290.5	2,408.2
Principal repayments	*22*	(2,480.2)	(9,294.5)
Cash outflow lease liabilities	*12, 22*	(2,351.2)	(3,923.2)
Interest on borrowings and financing costs	*8*	(415.0)	(3,344.6)
Proceeds from issuing new shares	*15*	328.4	3,961.0
Net cash flow from financial activities		(1,627.5)	(10,193.0)
Foreign exchange effect on cash		(72.3)	(3.3)
Net change in cash and cash equivalents		(428.7)	1,173.9
Cash and cash equivalents at 1 January		3,095.6	1,921.7
Cash and cash equivalents at 31 December	*24*	2,666.9	3,095.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 General information

Norwegian Air Shuttle ASA and its subsidiaries ('Norwegian', 'the Group' or 'the Company') are a low-cost airline incorporated in Norway and headquartered at Fornebu outside of Oslo. Norwegian Air Shuttle ASA is a public limited liability company and listed on the Oslo Stock Exchange.

The consolidated financial statements of Norwegian Air Shuttle ASA for the year ended 31 December 2020 were authorized for issue by the Board of Directors on 23 April 2021. The annual shareholders meeting, to be held 1 June 2021, has the power to amend and reissue the financial statements.

1.2 Basis of preparation

The consolidated financial statements of Norwegian Air Shuttle ASA have been prepared in accordance with the International Financial Reporting Standards (IFRS) and IFRIC interpretations, as adopted by the EU. The consolidated financial statements are prepared on the historical cost basis, with some exceptions, as detailed in the accounting policies set out below.

In order to prepare financial statements in conformity with IFRS, it is necessary to apply certain critical accounting estimates. It also requires the Management to exercise its judgment when applying the Group's accounting policies. Areas involving a greater degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed below. See paragraph 1.23.

The financial statements have been prepared on the going concern basis. Details on going concern are provided in Note 2.8.

New standards, amendments and interpretations that are adopted

No changes in IFRS effective for the 2020 financial statements have had material impact this financial year.

New standards, amendments and interpretations a future effective date

Standards and interpretations that are issued up to the date of issuance of the consolidated financial statements, but not yet effective are disclosed below. The Group's intention is to adopt the relevant new and amended standards and interpretations when they become effective, subject to EU approval before the consolidated financial statements are issued.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- IFRS 17 `Insurance Contracts
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1);
- Proceeds before Intended Use (Amendments to IAS 16):
- Onerous Contracts, Costs of Fulfilling a Contract (Amendments to IAS 37):
- Annual Improvements 2018-2020 Cycle (Issued May 2020)

1.3 Basis of consolidation and equity accounting

1.3.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The Group's consolidated financial statements comprise Norwegian Air Shuttle ASA, and its subsidiaries, presented in Note 23 in the parent company financial statements. Additionally, the Group has consolidated Special Purpose Vehicles (SPVs) according to IFRS 10. The SPVs are solely established for aircraft financing purposes. The Group does not own the shares in those SPVs, nor does it have control over the Management of those SPVs, but the Group has accepted all risks and rewards related to the assets, liabilities and operations of the SPVs.

The financial statements of the subsidiaries and SPVs are prepared for the same reporting period as the parent company, using consistent accounting policies.

The acquisition method is applied when accounting for business combinations. Companies acquired or sold during the year are included in the consolidated financial statements from the date when control was achieved until the date when control ceased.

The consideration that is transferred for the acquisition of a subsidiary consists of the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the Group. The transferred consideration includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Acquired identifiable assets, liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interests of the acquiree either at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The excess of the consideration transferred and the amount of the non-controlling interest over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill. If, in the case of a bargain purchase, the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

All intra-Group balances, transactions and unrealized gains and losses on transactions between Group companies are eliminated.

1.3.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20 percent and 50 percent of the voting rights. Investments in associates are accounted for using the equity method of accounting (see 1.3.4 below), after initially being recognized at cost.

1.3.3 Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has investments in joint ventures. Interests in joint ventures are accounted for using the equity method (see 1.3.4 below), after initially being recognized at cost in the consolidated balance sheet.

1.3.4 Equity method

The consolidated financial statements include the Group's share of the profits/losses from associates and joint ventures, accounted for using the equity method, from the date when a significant influence is achieved until the date when such influence ceases. The Group's share of its associates' post- acquisition profits or losses is recognized in the income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of a loss exceeds the Group's investment in an investee, the amount carried in the Group's statement of financial position is reduced to zero and further losses are not recognized unless the Group has an obligation to cover any such losses. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3.5 Changes in ownership

The Group considers transactions with non-controlling interests that do not result in loss of control, as transactions with equity owners of the Group. Any difference between considerations paid and the relevant share acquired from the carrying value of net assets are recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to consolidate or equity account for an investment because of loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. The fair value becomes the initial carrying amount for purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts of retained interest in the entity is remeasured to its fair value at the date when control ceased, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate. Dilution gains and losses arising from investments in associates are recognized in the income statement.

1.3.6 Other investments

All other investments are recognized in accordance with IFRS 9, Financial Instruments, and additional information are provided in Note 20.

1.4 Foreign currency translation

The Group's presentation currency is Norwegian Krone (NOK). Norwegian Air Shuttle ASA's functional currency is NOK. Each entity of the Group determines its own functional currency and items that are included in the entities' financial statements are measured in that functional currency. For consolidation purposes, the results and financial position of all the Group's entities that have a functional currency other than NOK are translated to the closing rate at the reporting date of each month. Income and expenses for each income statement are translated to the average exchange rate for the period, this being a reasonable approximation for estimating actual rate. Exchange differences are recognized in comprehensive income and specified separately in equity.

Transactions in foreign currencies are initially recorded at the functional currency rate using the exchange rates prevailing on the dates of the transactions or valuation where items are re-estimated. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency exchange rate of the reporting date. Any differences are recognized in the income statement. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates of the dates of the initial transactions.

Foreign currency gains and losses on operating activities are recognized within operating profit. Foreign currency gains and losses on financing activities are recognized within net financial items.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Any differences in exchange rates are recognized in other comprehensive income.

1.5 Tangible assets

Tangible assets including buildings are carried at historical cost, less accumulated depreciation and impairment losses. When assets are sold or disposed of, the gross carrying amount and accumulated depreciation and impairment losses are derecognized. Any gain or loss on the sale or disposal is recognized in the income statement as other losses/ (gains)-net.

The gross carrying amount of non-current assets is the purchase price, including duties/taxes and direct acquisition costs relating to making the non-current asset ready for its intended use. Subsequent costs, such as repair and maintenance costs, are normally recognized in profit or loss as incurred. When increased future economic benefits are the result of verified repair and maintenance work, these costs will be recognized in the statement of financial position as additions to non-current assets. Borrowing costs are capitalized on qualifying assets.

Non-current assets are depreciated on a straight-line basis or by airborne hours and cycles over the estimated useful life of the asset beginning when the asset is ready for its intended use. Residual values, where applicable, are reviewed annually against prevailing market rates at the reporting date for equivalently aged assets and depreciation rates adjusted accordingly on a prospective basis. The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

An aircraft is recognized as one or more components for depreciation purposes in order to consider different useful lives of the aircraft components. Depreciable components are defined as maintenance components. In accordance with official requirements, the aircraft must be maintained which means significant components must be changed after a specific number of flights or airborne hours. These components are identified as two heavy maintenance checks of the aircraft body, power restoration and life limited parts for the two engines on each aircraft, as well as maintenance on landing gears and APU. The maintenance and overhauls of these components occur on a defined interval, and the value is depreciated based on the number of take-offs or airborne hours until the next maintenance is conducted. Completed maintenance and overhaul are capitalized and depreciated until the next relevant maintenance and overhauls. The second aircraft component is defined as the remainder of the aircraft and depreciated over the estimated useful life, considered to be 25 years for the fleet in Norwegian. When estimating the future residual values at the end of the 25-year period, Norwegian reviews reports from an independent aircraft appraiser for each applicable aircraft type and year of build and sets the residual value to an average value of the appraiser's reports. In cases where the Company has contracts to cover all significant maintenance of the aircraft, the aircraft may be depreciated as one single component.

Investments in leased aircraft including cabin interior modifications are depreciated over their useful lives, but not exceeding the remaining leasing period.

Rotable spare parts are carried as non-current assets and depreciated over their useful lives.

The Group capitalizes prepayments on the purchase contracts of aircraft. The prepayments are classified as tangible assets as presented in the statement of financial position. The prepayments include capitalized borrowing costs. At delivery of aircraft, the prepayments are included in the acquisition costs of the aircraft.

Financial lease assets are initially recognized at the lower of acquisition cost or future minimum lease payments. The assets are carried as non-current assets and depreciated on a straight-line basis over their expected useful lives.

Depreciation periods and methods are assessed annually to ensure that they match the substance of non-current assets. Additional details on tangible assets are outlined in Note 11.

1.6 Intangible assets

1.6.1 Computer software

Acquired computer software licenses are capitalized based on the costs incurred to obtain and apply the specific software. These costs are amortized over their estimated useful lives.

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs which are directly associated with the development of identifiable software products controlled by the Group, and which are estimated to generate economic benefits, are recognized as intangible assets. The costs of computer software developments recognized as assets are amortized over their estimated useful lives. The depreciation of the software commences as each module is completed.

1.6.2 Goodwill and other intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Other intangible assets are related to identifiable assets from business combinations and investments in other intangible assets.

Intangible assets which are determined as having indefinite useful lives, are not amortized, but subject to annual impairment testing. The determination of indefinite useful lives is based on assessment by Management as to whether there is any foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity.

See Note 1.7 for details of impairment testing of non-financial assets and Note 10 for additional details on intangible assets.

1.7 Impairment of non-financial assets

Intangible assets with indefinite useful lives are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of impairment testing, assets are grouped at the lowest levels of separately identifiable cash flows (cash-generating units). The allocation is made to those cash-generating units that are expected to benefit from the assets. The Management has assessed the Group as one segment and the Group's total operations as its cash generating unit. The determination of cash generating units is based on how the Management operates and assesses the Group's performance, profit and cash flow. The aircraft fleet is operated as one unit, and the route portfolio is administered and diversified as one unit generating the Group's profit and cash flow, hence goodwill and other non-current assets are reallocated to the entire Group for the purpose of impairment testing.

Non-current assets other than goodwill that have suffered impairment are reviewed for a possible reversal of the impairment at each reporting date. Impairment losses on goodwill are not reversed.

1.8 Financial assets

Financial assets are classified according to the following categories: as measured at amortized cost, measured at fair value through profit or measured at fair value through other comprehensive income. At 31 December 20, the Group holds financial instruments measured at amortized cost and financial assets at fair value through OCI. The classification depends on the characteristics of the financial assets and the purpose for which they were acquired. The Management determines the classification of its financial assets at initial recognition.

Debt instruments that meet the following conditions are measured subsequently at amortized cost: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Group may at initial recognition irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Group may irrevocably designate a debt investment that meets the amortized cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets are presented as current assets, unless maturity is greater than twelve months after the reporting date and Management intends to hold the investment longer than twelve months after the reporting date.

Regular purchases and sales of financial assets are recognized on the trade date; the date which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss, are initially recognized at fair value and transaction costs are expensed in the income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has substantially transferred all risks and rewards of ownership.

Gains or losses arising from changes in the fair value of the financial assets in the FVTPL category are presented in the income statement within other losses/(gains) – net of the period in which they occur. Interest on securities which is calculated using the effective interest method, is recognized in the income statement as part of other income. Dividend income from financial assets at FVTPL and FVOCI are recognized in the income statement as a part of other income respectively in the Statement of Comprehensive Income when the Group's right to receive payments is established.

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.8.1 Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortized cost or at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognizes lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

1.9 Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the transaction date and subsequently measured at their fair value. Derivatives are classified within the category 'financial assets at fair value through profit or loss' as long as the derivatives are not designated as hedging instruments for accounting purposes.

The Group has not designated any derivatives as hedging instruments for accounting purposes in 2020 or 2019.

1.10 Inventory

Inventory of spare parts are carried at the lower of acquisition cost and net realizable value. Cost is determined using the first in-first out (FIFO) method. Obsolete inventory has been fully recognized as impairment losses. Inventory is consumed during maintenance and overhaul of the aircraft and is expensed when consumed.

1.11 Trade receivables

Trade receivables are amounts due from customers for services performed and goods sold in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Receivables from credit card companies are classified as trade receivables in the statement of financial position.

1.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand and in the bank, as well as short-term deposits with an original maturity of three months or less. Cash and cash equivalents in the statement of financial position include restricted funds from withheld employee tax, guarantees and deposits pledged as collateral to suppliers.

The group holds investments in money market funds classified as cash and cash equivalents. These funds are highly liquid and readily convertible to a known amount of cash which is subject to an insignificant risk of changes in value. Investments not meeting these criteria are classified as financial assets measured at fair value through profit and loss.

1.13 Equity

Share capital comprises the number of shares multiplied by their nominal value and are classified as equity.

Transaction costs directly attributable to an equity transaction are recognized directly in equity net of tax.

Acquisitions of own shares are recognized in share capital and retained earnings. The number of shares purchased multiplied by the nominal value is deducted from outstanding share capital. The share premium paid is recognized in other equity. The sale of own shares is booked accordingly, with nominal value as increase of share capital, and share premium in other equity.

1.14 Liabilities

Financial liabilities are classified either as measured at amortized cost or as measured at fair value through profit or loss. The Group will have derivative financial liabilities being measured at fair value through profit or loss, whereas all other financial liabilities are measured at amortized cost.

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and recognition of a new financial liability. The modification of the terms is assessed both from a quantitative and qualitative view. If the modification is assessed to be an extinguishment, the difference between the carrying amount of the financial liability and the consideration paid including liabilities assumed is recognized as profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade payables are obligations to pay for goods or services purchased from suppliers in accordance with general course of business. Accounts payable are classified as current liabilities if payment is due within the next twelve months. Payables due after the next twelve months are classified as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

1.15 Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

1.16 Employee benefits

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations.

1.16.1 Defined benefit plans

The cost of providing benefits under defined benefit plans is determined using the projected unit credit actuarial valuation method. The past service cost is recognized as an expense on a straight-line basis over the average period until the benefits are vested. If the benefits are already vested immediately following the introduction of or changes to a pension plan, past service cost is recognized immediately.

The defined benefit obligation is the aggregate of the present value of the defined benefit obligation and actuarial gains and losses not recognized reduced by past service costs not yet recognized and the fair value of plan assets out of which the obligations are to be settled directly. If such aggregate is negative, the asset is measured at the lower of such aggregate or at the aggregate of cumulative unrecognized net actuarial losses and past service cost and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

In addition, the Group participates in an early retirement plan (AFP) for all employees in Norway. The AFP pension plan is a multi-employer defined benefit plan. However, the plan is recognized in the income statement as a defined contribution plan as the plan's administrator has not allocated actuarial gains/losses to the members of the AFP pension plan at 31 December 2020.

Provisions for pension costs are detailed in Note 18.

1.16.2 Defined contribution plans

In addition to the defined benefit plan described above, the Group operates a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions should the fund not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.16.3 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans under which the entity receives services from employees as consideration for equity instruments of the Group. The fair value of the employee services received in exchange for the grants of the options is recognized as an expense over the vesting period. The total amount to be expensed is determined by referring to the fair value of the options granted.

The fair value of the options to be settled in equity instruments is estimated at the grant date. The fair value is determined by an external part by applying the Black and Scholes option-pricing model. The assumptions underlying the number of options expected to vest are adjusted to reflect conditions prevailing at the reporting date. For further details see Note 17.

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

1.16.4 Employee share purchase savings program

Bonus shares and employer's contribution are measured at fair value using the Black and Scholes option pricing model. Expenses for bonus shares are included in payroll expenses. The fair value of the bonus shares and the estimated employer's contribution are distributed as expenses over the expected period until settlement. Changes in estimates affecting employer's contributions are expensed over the remaining vested period. For further details see Note 17.

1.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent when it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

1.17.1 Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. The tax rates and tax laws that are used to compute the amount are those which are enacted or substantively enacted at the reporting date.

1.17.2 Deferred income tax

Deferred income tax is determined by using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected in the year when the assets are realized or when the liabilities are settled, based on tax rates (and tax laws) which have been enacted, or substantively enacted, at the reporting date.

Deferred income tax assets and deferred income tax liabilities are offset to the extent that:

- the Group has a legal and enforceable right to offset the recognized amounts and;
- if deferred tax assets and tax liabilities relates to income tax from the same tax authorities and the same taxable entity in the Group, or if different taxable entities in the Group intend either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax is provided based on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

1.18 Contingent assets and liabilities

A contingent asset is not recognized in the annual financial statements but disclosed in the notes where an inflow of economic benefits is probable.

Contingent liabilities are defined as possible obligations arising from past events the existence of which depends on future events, or for which it is improbable that they will lead to an outflow of resources, or which cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the annual financial statements, but significant contingent liabilities are disclosed in the notes to the financial statements, with the exception of contingent liabilities where the probability of the liability occurring is remote.

1.19 Revenue recognition

Revenue comprises the amounts that reflect the consideration to which the entity expects to be entitled in exchange for goods and services promised to be transferred to customers in the general course of the Group’s activities. Revenue is shown net of value-added tax and discounts. The Group recognizes revenue when the performance obligations in the contract with the customer are satisfied.

Revenue from the airline business is generally associated with the performance obligation of the air transport taking place. Tickets are pre-sold up in advance of the air transport taking place. The Group receives payment at or shortly after time of sale, but such payments might be partly delayed until time of transport with any hold-back imposed by credit card acquirers for security reasons. Between time of sale and time of air transport the amounts collected from the customers, are presented as air traffic settlement liabilities. The value of the resulting air traffic settlement liabilities, less any taxes collected on behalf of authorities, represents the aggregate transaction price of performance obligations not yet satisfied.

Tickets can be purchased up to almost one year prior to the air transport taking place. The contracts with customers hence have a duration of less than one year and the corresponding air traffic settlement liabilities will always fall due within one year. Hence will also a financial year’s reported revenue include the entire closing balance of the prior year’s air traffic settlement liabilities.

The time between ticket sale and time of the air transport taking place is less than one year and based on materiality considerations the Group does not recognize any financing element in relation to ticket sales.

During 2020, the Norwegian Government agreed to buy seat capasity from the Group, for certain routes in Norway for a period of time. The Group has recognized revenues from this agreement as ordinary passenger revenues when the flight has taken place.

1.19.1 Passenger revenue

Passenger revenue is reported as traffic revenue when the air transport has been carried out and the performance obligations hence are satisfied. The value of sold tickets and which are still valid but not used by the reporting date (amounts sold in excess of revenue recognized) is reported as air traffic settlement liability. This liability is reduced either when the Group or another airline completes the transportation or when the passenger requests a refund.

1.19.2 Ancillary revenue

Ancillary revenue comprises sales of ticket-related products and services, e.g. revenue from baggage sales, seating and premium upgrades. Most of the products and services do not have separate performance obligations but are associated with the performance obligation of the air transport and are hence recognized as revenue at the time of the transport. Between time of sale and time of transport such ancillary revenue items are reported as part of the air traffic settlement liability.

Amounts paid by ‘no-show’ customers are recognized as revenue when the booked service is provided, and performance obligations are satisfied. ‘No-show’ customers with low fare tickets are not entitled to change flights or seek refunds for other than taxes once a flight has departed.

1.19.3 Contract costs

Certain incremental distribution costs in relation to the pre-sale of tickets are capitalized between time of sale and time of the air transport taking place. As such distribution costs are incremental and correlated with ticket sales, experience data is collected on the size of the various elements of contract costs relative to the size of the revenue. Such experience data together with the size of air traffic settlement liabilities give basis for capitalization and amortization of the contract costs.

1.19.4 Other revenue

Other revenue comprises third party revenue, such as lease, cargo and revenue from business activities in subsidiaries which are not airlines.

Other airline revenues are recognized when the performance obligations have been satisfied through the rendering of services.

Revenue from sales of Wi-Fi products and services comprises traffic fees. Revenue traffic fees are recognized as revenue at the time of consumption.

1.19.5 Customer loyalty program – Norwegian Reward

The Group runs a loyalty program: Norwegian Reward. Reward members earn the digital currency "CashPoints". The program enables members to earn CashPoints as they fly with Norwegian, use the Bank Norwegian credit card and from making purchases of goods and services from more than 50 Reward partners. CashPoints can be used as full or partial payment for goods or services offered by the Group.

CashPoints are considered as a separate element of a sale with multiple elements. The portion of the price allocated to Cash Points is based on the stand-alone selling price. Revenue allocated to accrued cash points is deferred and recognized as a contract liability, taking into consideration estimated redemption rate. The contract liability is included in the line item Trade and other payables in the consolidated statement of financial position. The CashPoint liability is derecognized and recognized as revenue when the points are redeemed or expire.

Revenue and costs from issuing CashPoints to external partners in the loyalty program Reward are presented on a net basis.

1.20 Leasing

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether the contract involves the use of an identified asset. The asset is not identified if the lessor has a substantive substitution right. The Group assesses further whether it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period and whether it has the right to direct the use of the asset.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases, except for aircraft leases, and leases of low-value assets, including IT equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

1.20.1 Measurement and presentation of right-of-use assets and lease liabilities

As a lessee, the Group leases many assets including aircraft, aircraft spare parts, facilities and other equipment.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

For leases entered into before 1 January 2019, the lease liability is initially measured at the present value of the lease payments that are not paid at 1 January 2019 (IFRS 16 transition date), discounted using the Group's incremental borrowing rate. For leases entered into after 31 December 2018, the lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Obligations for costs to restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

The Group presents right-of-use assets from aircraft and aircraft spare parts leases in `Right-of-use aircraft, parts and installations' in the consolidated statement of financial position. Right-of use assets from facility and equipment leases are presented as `Right-of-use buildings´ and ´Right-of-use equipment´, respectively. Interest expense on the lease liability is presented as `Interest expense´ in the consolidated income statement. Depreciation of the right-of-use assets is presented under `Aircraft lease, depreciation and amortization´.

For aircraft sale-leaseback transactions after the transition date, the ROU asset is measured at the portion of the previous carrying amount of the asset that relates to the right of use retained by the seller-lessee. Gain or loss is recognized for the amount that relates to the rights transferred to the buyer-lessor.

1.21 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing the performance of the operating segments. The chief operating decision maker has been identified as the Executive Management. The Group has one operating segment, which is low cost air passenger travel. See Note 4 for further details.

1.22 Events after the reporting date

New information regarding the Group's positions at the reporting date is taken into account in the preparation of the annual financial statements. Events occurring after the reporting date which do not affect the Group's position at the reporting date, but which will affect the Group's position in the future, are disclosed if significant.

1.23 Critical accounting estimates and judgments

In preparing the consolidated financial statements, the Management is required to assess judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. The critical judgments and key sources of estimation uncertainty that have been made in preparing the consolidated financial statements are detailed below. These judgments involve assumptions or estimates in light of future events that can differentiate from what is expected.

The aircraft held under lease agreements are subject to specific redelivery conditions stated in the contracts as well as periodic maintenance programs as defined by the aircraft and engines manufacturers. To meet these requirements, the Group must conduct maintenance, both regularly and at the expiration of the leasing period. Provisions are made based on the estimated costs of overhauls and maintenance. In order to estimate these conditions, the Management must make assumptions regarding expected maintenance costs. Description of maintenance cost estimates are described in Note 19.

Non-current assets are depreciated on a straight-line basis or by airborne hours and cycles over the estimated useful lives, taking expected residual value into consideration. An aircraft is separated into several components for depreciation purposes in order to consider different useful lives of the aircraft components, in accordance with official requirements. The depreciation period and method are assessed annually to ensure that they reconcile with the substance of the non-current asset, and the residual value is estimated at each year-end. The assessments require Management to make assumptions regarding expected useful lives and residual values.

Deferred tax assets are recognized for all unused tax losses to the extent that taxable profits are probable. Deferred tax liabilities are recognized when an obligation has been incurred. Significant management judgment is required to determine the amounts of deferred tax assets that can be recognized, based on the anticipated timing and level of future taxable profits together with future tax planning strategies. Deferred tax liabilities that have been incurred are based on the best estimate of the likely obligation at each reporting period. These estimates are subject to revision based on the outcome of tax audits and discussions with authorities that can take several years to conclude. See Notes 9 and 27 for further details of tax positions.

The company reviews assets for impairment testing at each reporting date or whenever there are indications of impairment. The effects on the airline industry and the company's level of operation is considered a triggering event, and an impairment testing has been performed for the company's non-current assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. See Note 10 for further details.

IFRS 5 *Non-current assets held for sale and discontinued operation* does not provide guidance on how management shall interpret "single transaction" in the definition of a disposal group. In application of IFRS 5, Management considers the outcome of the examinership/reconstruction process as a single transaction. A different interpretation of the definition a "single transaction" would not had led to a materially different accounting outcome. See Note 11 for further details.

Fair value of financial instruments is determined using fair value estimation techniques. Valuation techniques and details on financial instruments are outlined in Note 3.

1.23.1 Significant accounting judgements, estimates and assumptions used under IFRS 16

Judgements

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customization to the leased asset).

Estimates and assumptions

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group `would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

NOTE 2: FINANCIAL RISK

The Group's activities expose it to a variety of financial risks; market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall financial risk management program focuses on changes and fluctuations in financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain financial risk exposures.

Financial risk management is carried out by a central treasury department (Group Treasury), under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risk in close co-operation with the Group's operating units. The Board provides principles for overall risk management such as foreign currency risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

2.1 Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates, jet fuel prices and interest rates which will affect the Group's income or value of its holdings of financial instruments.

2.2 Foreign exchange risk

A substantial part of the Group's expenses is denominated in foreign currencies. The Group's leases, aircraft borrowings, maintenance, jet fuel and related expenses are mainly denominated in USD, and airplane operation expenses are partly denominated in EUR. The carrying amount of the Group's net investments in foreign entities and proceeds from these investments varies with changes in the foreign exchange rate. In order to reduce currency risk, the Group has a mandate to hedge up to 100 percent of its currency exposure for the following 12 months. Hedging can consist of forward currency contracts and flexible forwards.

2.2.1 Exchange rate risk sensitivity analysis

This analysis does not take into account correlation between currencies. Empirical studies confirm substantial diversification effect across the currencies that the Group is exposed to.

2.2.2 Effects on net currency gains (losses)

The Group is exposed to currency fluctuations on financial instruments in the statement of financial position.

If NOK had weakened by 1 percent against USD in 2020, with all other variables held constant, post-tax profit effect would have been negative by NOK 44 million (2019: Negative by NOK 196 million), mainly as a result of foreign exchange losses/gains on receivables, payables, derivative financial instruments and cash and cash equivalents.

If NOK had weakened by 1 percent against EUR with all other variables held constant, post-tax profit effect for the year would have been negative by NOK 6 million (2019: Positive by NOK 14 million), mainly as a result of foreign exchange losses/gains on receivables, payables, derivative financial instruments, cash and cash equivalents and non-current borrowings denominated in EUR.

If NOK had weakened by 1 percent against GBP with all other variables held constant, post-tax profit effect for the year would have been positive by NOK 2 million (2019: Positive by NOK 30 million), mainly as a result of foreign exchange losses/gains on receivables, payables, derivative financial instruments and cash and cash equivalents.

2.2.3 Effects due to foreign exchange translations on other comprehensive income

The Group has major investments in operations abroad, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations can be material, but the variances create a natural hedge against the Group's currency exposure on operating expenses. If NOK had weakened with 1 percent against USD with all other variables held constant, other comprehensive income would have been NOK 129 million higher (2019: 43). If NOK had weakened with 1 percent against EUR with all other variables held constant, other comprehensive income would have been NOK 2 million higher (2019: 1).

2.3 Cash flow and fair value interest rate risk

As the Group has net interest bearing debt, the Group's income and operating cash flows are dependent on changes in the market interest rates. The Group's cash flow interest rate risk arises from cash and cash equivalents and floating interest rate borrowings. Floating interest rate borrowings consist of secured bond issue, aircraft and prepayment financing, loan facility and financial lease liabilities. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Fixed interest rate borrowings consist of aircraft financing, guaranteed by export credit agencies. Borrowings are denominated in USD, EUR, SEK and NOK.

If the floating interest rate in 2020 had been 1 percent higher/lower with all other variables held constant, post-tax profit and post-tax equity effect for the year would have been NOK 54.5 million lower/higher (2019: NOK 36.6 million), mainly as a result of higher/lower interest income on floating rate cash and cash equivalents and borrowings.

The sensitivity analysis of interest rate risk is calculated based on amortized cost of floating rate borrowings, cash and cash equivalents.

The Group measures borrowings at amortized cost. No changes in fair value of fixed rate interest rate borrowings would be accounted for. Fair value calculations of fixed interest rate borrowings are detailed in Note 22.

2.4 Jet fuel prices

Expenses for jet fuel represent a substantial part of the Group's operating costs, and fluctuations in jet fuel prices influence the projected cash flows. The objective of the jet fuel price risk management policy is to safeguard against significant and sudden increases in jet fuel prices whilst retaining access to price reductions. The Group manages jet-fuel price risk using fuel derivatives. Management has a mandate to hedge 10 to 50 percent of its expected consumption over the next 12 months with forward contracts.

At the end of 2020, the Group did not have significant jet fuel forward contracts.

2.5 Credit risk

Credit risk is managed on a Group-wide basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to travel agencies and commercial customers, including outstanding receivables and committed transactions. The utilization of credit limits is regularly monitored. The Group's policy is to maintain credit sales at a minimum level. Sales to private customers are settled in cash or using major credit card companies.

A portion of the Group's sales are paid for by the customers at the time of booking and Norwegian receive the actual payments from the credit card acquirers either at the time of sale or at the time of travel. Delayed payments from credit card companies vary between credit card acquirers. A reduction in credit lines with credit card acquirers might have an adverse effect on the Group's liquidity. The risk arising from receivables on credit card companies or credit card acquires are monitored closely.

Credit risk related to bank defaults is closely monitored and partly offset by diversifying the Group's deposit portfolio.

There is re-invoicing of maintenance costs on aircraft to leasing companies, and Norwegian regularly evaluates and assesses the value of these credits. See Note 20 for further disclosure on credit risk.

2.6 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The liquidity is affected by trading risks presented by current economic conditions in the aviation sector, particularly in relation to passenger volumes and yields and the associated profitability of individual routes.

The Board of Directors has imposed an internal liquidity target which is closely monitored by the Management. Management monitors rolling forecasts of the Group's liquidity reserve, cash and cash equivalents (see Note 24) on the basis of expected cash flow. The Group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to monitor liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The projected cash flows are based on a detailed plan that covers a period for at least 12 months after the date of approval of these financial statements. In developing these forecasts, estimates and judgement are made to project revenue, costs and availability of different financing sources. Assessments are made of potential adverse effects from events outside the Group's control.

Further information is provided in Notes 2.8 and 29.

The table below analyses the maturity profile of the Group's financial liabilities at the reporting date. The amounts disclosed are the contractual undiscounted cash flows:

NOK million	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
At 31 December 2020				
Borrowings	26,085.2	-	-	-
Derivative contracts - payments	49.2	-	-	3.2
Trade and other payables	10,328.8	-	-	-
Lease liabilities	23,067.2	35.7	35.7	179.0
Total financial liabilities	59,530.4	35.7	35.7	182.2

NOK million	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
At 31 December 2019				
Borrowings	4,544.1	4,665.4	2,920.8	15,603.3
Derivative contracts - payments	-	-	-	369.2
Trade and other payables	9,129.5	-	-	-
Lease liabilities	5,644,8	5,308,7	14,170.2	17,032,2
Calculated interest on borrowings	891.2	753.1	489.7	1,748.3
Total financial liabilities	20,209.6	10,727.2	17,580.7	34,753.0

Borrowings that are due in less than one-year amount to NOK 26,085 million (2019 NOK: 4,544). Further details and breakdown of these borrowings are provided in Note 22. In total NOK 15,661.2 million relates to debt on aircraft that are to be returned during 2021. The movement between the years is driven largely by the ongoing examinership processes.

After 31 December 2020, the Group has continued with the financial restructuring, including converting bond debt into equity. See Note 29 for further information. Repayments are made at par value. See Note 22 for details on borrowings.

2.7 Capital risk management

The Group's capital management policy is to have a capital structure which meets the demands of operations, reduces cost of capital and complies with financial covenants and future investments planned by the Group. The Group will adjust debt and equity to maintain and secure an optimal capital structure by continuously monitoring the total equity level and the equity ratio of the Group. This ratio is calculated as equity divided by total assets as presented in the consolidated statement of financial position and consolidated statement of changes in equity. The equity level is an important factor in financial covenants as detailed in Note 22. The Management monitors these externally imposed financial covenants closely as a part of the Group's capital risk management policy.

The equity ratios at 31 December were as follows:

(NOK million)	2020	2019
Equity	(6,623.9)	4,124.9
Total assets	49,554.0	85,342.9
Equity ratio	-13.4 %	4.8 %

2.7.1 Financial restructuring

Since the COVID-19 outbreak forced Norwegian into hibernation, a significant financial restructuring process has been ongoing, reaching several milestones during 2020. The restructuring includes conversion of bond debt, lease liabilities and accounts payable to equity as well as a public offering. In total, the restructuring improved equity by NOK 18.5 billion, of which NOK 5.2 billion are recognized in the income statement.

Liabilities were converted to ordinary shares in the company or zero-coupon perpetual bonds. The zero- coupon perpetual bonds have no interest nor scheduled repayments and can be converted to shares at a fixed conversion rate with fixed exchange rates. The zero-coupon perpetual bonds are classified as equity in accordance with IAS32.

The impact to share and paid-in capital and the income (loss) following the financial restructuring that was agreed during 2020 are presented in the table below:

NOK million	Footnotes	Share and paid in capital	Income(loss)
Bond (NAS07, NAS08, NAS 09)	1	1,987.4	831,5
USD Convertible	2	1,465.9	(538.8)
Lease liabilities	3	8,309.5	1,795.6
Power by the hour (PBH)	4	-	2,431.4
Offering	5	400.0	-
Vendor conversion	6	1,189.6	803.1
Transaction costs	7	(42.6)	(115,3)
Total		13,309.9	5,207.5

1) Approximately 50 percent of bonds NAS07 and NAS08 were converted to equity. Maturity was extended by one year for each of the bonds, and an interest-free period was agreed until 1 July 2021. Additionally, there were adjustments to financial covenants. Bondholders were further given the right to receive additional bonds if the value of the London Gatwick slots pledged as security for the bonds

increase above the principal value of the outstanding bonds at certain valuation dates in the future. The conversion of the bonds to equity is accounted for as an increase of equity at fair value. The amendment of the bonds is accounted for as an extinguishment of the outstanding bonds and recognition of new bonds at their fair value. The net effect is a gain presented as Other financial income in the Income Statement. There were no significant effects from the amendments to bond NAS09, which have been accounted for as a modification.

2) 77 percent of the USD convertible bond was converted to equity. An interest-free period was agreed until 1 July 2021. The conversion subscription price was reset to USD 0.40265 (previous USD 5.4443). Additionally, there were adjustments to financial covenants. The conversion of the USD convertible bond is accounted for first as a loss due to changes in conversion prices, and then as an increase in equity at fair value. The amended terms of the USD convertible bond are accounted for as a modification, with the modification gain immediately recognized in profit or loss at the restructuring date, adjusting the book value of the debt and applying the original effective interest rate. Following the larger restructuring completed on 20 May 2020, the remaining principal amount of USD convertible bonds was USD 34.5 million. Subsequent to 20 May, further principal amounts of USD 28.2 million were converted to equity before the end of 2020, with a principal amount of USD 6.3 million remaining at the end of the year.

3) Norwegian agreed with its aircraft lessors to convert a total of approximately USD 886 million of lease liabilities to equity. The liabilities that have been converted consist of overdue payments at the conversion date, contractual rent forgiven for the period until the end of June 2020 and the effect of a reduction of the lease rates from July 2020. The value of the reduction of rates after July 2020 has been determined in the contracts as the reduction of the net present value of lease obligations using the discount rate applied at initial recognition of the lease liability. The conversion of lease liabilities to equity is accounted for as an increase of equity at fair value. The amendment of aircraft leases is accounted for as an extinguishment of the outstanding lease liabilities and recognition of new lease liabilities at their fair value. The net effect is a gain presented as Other financial income in the Income Statement.

4) The company has agreed to a "power by the hour" ("PBH") arrangement for the period 1 July 2020 until 31 March 2021. Under this arrangement, the company settles the rent for operated aircraft in cash based on operated block hours and the agreed price per hour. The difference between the cash settlement and the contractually agreed revised monthly lease rate will be settled in shares in a share issue after the PBH period, in April 2021. The conversion price is fixed at NOK 4.24919 and with a fixed exchange rate of USD to NOK. The agreement to settle the PBH amounts in shares is a derivate forward contract which is recorded at zero value at initial recognition and subsequently to fair value with changes in fair value taken through the profit and loss. Subsequent changes to the fair value of the derivative are included as restructuring effects in the table above.

5) A public offering was completed in May 2020, with NOK 400 million in gross proceeds.

6) The company agreed with vendors conversion of debt to equity whereby a total of NOK 1,993 million in outstanding payables was converted into new shares. The conversion of the outstanding payables to equity is accounted for as an increase of equity at fair value, with the difference to the carrying value of the outstanding payables as a net gain presented as Other financial income in the Income Statement.

7) Transaction costs are allocated based on the fair value of equity raised and the fair value of remaining debt. Transaction costs related to extinguishments will be charged to profit and loss and cost related to modifications will be amortized over the remaining term. Costs and fees related to equity conversions will be considered issue costs and netted against equity.

2.8 Going concern

In the fourth quarter of 2020, the Company entered into an examinership process in Ireland and a reconstruction process in Norway ("reconstruction"). As a part of this process, the Company decided to substantially reduce its short-haul operation and discontinuation of the Company's long-haul operation. The Company's fleet is planned to be reduced from 131 aircraft at the end of 2020 to 53 aircraft upon exit of the reconstruction. The aircraft planned to be rejected through the examinership have been included in a disposal group classified as held for sale, measured at net fair value less cost to sell. Impairment losses of NOK 12.8 billion have been recognized on the discontinued fleet of aircraft and pre-delivery payments on terminated aircraft purchase contracts. As a result, the company reports a substantially negative equity position of NOK 6,624 million at the end of 2020. Through a successful exit from the examinership and reconstruction process, the company expects to achieve a sufficient level of equity and working capital considering the company's operations and risk.

The basis for continuing as a going concern is contingent upon a successful exit from the reconstruction, with a significant reduction in the company's fleet of aircraft, a significant reduction in the company's debt and obtaining significant new working capital and equity as an outcome.

The necessary additional working capital and equity is planned to be obtained through share offerings including the Rights Issue, private placement(s) and the offering of a New Capital Perpetual Bond, aiming to raise gross proceeds of NOK 4,500 million up to NOK 6,000 million. Such offerings are expected to take place during the second quarter of 2021 and the examinership and reconstruction processes are expected to be concluded at the same time.

It is uncertain whether the company will successfully exit the examinership and reconstruction processes and raise sufficient working capital and equity through aforementioned measures. The company is however optimistic that the examinership and reconstruction processes as well as that the capital raises will be successful, thus securing sufficient working capital for a period beyond 12 months after the date of these Financial Statements, but no assurance can be given to this effect.

In the Examinership and Reconstruction processes the High Court in Dublin and Oslo Byfogdembede both ruled in favor of the proposed scheme of arrangements.

Certain cornerstone investors who have provided long term support to the Restructuring and Capital Raise in times of significant uncertainty have, subject to certain terms and conditions, undertaken to subscribe for and will be allocated shares for a total amount of NOK 2,855 million in the Private Placement. In addition, current creditors of Norwegian have already expressed an interest to participate in the Capital Raise with an amount of at least NOK 1,800 million in the New Perpetual Bonds.

If the company does not exit the examinership and the reconstruction process, including raising capital in a successful way, it is highly likely that the company will enter into liquidation and/or bankruptcy proceedings during the second quarter of 2021.

NOTE 3: FAIR VALUE ESTIMATION

Financial instruments which are measured in the statement of financial position at fair value, require disclosures of fair value measurements by the following levels of fair value measurement hierarchy:

Level 1
The fair value of financial instruments traded in active markets is based on quoted market prices of the reporting date. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regular occurring market transactions on an arm's length basis. The Group had no financial instruments in this category at end of 2019 or 2020.

Level 2
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. Next to forward commodities contracts classified as derivatives, financial instruments in level 2 include conversion rights related to the USD bond issued by the Company in 2019. These conversion rights are financial derivatives linked to changes in the share price of the Company's shares. The strike price is NOK 401.37 per share.

The fair values of forward commodities contracts are determined using mark to market values from financial institutions. Spot prices in the mark to market calculations are based on mid-prices as set by the financial institutions at the reporting date. The forward contracts are classified as current or non-current assets or liabilities according to the net value at 31 December 2020 and maturity profile of individual contracts. Contracts with maturity within one year are classified as current assets and current liabilities.

Level 3
If one or more of the significant inputs are not based on observable market data, specific valuation techniques are applied.

The following table presents financial assets and liabilities measured at fair value at 31 December 2020:

NOK million	Level 1	Level 2	Level 3	Total
Total financial assets at fair value through profit and loss	-	-	-	-
- Derivative financial liabilities, non-current	-	3.2	-	3.2
- Derivative financial liabilities, current	-	49.2	-	49.2
Total liabilities at fair value through profit and loss	-	52.5	-	52.5

There have not been any changes in the valuation techniques used on the assets and liabilities listed in the table above through the year. The following table presents financial assets and liabilities measured at fair value at 31 December 2019:

NOK million	Level 1	Level 2	Level 3	Total
Total financial assets at fair value through profit and loss	-	-	-	-
- Derivative financial liabilities, non-current	-	369.2	-	369.2
Total liabilities at fair value through profit and loss	-	369.2	-	369.2

NOTE 4: SEGMENT AND REVENUE INFORMATION

Executive Management reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segment based on these reports. Executive Management considers the business as one operating segment, which is low-cost air passenger travel. The Group's operating profit comes from airline-related activities and the Group's main revenue generating asset is its aircraft fleet, which is utilized across the Group's geographical segment.

Performance is measured by the Executive Management based on the operating segment's earnings before interests, tax, depreciation, amortization and aircraft lease (EBITDAR). Other information is measured in accordance with the financial statements.

The table below shows revenues from low-cost air passenger travel which is split between passenger revenue, ancillary revenue, freight revenue and other revenue. Passenger related revenue per country is based on starting point of passenger journeys. Freight related revenue is based on starting point of freight services.

NOK million	2020	2019
By activity:		
Passenger transport	6,455.3	35,216.3
Ancillary revenue	1,535.1	6,651.5
Freight	158.8	755.1
Other revenue	946.4	899.0
Total operating revenue	9,095.7	43,521.9
Per country:		
Norway	3,316.3	8,643.8
Spain	1,218.2	6,005.0
US	870.3	8,313.4
UK	720.4	4,458.1
Sweden	603.3	3,430.4
Denmark	546.6	2,976.6
France	256.8	1,949.3
Thailand	264.4	422.8
Finland	221.8	1,206.0
Germany	86.8	519.2
Other	990.8	5,597.3
Total	9,095.7	43,521.9
Total outside of Norway	5,779.4	34,878.1

Share of sale through own channels were 83 percent in 2020, compared to 81 percent in 2019. Sold seats own channels include bookings through internet, apps, direct API, travel agent portal, corporate portal, allotment and direct group bookings. It does not include bookings through GDS (Global Distribution Channels).

NOTE 5: OTHER OPERATING EXPENSES

NOK million	2020	2019
Sales and distribution expenses	274.2	1,073.8
Other flight operation expenses	516.2	1,778.3
General and administrative expenses	1,171.5	1,997.8
Total other operating expenses	1,961.9	4,849.9

Other operating expenses are related to sales and distribution, the operating of systems, marketing, back office, consultants, and other costs not directly attributable to the operation of the aircraft fleet and related airline-specific costs.

NOTE 6: PAYROLL EXPENSES AND NUMBER OF EMPLOYEES

NOK million	2020	2019
Wages and salaries	1 785,6	4,142.4
Social security tax	342.1	666.3
Pension expenses	241.4	353.2
Employee stock options	6,6	16.4
Other benefits	148,6	250.8
Hired crew personnel	396,9	1,388.4
Total	2 921,2	6,817.5

Payroll expenses include hired crew personnel. Some employees are participants in defined pension plans. See Note 18 for details.

Head count and man-labor years *)

	Man-labor years 2020	Head count **) 2020	Head count **) 2019
Cabin Crew	996	3,450	4,768
Flight Deck Crew	544	1,456	2,380
Non-crew	995	1,460	2,241
Total	2,536	6,365	9,389
Norway	1,154	2,062	2,424
Spain	358	1,903	2,026
United Kingdom	292	1,148	1,697
Sweden	205	59	733
Denmark	155	55	734
Italy	96	325	357
United States	83	469	514
Finland	54	2	283
France	47	272	334
Thailand	43	0	186
Ireland	38	60	83
Argentina	10	0	18
Latvia	1	11	0
Total	2,536	6,365	9,389

*) *including head count and man-labor years related to hired crew personnel*
**) *head count at 31.12.*

NOTE 7: REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Remuneration of the Board of Directors
On 30 June 2020, NAS' shareholder elected board members were granted 753,676 restricted shares. Remuneration paid to the Board in 2020 was NOK 2.4 million in addition to awarded shares (2019: NOK 2.4 million and 78,125 shares). The Chairman of the Board, Niels Smedegaard, received NOK 1.1 million including awarded shares (2019: Bjørn Kise 0.7 million). There were no other bonuses or other forms of compensation paid to the Board members in 2020.

# of shares awarded to board members)*	2020
Niels Smedegaard	202,206
Anton Joiner**)	-
Jaan Albrecht Binderberger	110,294
Chris Browne	110,294
Sondre Gravir	110,294
Ingrid Elvira Leisner	110,294
Vibeke Hammer Madsen	110,294
Total	753,676

**) Shares are not adjusted for the reverse share split*
***) Anton Joiner renounced his Board remuneration*

Pursuant to the Norwegian Public Limited Liability Companies Act, section 6-16 a, the Board presented the following statement regarding remuneration of Norwegian's Management to the 2020 Annual General Meeting.

Remuneration governance – directive of remuneration of the CEO and the Executive Management

The purpose of executive remuneration in Norwegian is to stimulate a strong and lasting performance-oriented culture, enabling Norwegian to deliver on its strategy. The total compensation level should be competitive compared to similar organizations. The Board determines the remuneration of the CEO, and the guidelines for remuneration of the Management. The grandfather principle applies for Management, this means Chair approves CEO's direct reports. The remuneration of the Board and the Executive Management must not have negative effects on the Group, nor damage the reputation and standing of the Group in the public eye. Compensation made to the Management going forward will be based on Norwegian's performance.

Principles for base salary
The fixed salary should reflect the individual's area of responsibility and performance over time. Norwegian offers base salary levels which are competitive in the market in which we operate. Salaries are benchmarked versus salary statistics provided by global 3rd party human resource and related financial services consulting firms.

Variable compensation and incentive schemes
Norwegian's short-term incentive (STI):

The STI is a short-term incentive with a timeframe of one year. The STI is a global incentive program designed to motivate, recognize and reward executives for the contributions they make towards meeting Norwegian's financial and business targets. The objectives of the program are to (i) clearly communicate to the executives the targets, (ii) communicate to the executives how bonus payment is linked to Norwegian's performance, (iii) drive the Norwegian organization's ability to meet or exceed Norwegian's performance targets, (iv) encourage more cross functional cooperation and "one Norwegian mind-set", and (v) improve Norwegian's ability to attract, retain and motivate employees.

Target bonus for the CEO is 75% of gross base salary. Max bonus is 127.5% of gross base salary.

The intended bonus scheme for 2020 will not be made effective primarily due to the financial impact of Covid-19.

Norwegian's long-term incentives (LTIs):

Employee Share Savings Plan
Norwegian offers employees hired in a Scandinavian legal entity participation in an employee share savings plan. The objective of the plan is to align and strengthen employee and shareholder's interests and remunerate for long-term commitment and value creation.

Under this plan, Norwegian will match 50% of the individuals' investment, limited to NOK 6,000 per annum. Provided that the employee contributes NOK 12,000 annually, Norwegian's contribution is NOK 6,000. The grant has a one-year vesting period. If shares are kept for two calendar years, the participants will be allocated bonus shares proportionate to their purchase. One bonus share will be earned for every tenth share allocated under this scheme.

Share Option Plan
The Board has established annual share option plans for leading employees. It is the Company's opinion that share option plans are positive for long-term value creation in the Group.

The intention of this plan is to (i) attract and retain employees whose service is important to the Company's success, (ii) motivate such employees to achieve long-term goals of the Company, (iii) provide incentive compensation opportunities to such employees which are competitive with those of other companies, and (iv) to secure such employees share a common financial interest with the other shareholders of the Company.

The Board can offer share options to leading employees when shareholders have given authority to run options plans:

- The exercise price per share shall be the average price of the NAS share on trading days during the first 10 calendar days after presentation of Norwegian's 2nd quarter financial results plus 10% (rounded to the nearest NOK 0.1).
- 1/3 of options granted can be exercised at the earliest after 1, 2, and 3 years respectively, and the options shall expire after 7 years.
- Any calendar year, each optionee's aggregated gross profit from exercise of options under all share option programs shall not exceed 5 years' gross base salary.
- If an optionee leaves the Company, the non-vested options will forfeit. Outstanding options exercisable at the date of such termination shall be exercisable no later than the first exercise period thereafter.

Principles for benefits
In addition to fixed and variable salary, other benefits such as insurance, newspaper, Internet and telephone might be provided. The total value of these benefits should be modest and only account for a limited part of the total remuneration package.

Principles for company car and car allowance vary in accordance with local conditions.

Pension
Executives participate in the same pension plans as other employees within the unit in which they are employed.

Executives in the Norwegian entities participate in a defined contribution pension plan. The annual accrual is 5% of the annual base salary from 1-7.1 G and 8% from 7.1-12 G (G is the base amount of Norwegian Social Security).

No Executives have a retirement agreement.

Severance pay
The notice period for the CEO is 9 months. The notice period for the rest of the Executive Management is 3 or 6 months. The CEO has 15 months' (base salary) severance pay. The CFO, EVP Product & Digital Development and EVP Sales, Marketing & Customer Care have 6 months' (base salary) severance pay. The employee is not entitled to severance payment in the event he himself terminates the employment. The CEO and the CFO have a change of control clause in their employment contracts.

There were made no changes to the guidelines or principles of management remuneration during 2020. The actual remuneration in 2020 was consistent with the guidelines and principles.

Due to the worldwide Covid-19 crises, that hit the industry extremely hard, the Board decided that no bonus should be payable to Management for 2019, regardless of whether targets had been made. It is within the Board's mandate to make such decision.

Furthermore, it was decided not to offer the AGM's approved option plan for 2020.

Total Compensation year 2020

NOK 1,000	Fee [1]	Salary	Bonus	Other [2]	Total Compensation	Pension expense [3]
The Board of Directors						
Niels Smedegaard, Chair of the Board	500	-	-	550	1,050	-
Ingrid Elvira Leisner	450	-	-	300	750	-
Sondre Gravir	275	-	-	300	575	-
Eric Holm, elected by the employees	125	-	-	-	125	-
Geir Olav Øien, elected by the employees	125	-	-	-	125	-
Katrine Gundersen, elected by the employees	125	-	-	-	125	-
Chris Browne (elected at EGM 30 June 2020)		-	-	300	300	-
Jaan Albrecht Binderberger (elected at EGM 30 June 2020)		-	-	300	300	-
Vibeke Hammer Madsen (elected at EGM 30 June 2020)		-	-	300	300	-
Anton Joiner (elected at EGM 30 June 2020, resigned 10 November 2020) [7]		-	-	-	-	-
Christian Fredrik Stray (stepped down at EGM 30 June 2020)	400	-	-	-	400	-
Liv Berstad (stepped down at EGM 30 June 2020)	425	-	-	-	425	-
Total Board of Directors		-	-	2,050	4,475	-
Executive Management						
Jacob Schram (Chief Executive Officer)		7,000	-	148	7,148	86
Geir Karlsen (Chief Financial Officer) [5]		4,500	5,000	148	9,648	86
Anne-Sissel Skånvik (Executive Vice President Communications and Public Affairs)		2,000	-	171	2,171	86
Guro H. Poulsen (Senior Vice President Crew Management/Executive Vice President People)		2,000	-	148	2,148	86
Knut Olav I. Høeg (Executive Vice President IT, Supply Chain & Process Improvement) (since February 2020) [4]		2,108	-	139	2,248	79
Andrew Hodges (Executive Vice President Network, Pricing & Optimisation) (since June 2020) [4]		1,827	-	20	1,847	155
Johan Gauermann (Interim Executive Vice President Operations) (since June 2020) [4]		1,395	-	-	1,395	458
Christoffer Sundby (Executive Vice President Marketing, Sales & Customer Care) (since September 2020) [4]		1,000	-	49	1,049	29
Tor-Arne Fosser (Executive Vice President Products & Digital Development) (since October 2020) [4]		725	-	37	762	21
Bjørn Erik Barman-Jenssen (Executive Vice President Operational Development) (until January 2020) [4]		243	-	-	243	7
Thomas Hesthammer (Group Accountable Manager) (until January 2020) [4]		159	-	7	166	7
Kurt Erik Simonsen (Chief Customer & Digital Officer) (until January 2020) [4]		2,189	1,550	86	3,825	50
Frode Berg (Chief Legal Officer) (until May 2020) [4]		961	-	62	1,023	48
Tore Jenssen (Chief Operating Officer/Managing Director Arctic Aviation) (until May 2020) [4]		1,125	-	62	1,187	48
Sarah Goldsbrough (Executive Vice President HR, HSE & Payroll) (until May 2020) [4]		743	-	63	806	36
Marty St. George (Interim Chief Commercial Officer) (until May 2020) [4] [6]		4,235	-	0	4,235	-
Brede Huser (Executive V.P. Loyalty/Man. Dir. Norwegian Reward) (since February 2020, until July 2020) [4]		1,000	-	549	1,549	43
Kei Grieg Toyomasu (Senior Vice President Brand & Marketing) (since February 2020, until August 2020) [4]		1,371	-	5	1,376	50
Total Executive Management		34,580	6,550	1,694	42,825	1,373

1) *For the employee representatives in the Board of Directors, only their fee for serving on the Board of Directors fee is stated*
2) *Other include company car/car allowance, insurance, telephone, internet, severance pay, etc. For board members, other include shares awarded on 30 June 2020 at the current market price of NOK 2.72 per share*
3) *Pension expense reflects paid pension premium*
4) *Pro rata*
5) *Retention bonus for 2019*
6) *Hired consultant*
7) *Anton Joiner renounced his Board remuneration*

No share options were exercised by the Management in 2020.

Total Compensation year 2019

NOK 1,000	Fee	Salary	Bonus	Other benefits 2)	**Total Compensation**	Pension expense 3)
The Board of Directors						
Bjørn H. Kise, Chair of the Board (until 7 May 2019)	727	-	-	-	727	-
Niels Smedegaard, Chair of the Board (since 8 May 2019)	-	-	-	2,000	2,000	-
Liv Berstad, Deputy Chair	400	-	-	300	700	-
Christian Fredrik Stray, Director	367	-	-	275	642	-
Ada Kjeseth, Director	367	-	-	-	367	-
Ingrid Elvira Leisner, Director	-	-	-	275	275	-
Sondre Gravir, Director	275	-	-	275	550	-
Eric Holm, Director (elected by the employees)	21	-	-	-	21	-
Linda Olsen, Director (elected by the employees)	112	-	-	-	112	-
Geir Olav Øien, Director (elected by the employees)	125	-	-	-	125	-
Katrine Gundersen, Director (elected by the employees)	21	-	-	-	21	-
Total board of directors	2,415	-	-	3,125	5,540	-
Executive Management						
Bjørn Kjos (Chief Executive Officer) 4)	-	2,058	-	82	2,140	35
Asgeir Nyseth (Chief Operating Officer)	-	3,042	-	129	3,171	76
Anne-Sissel Skånvik (Chief Communications Officer)	-	1,927	-	174	2,101	75
Frode Berg (Chief Legal Officer)	-	1,976	-	155	2,131	75
Tore Jenssen (CEO Norwegian Air International Ltd)	-	2,662	1,862	161	4,685	246
Edward Thorstad (Chief Customer Officer) 4)	-	600	-	52	652	25
Bjørn Erik Barman-Jenssen (Managing Director Support Services) 5)	-	3,105	-	171	3,276	76
Brede Huser (EVP Loyalty and Managing Director Norwegian Reward) 4)	-	630	-	52	682	25
Helga Bollmann Leknes (Chief Human Resources Officer, Chief Commercial Officer, Managing Director NAR)	-	2,992	6,135	157	9,284	75
Kurt Erik Simonsen (Chief Information Officer) 6)	-	1,486	6,135	91	7,712	44
Geir Karlsen (Chief Financial Officer/Acting Chief Executive Officer)		7,263	4,000	155	11,418	129
Thomas Hesthammer (Acting COO/Group Accountable Manager)		2,078	-	111	2,189	71
Marty St. George (Interim Chief Commercial Officer)	-	452	904	-	1,356	-
Total executive management	-	30,271	19,036	1,490	50,797	952

1) *For the employee representatives in the Board of Directors, only their fee for serving on the Board of Directors fee is stated. Fees paid in cash relate to the period from 1 January 2018 to the Annual General Meeting in 2019.*
2) *Other benefits include company car/car allowance, insurance, telephone, internet etc. For board members, other benefits include shares awarded on May 15, 2019 at the current market price of NOK 40.00 per share. Other benefits for Niels Smedegaard include a sign-on fee of NOK 1,500 thousand in shares in the Company.*
3) *Pension expense reflects paid pension premium*
4) *Pro rata*
5) *Net salary agreement*
6) *Contingent Worker until 31 May 2019 (Invoice NOK 1,669 thousand)*

No share options were exercised by the Management in 2019.

NOTE 7A – AUDIT REMUNERATION

NOK million excluding VAT	2020	2019
Audit fee	14.4	12.1
Other audit related services	2.8	1.3
Tax advisory	-	-
Other services	2.8	0.2
Total	20.0	13.6

The Group elected PricewaterhouseCoopers AS as their new auditor with effect for the financial year 2020. The audit remuneration for 2020 includes also fees charged from Deloitte, as the Group's auditor until 2019.

NOTE 8: NET FINANCIAL ITEMS

NOK million	2020	2019
Interest income	68.2	204.5
Interest expense leasing	(1,472.4)	(1,737.2)
Other Interest expense	(1,218.3)	(1,371.4)
Net foreign exchange (loss) or gain	(1,483.7)	227.0
Appreciation cash equivalents	0.4	1.2
Fair value adjustments conversion rights	3,217.5	-
Financial gain/loss debt to equity conversion	2,609.0	-
Other financial items	(77.5)	145.9
Net financial items	1,643.2	(2,530.0)

Foreign exchange derivatives and fuel derivatives are categorized as financial assets or financial liabilities at fair value through profit or loss and are measured at fair value at each reporting date with changes in fair value recognized as other gains and losses within operating expenses.

Net foreign exchange loss of NOK 1,483.7 million is recognized in 2020 (2019: NOK 227.0 million gain). Interest expense includes NOK 1,472.4 million of interest expenses on lease liabilities in 2020 (2019: 1,737.2 million).

See Note 3 for fair value estimation, Note 2.7.1 for financial restructuring effects and Note 20 for further information concerning investments in financial assets.

Interest expenses include amortized cost on borrowings. Capitalized interests reduce interest expenses (Note 11).

The effect from financial items on the financial activities of NOK 415 million presented in the Consolidated Statement of Cash Flow, stems from interest on borrowings and other financing costs.

NOTE 9: TAXES

This year’s tax expense consists of:

NOK million	2020	2019
Tax payable	1.1	11.6
Adjustments from previous year	2.0	(57.2)
Change in deferred tax	903.7	(32.8)
Income tax expense	906.8	(78.5)

Reconciliation from nominal to effective tax rate:

NOK million	2020	2019
Profit before tax	(22,133.0)	(1,687.6)
Expected tax expense (income) using nominal tax rate (22%)	(4,869.3)	(371.3)
Tax effect of the following items:		
Non-deductible expenses/income	(617.9)	(40.7)
Adjustments from previous year	720.4	(57.2)
Tax rate outside Norway other than 22%	1,131.7	(166.3)
Change in tax rate	-	-
Deferred tax asset not recognized/derecognized	4,593.1	545.2
Other items	-51.3	11.9
Tax expense	906.8	(78.5)
Effective tax rate	-4.1 %	4.6 %

The following table details net deferred tax liabilities (assets) at year end:

NOK million	2020	2019
Intangible assets	(833.6)	(540.7)
Tangible assets	350.4	1,189.8
Inventories	(14.7)	(10.2)
Receivables	(159.2)	8.1
Deferred gains/losses	1,225.6	242.4
Other accruals	219.4	324.1
Pensions	(50.1)	(39.0)
Other temporary differences	(271.2)	(200.3)
Loss carried forward	(5,873.8)	(3,619.7)
Not recognized deferred tax	4,091.1	513.7
Net deferred tax liabilities (assets)	(1,316.2)	(2,131.8)
Recognized as deferred tax assets	(1,966.2)	(2,672.4)
Recognized as deferred tax liabilities	650	540.7
Net deferred tax liabilities (assets)	(1,316.2)	(2,131.8)

Deferred tax assets are based on unused tax loss carryforwards and temporary differences in assets and liabilities. The Group's deferred tax assets, and in particular the Group's unused tax losses, are substantial both in nominal terms and in relation to total equity. At 31 December 2020, the Group's deferred tax assets amounted to NOK 1,966 million, compared to NOK 2,672 million at 31 December 2019. At 31 December 2019, a deferred tax liability of NOK 541 million was recognized, and the net deferred tax asset was NOK 2,132 million.

Deferred tax assets are mainly explained by the recent years tax losses of the Group. Unused tax losses are recognized to the extent that taxable profits are probable. Significant management judgement is required to determine the amounts of deferred tax assets that can be recognized, based on the anticipated timing and level of future taxable profits together with future tax planning strategies. In situations where Group Companies have experienced recent losses, the Group will evaluate whether there are convincing other evidence supporting taxable profits and the future utilization of its carryforward losses.

As a result of the Groups decision to discontinue long-haul operation, the Group has derecognized carry forward losses in entities with related activities. Remaining significant carry forward losses is held by the parent entity in the Group, Norwegian Air Shuttle ASA. The Group has not recognized additional carry forward losses in 2020. Convincing other evidence is considered for recognition of the deferred tax assets. Remaining recognized tax assets are supported by expected debt forgiveness through the ongoing restructuring process. The future operations with focus on markets that has been profitable in the past, also supports that there are reasonable expectations that the Group will generate taxable profits in the upcoming periods.

Adjustments from previous years consists of differences in deferred tax positions between the Group reporting last year and each company's tax reporting finalized later in 2020. Deferred tax liabilities and deferred tax assets are presented net to the extent that there is a legal right to settle current tax amounts on a net basis and the deferred tax amounts are levied by the same taxing authority.

NOK million	2020	2019
Recognized at 1 January	(2,131.8)	(2,059.4)
Charged/credited to the income statement	903.7	(32.8)
Adjustment from previous year	(10.9)	(22.0)
Charged directly to equity	(12.0)	(28.0)
Disposal of tax positions - sale of subsidiary	0.5	34.9
Translation differences	(65.7)	(24.6)
Recognized at 31 December	(1,316.2)	(2,131.8)

The effects of the COVID-19 pandemic might impact the Company's ability to utilize carry-forward tax losses and could lead to reductions in the deferred tax assets recognized in the statement of financial position in subsequent reporting periods. Refer to Note 29 for further information.

NOTE 10: INTANGIBLE ASSETS

			Other intangible assets	
NOK million	Software	Goodwill	Indefinite life	Total
Acquisition costs 1 January 2019	521.0	94.0	53.8	668.7
Additions	12.2	-	-	12.2
Acquisition costs 31 December 2019	533.2	94.0	53.8	680.9
Acquisition costs 1 January 2020	533.2	94.0	53.8	680.9
Additions	17.7	-	-	17.7
Translation difference acquisition cost	-	10.2	-	10.2
Acquisition costs 31 December 2020	550.8	104.2	53.8	708.8
Accumulated amortization 1 January 2019	456.5	-	-	456.5
Amortization	26.3	-	-	26.3
Accumulated amortization 31 December 2019	482.8	-	-	482.8
Accumulated amortization 1 January 2020	482.8	-	-	482.8
Amortization	25.1	-	-	25.1
Accumulated amortization 31 December 2020	507.9	-	-	507.9
Book value at 31 December 2019	50.4	94.0	53.8	198.2
Book value at 31 December 2020	43.0	104.2	53.8	200.9
Useful life	3-5 years	Indefinite	Indefinite	
Amortization plan	Straight-line	None	None	

Capitalized software is related to external consulting fees for the development of Norwegian's own systems for bookings and ticket-less travels, various sales portals, back office and maintenance system. These costs are amortized over their estimated useful lives (three to five years).

Other intangible assets and goodwill are related to the purchase of FlyNordic in Sweden July 2007 and purchase of slots at London Gatwick airport in 2017. Other intangible assets from business combinations consist of estimated fair value of Brand name, charter operations, slots and the Air Operating Certificate. Other intangible assets also consist of intellectual property rights that are related to purchases of internet domains. The Group has developed international web portals in major markets.

Goodwill, slots, and intellectual property rights are determined to have indefinite useful lives and are not amortized. Slots and intellectual property rights do not expire over time, as long as the Management has the intention to continue using the assets.

NOTE 11: TANGIBLE ASSETS

NOK million	Buildings	Right-of-use buildings	Aircraft, parts and installations on leased aircraft	Right-of-use aircraft, parts and installations	Prepayment on aircraft orders	Equipment and fixtures	Right-of-use equipment	Total
Acquisition cost 1 January 2019	294.8	315.5	36,729.8	32,432.0	8,561.3	542.7	48.6	78,924.7
Additions	-	23.0	675.3	4,803.4	162.9	48.3	0.7	5,713.6
Transfers	-	-	758.9	-	(758.9)	-	-	-
Disposals	-	-	(4,968.8)	-	(3,047.0)	(3.3)	-	(8,019.1)
Reclassified to Asset held for sale	-	-	(163.1)	-	-	-	-	(163.1)
Foreign currency translation	-	(0.8)	716.7	596.0	28.3	(0.9)	1.2	1,340.4
Acquisition costs 31 December 2019	294.8	337.7	33,748.8	37,831.3	4,946.6	586.9	50.5	77,796.6
Acquisition costs 1 January 2020	294.8	337.7	33,748.8	37,831.3	4,946.6	586.9	50.5	77,796.6
Additions	-	-	-	29,826.8	-	15.8	-	29,842.5
Additions cap interest	-	-	-	-	169.9	-	-	169.9
Translation difference acquisition cost	-	(0,4)	597.2	(440.9)	(150.1)	-	1.7	7.5
Reclassification to disposal group	-	-	(17,879.0)	(20,144.8)	(4,769.4)	-	-	(42,793.2)
Disposals	(5.4)	(40.5)	(4,104.1)	(41,413.5)	(197.0)	-	(52.2)	(45,812.7)
Acquisition costs 31 December 2020	289.3	296.8	12,362.9	5,658.9	0.0	602.7	0.1	19,210.6
Accumulated depreciation 1 January 2019	25.3	-	5,665.6	-	0.0	331.4	-	6,022.3
Depreciation	5.8	40.7	2,803.7	4,602.9	-	59.1	14.3	7,526.4
Depreciation disposals	-	-	(2,230.5)	-	-	(1.8)	-	(2,232.3)
Foreign currency translation	-	(0.2)	117.7	(16.9)	-	0.3	0.5	101.4
Accumulated depreciation 31 December 2019	31.1	40.4	6,356.8	4,586.0	0.0	389.0	14.8	11,418.1
Accumulated amortization 1 January 2020	31.1	40.4	6,356.8	4,586.0	0.0	389.0	14.8	11,418.1
Depreciation	5.8	40.8	1,296.1	4,761.2	-	50.5	7.8	6,162.1
Depreciation disposals	-	(0.9)	(1,333.3)	(6,286.2)	-	-	(23.7)	(7,644.1)
Foreign currency translation	-	0.1	(86.4)	(193.3)	-	-	1.2	(278.4)
Accumulated depreciation 31 December 2020	36.9	82.280.2	6,233.2	2,867.6	0.0	439.5	0.1	9,657.6
Book value 31 December 2019	263.7	297.3	27,392.0	33,245.4	4,946.6	197.9	35.7	66,378.5
Book value 31 December 2020	252.4	216.6	6,129.4	2,791.4	0.0	163.2	0.0	9,553.2

At 31 December 2020, the Group operated a total of 131 aircraft (2019: 156), whereas 55 (2019: 65) were owned and 76 (2019: 101) were leased under operational leases. See Note 12 for details about operational leases.

Aircraft

The Group acquired 0 Boeing 787-9 (2019: 1) and 0 Boeing 787-9 on sale-leaseback (2019: 4) during 2020. The group sold 10 Boeing 737-800 (2019: 12), redelivered 10 leased Boeing 737-

800 (2019: 0), redelivered 2 leased Boeing 787-8 (2019: 0), redelivered 3 leased Boeing 787-9 (2019: 0) and 0 Airbus A320neo (2019: 2) during 2020.

The residual value is NOK 3,886 million (2019: NOK 4,800 million) in total for all owned aircraft and deducted from the depreciable amount of the body of the aircraft. To determine the residual value, the Group has a process of internal assessment along with the use of an external and independent appraiser providing estimates on future value based on aircraft type and year of build. The economic life expectancy of the body of the aircraft is 25 years for the 737, 787 and Airbus A320neo aircraft, and the economic life of the owned aircraft is 25 years less the age of the aircraft at time of purchase.

Aircraft are owned by companies with USD as functional currency. The values presented in NOK in the consolidated statement of financial position, include effects from currency translation.

Assets held for sale

Assets included in disposal group held for sale of NOK 30,377 million (2019: 1,205) relates to 78 aircraft anticipated to be rejected following the examinership and reconstruction process. The assets held for sale are treated as one disposal group together with related liabilities and have been impaired by NOK 8.7 billion, to estimated net fair value less cost to sell.

Installations on leased aircraft

The installations on the leased aircraft include cabin interior modifications and other improvements to the aircraft after lease commencement. The capitalized value is depreciated over the remainder of the aircraft lease, which is between 1-10 years. Linear depreciation is applied, and residual value is NOK 0. In 2016 and 2015 several engines on the leased aircraft were in overhaul, and replacement costs for life limited parts were capitalized to the extent that the costs were improvements to the engines and therefore exceeding the requirements that were specified in the leasing contracts. These components are depreciated at a defined rate per engine cycle, limited to the remainder of the aircraft lease.

Spare parts

Spare parts consist of rotable parts for the aircraft and are depreciated over their useful life. The useful life of spare parts ranges between 5-8 years. Straight-line depreciation is applied, and 25 percent of the acquisition cost is calculated as residual value.

Buildings

Buildings consist of one apartment in Seattle purchased in 2010 by the Group. The apartment in Florida purchased in 2013 for the purpose of housing personnel stationed in the United States in respect of the delivery of new 737-800 aircraft and opening new destinations were sold at the end of 2020. The apartment are carried at acquisition cost. The residual value is estimated to equal the acquisition cost. In 2014, a new hangar at Gardermoen airport was constructed. The hangar is estimated to have a useful life of 50 years and is depreciated linear over useful economic life. Residual value is NOK 0.

Prepayments to aircraft manufacturers

In 2007 the Group entered a purchase contract with Boeing Commercial Airplanes concerning 42 new 737-800 aircraft, with an option of purchasing 42 additional aircraft. The contract was extended in June 2011 for an additional 15 Boeing 737-800. In 2011, the Group entered a purchase contract with Icelandair for the right to acquire 3 Boeing 787-8 Dreamliner aircraft, which Icelandair had on order with Boeing Commercial Airplanes. In January 2012, the Group entered into additional purchase contracts with Boeing Commercial airplanes and Airbus S.A.S. comprising a total of 372 aircraft, of which 222 were firm orders. On 22 October 2015, the subsidiary Arctic Aviation Assets DAC entered into a purchase contract for 19 new 787-9 Dreamliner aircraft, with an additional purchase option of 10 aircraft. Note 28 includes a table showing the timeline of future deliveries.

Until delivery of the aircraft, the Group will make prepayments to aircraft manufacturers, following a defined prepayment schedule. The Group capitalizes borrowing costs incurred for the construction of qualifying assets during the period of time which is required to complete the aircraft. Borrowing costs of NOK 176.9 million (2019: NOK 281.6 million) have been capitalized during the year. An average capitalization rate of 4.3 percent (2019: 4.4 percent) was used.

Equipment and fixtures

Equipment and fixtures consist of IT hardware, purchased software, vehicles and other equipment.

Impairment test of tangible and intangible assets

The Group reviews assets for impairment testing at each reporting date and whenever there are indications of impairment. The effects of the COVID- 19 virus outbreak on the airline industry and the Group's level of operation are considered a triggering event, and an impairment testing has been performed for the Group's non-current assets that will be remained in operation after the reconstruction process. Since entering an examinership and reconstruction process, the Group is aiming to discontinue its long-haul operations and substantially reduce its fleet of short-haul aircraft. Out of a fleet of 131 aircraft at the end of 2020, the Group aims to reject 78 aircraft and retain 53 aircraft in the fleet. The remaining 78 aircraft have been included in a separate CGU as a disposal group and classified as assets and liabilities included in disposal group held for sale. The remaining operation including 53 aircraft is regarded as one CGU, with highly integrated fleet operations across the group.

The CGU for the remaining operation is tested for recoverable amount of the CGU's assets based on value in use, with expected future cash flows in accordance with the Group's current management approved business plans for the upcoming four years. Cash flows beyond the forecast period have been projected in accordance with management's long-term growth assumptions. The impairment test is consistent with the one used previous periods, but with business plans adjusted and adapted to the current market situation following the COVID-19 virus outbreak and the significantly reduced asset base and expected level of operations once exiting the examinership and reconstruction process. The impairment test carried out does not result in any impairment of the CGU's intangible or tangible assets.

The business plan applied is based on management's estimates for recovery to normalized market conditions. The business plan assumes a gradual return to normal utilization of the CGU's aircraft during 2021. Two alternative scenarios are also considered, with delayed recovery from the effects of the pandemic. Any development in the future spread of the virus, including additional or prolonged travel restrictions and other changes affecting the speed of recovery to normal services will impact the Group's business plans and future projections. Such assumptions are uncertain and subject to change as the virus situation is continuously developing worldwide. Any unfavorable development could affect estimates and the Group's impairment testing in future periods. Value in use is higher than the carrying amount, and consequently the impairment test did not result in any impairment.

Key assumptions used in the calculation are growth rates, operating costs, terminal value and discount rate. Cash flows beyond the four-year period are extrapolated with a long-term growth rate. Estimated cash flows and discount rate are after tax.

Discount rate
The cash flows are discounted using the expected long-term weighted average cost of capital (WACC). The applied after-tax discount rate is 7.3 percent (2019: 7.1 percent). The cost of the Group's debt and equity capital, weighted accordingly to reflect its capital structure, gives the Group's weighted average cost of capital. The WACC rates which are used to discount future cash flows are based on market risk free interest rates adjusted for inflation differentials and include the debt premium, market risk premium, gearing corporate tax rate and asset beta. An increase of the discount rate of 1 percentage point will not result in impairment of the CGU's intangible or tangible assets.

Growth rates
The basis for calculating future growth rate is in accordance with the Group's current management approved business plans for the upcoming four years. Except for budgeted growth stemming from existing assets, no growth is incorporated in the impairment test for 2020.

Operating costs
The operating costs are calculated based in accordance with the Group's current management approved business plans for the upcoming four years.

Terminal value
A growth rate of 0 percent is used in calculating cash flow beyond the four-year period.

Sensitivity
On 31 December 2020, the Group's value in use was significantly higher than the carrying amount of its non-current assets. A sensitivity analysis has been performed, to determine if a reasonable change in key assumptions would cause the carrying amount to exceed the recoverable amount. A reduction in the estimated revenue by 2 percent, an increase in the operating cost 2 percent or an increase in WACC after tax by 2 percentage point would not lead to an impairment loss of the fleet CGU.

Impairment test of assets and related liabilities in the disposal group and other assets

Since entering the examinership and reconstruction process, the Group is aiming to discontinue its long-haul operations and substantially reduce its fleet of short-haul aircraft. Out of a fleet of 131 aircraft at the end of 2020, the Group aims to reject 78 aircraft and retain 53 aircraft in the fleet. The remaining 78 aircraft have been included in a separate CGU as a disposal group and classified as assets and liabilities included in disposal group held for sale.

The net fair value of the disposal group assets including liabilities has been estimated to be zero less cost to sell. Resulting in an impairment of NOK 8,697 million. A further impairment of NOK 4,121 million has been recognized in 2020 related to pre-delivery payments on terminated aircraft purchase agreements.

Specification impairment and disposal group:

Impairment asset held for sale

NOK million	2020
Impairment assets included in disposal group	8,694,6
Impairment prepayments to aircraft manufacturers	4,121.1
Total	12,815.7

Specification of assets included in disposal group

NOK million	2020
Aircraft, parts and installations on leased aircraft	17,879.0
Right-of-use aircraft, parts and installations	20,142.2
Other receivables	851.4
Assets held for sale	199.1
Total assets in disposal group before impairment	39,071.7
Impairment	(8,694.6)
Total assets included in disposal group 31.12	30,377,1

Specification of liabilities included in disposal group

NOK million	2020
Borrowing	15,661.2
Lease liabilities	15,106,6
Total liabilities included in disposal group 31.12	30,767,8

Specification of prepayments to aircraft manufacturers

NOK million	2020
Prepayment to aircraft manufacturers	4,121.1
Impairment	(4,121,1)
Total prepayments to aircraft manufacturers 31.12	-

Refer to Note 29 for further information.

NOTE 12: LEASES

This note should be read in conjunction with Notes 11 and 20 for further information on the development of balances related to leases in the scope of IFRS 16.

At the end of 2020, the Group leases 76 (2019: 91) aircraft. The lease agreements on the Boeing 737 aircraft last between three and twelve years from the date of agreement. The lease agreements on the Boeing 787 aircraft last for twelve years. There are no options to extend the aircraft lease agreements. In 2020, the Group did not take any new deliveries.

The Group realized losses from sale-leaseback transactions of NOK 125.9 million in 2020 in profit and loss. An additional amount of NOK 38.4 million was deferred as an adjustment to the right-of-use assets of the four aircraft on sale-leaseback.

Lease liabilities

NOK million	2020	2019
Opening balance	34,274.3	32,688.1
Additions	21,866.1	5,156.0
Disposals	(25,725.7)	-
Conversion to equity	(10,105.1)	-
Accrued interest expense	1,472.4	1,738.1
Cash outflow	(2,351.2)	(5,660.4)
Reclassification to disposal group	(15,106.6)	-
Currency differences	(973.2)	352.5
Lease liabilities 31 December	3,351.1	34,274.3
Due within one year	3,165.4	4,194.5
Due after one year	185.7	30,079.8

Maturity profile of nominal minimum lease payments are presented in Note 2.6.

In 2020, the Group leases had short-term and/or leases of low-value items for 13 cars and 19 properties in Oslo, Dublin and London, in addition to properties in all the operating bases worldwide. The Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

The following amounts are recognized in the income statement:

in NOK million	2020	2019
Expenses relating to short-term leases	13.0	40.2
Expenses relating to low-value leases	0.6	0.5
Variable lease payments	121.3	132.1
Total	134.9	172.8

In 2020, the Group leases out three Boeing 737 aircraft to its former subsidiary Norwegian Air Argentina S.A.U. These leases are classified as operating leases from a lessor perspective because they do not transfer substantially all the risks and rewards incidental to the ownership of the assets. Rental income recognized by the Group during 2020 was NOK 34.5 million.

NOTE 13: TRADE AND OTHER RECEIVABLES

Specifications of receivables

NOK million	2020	2019
Trade receivables	597.7	826.4
Credit card receivables	1,776.1	5,797.4
Deposits	306.2	1,777.9
Reimbursements claims maintenance costs	(54.7)	
Deferred leasing costs	8.7	24.4
Other receivables	1,517.4	1,976.3
Sum trade and other receivables	4,151.4	10,402.4
Prepaid costs	512.7	928.8
Public duty debt	(102.1)	104.9
Prepayments to employees	0.3	0.2
Prepaid rent	78.9	157.9
Prepayments	489.9	1,191.8
Total	4,641.4	11,594.3
Maximum credit risk	3,836.6	6,623.9

Other receivables include receivables from Boeing of NOK 1,056.9 million related to the grounding of 737MAX aircraft beginning in March 2019.

Due dates, nominal value of receivables

NOK million	2020	2019
Within one year	4,578.8	10,132.9
After one year	63.0	1,461.8
Total	4,641.8	11,594.7

Fair value of trade and other receivables

NOK million	2020	2019
Due within one year	4,578.8	10,132.9
After one year *)	62.6	1,461.4
Total	4,641.4	11,594.3

*) *Discount rate 2.5 percent (2019: 2.5 percent). For receivables due within one year, fair value is equal to nominal value.*

Provision for bad debt

NOK million	2020	2019
Balance 1 January	17.0	20.3
Charged to the income statement	(22.5)	(26.3)
Accruals	40.9	26.3
Reversals		(3.3)
Balance 31 December	35.4	17.0

Overdue accounts receivable

NOK million	2020	2019
Overdue less than 1 month	33.5	575.3
Overdue 1-2 months	28.7	34.9
Overdue 2-3 months	-0.8	21.8
Overdue over 3 months	212.7	165.2
Total	274.1	797.3

Provisions for bad debt include trade – and credit card receivable. The provisions for bad debts on trade receivables relate to provisions for overdue trade receivables that are not impaired at 31 December. Overdue accounts receivable includes trade receivables.

Non-interest-bearing deposits are measured at amortized cost in the statement of financial position. Deposits denominated in foreign currencies are converted using the prevailing exchange rates on the reporting date.

NOTE 14: INVENTORIES

NOK million	2020	2019
Consumables	64.1	175.7
Total	64.1	175.7

Charges for obsolete parts in 2020 were NOK 114.3 million (2019: NOK 45.2 million), including NOK 48.0 million for parts for wide-body aircraft not planned to be used after 2020.

NOTE 15: EQUITY AND SHAREHOLDER INFORMATION

Shares and share issues in 2020:

NOK million	Number of ordinary shares	Share capital	Share Premium	Total
1 January 2019	45,437,059	4.5	2,686.7	2,691.2
Share issue 08.03.2019	90,871,318	9.1	2,918.3	2,927.4
Share issue 05.11.2019	27,250,000	2.7	1,059.0	1,061.7
31 December 2019	163,558,377	16.4	6,664.0	6,680.3

NOK million	Number of ordinary shares	Share capital	Share Premium	Total
1 January 2020	163,558,377	16.4	6,664.0	6,680.3
Share issue 20.05.2020	2,906,066,430	290.6	9,536.0	9,826.6
Share issue 10.06.2020	47,819,487	4.8	173.6	178.4
Share issue 17.06.2020	108,938,080	10.9	326.0	336.9
Share issue 26.06.2020	40,164,731	4.0	111.7	115.7
Share issue 02.07.2020	4,569,611	0.5	17.0	17.5
Share issue 20.07.2020	6,280,732	0.6	22.8	23.4
Share issue 21.07.2020	289,664,273	29.0	817.5	846.5
Share issue 03.08.2020	571,201	0.1	2.0	2.1
Share issue 06.08.2020	55,070,783	5.5	105.2	110.7
Share issue 07.08.2020	6,183,077	0.6	10.8	11.4
Share issue 18.08.2020	4,775,564	0.5	6.1	6.6
Share issue 03.09.2020	6,046,802	0.6	22.3	22.9
Share issue 23.10.2020	56,314,248	5.6	29.8	35.4
Share issue 05.11.2020	4,555,868	0.5	14.1	14.6
Share issue 08.12.2020	18,778,583	1.9	5.7	7.6
Share issue 11.12.2020	253,970,846	25.4	934.6	960.0
Share issue 15.12.2020	7	-	-	-
Reverse split 18.12.2020	(3,933,595,413)	-	-	-
Share issue 23.12.2020	16,079	0.2	5.9	6.1
31 December 2020	39,749,366	397.7	18,805.1	19,202.7

All issued shares are fully paid with a par value of 0.1 NOK per share (2019: 0.1 NOK per share). There is only one category of shares, and all shares have equal rights. For information about employee share options, see Note 17.

On 20 May, the company announced a completion of refinancing in which the company converted NOK 12.7 billion of debt to equity and raised NOK 400 million in cash and equity through a public offering. Following the transaction, the company issued 2,906,066,430 new shares.

On 10 June, the company announced conversion notices from bondholders representing USD 19.3 million of a convertible bond, with the issue of 47,819,487 new shares.

On 17 June, the company announced further conversion of vendor debt of NOK 416.6 million and convertible bonds of USD 4.4 million by the issue of total 108,938,080 new shares.

On 26 June, the company announced conversion of lease debt of USD 16.6 million, with the issue of 40,164,731 new shares.

On 2 July, the company announced further conversion of USD convertible bonds to equity in the amount of USD 1.8 million with the issue of 4,569,611 new shares.

On 20 July, the company announced further conversion of USD convertible bonds to equity in the amount of USD 2.5 million with the issue of 6,280,732 new shares.

On 21 July, the company announced conversion of overdue payables of approximately NOK 419.3 million to equity with the issue of 98,675,898 new shares, and also conversion of compromised outstanding claims of approximately NOK 812 million after separation of business with OSM Aviation Ltd, with the issue of 190,988,375 new shares, resulting in a total of 289,664,273 new shares registered this day.

On 3 August, the company announced further conversion of USD convertible bonds to equity in the amount of USD 0.2 million with the issue of 571,201 new shares.

On 6 August, the company announced further conversion of lease debt to equity in the amount of USD 24 million with the issue of 55,070,783 new shares.

On 7 August, the company announced conversion of overdue payables of approximately NOK 26.3 million to equity with the issue of 6,183,077 new shares.

On 18 August, the company announced further conversion of lease debt to equity in the amount of USD 2.1 million with the issue of 4,775,564 new shares.

On 3 September, the company announced conversion of perpetual bonds amounting to EUR 2.3 million with the issue of 6,046,802 new shares.

On 23 October, the company announced further conversion of vendor debt to equity in the amount of SEK 231.3 million with the issue of 56,314,248 new shares.

On 5 November, the company announced conversion of perpetual bonds amounting to EUR 1.7 million with the issue of 4,555,868 new shares.

On 8 December, the company announced conversion of vendor debt to equity of EUR 7.4 million with the issue of 18,778,583 new shares.

On 11 December, the company announced conversion of bonds amounting EUR 2.1 million and USD 88.4 million of perpetual bonds and USD 11.6 of future maintenance bonds, with the issue of 253,970,846 new shares.

On 15 December, the board of directors resolved to issue 7 shares so that the total number of shares in the Company is divisible by 100, in order to prepare for the proposed reverse share split in the ratio of 100:1.

On 18 December, the general meeting carried out a reverse split of the company's shares where one hundred (100) old shares give one (1) new share, resulting in merging 3,933,595,413 shares.

23 December, the company announced conversion of perpetual bond amounting EUR 0.6 million, with the issue of 16,079 shares.

All transactions resulted in a total of 39,749,366 shares as of 31 December 2020.

Description of items booked directly on shareholder's equity:
Other comprehensive income

NOK -979.4 million has been booked as exchange rate differences under comprehensive income in 2020 (2019: NOK 94.6 million). The exchange differences arise from translating the subsidiaries from functional currency to presentation currency. In addition, the Company's share of other comprehensive income in associated companies during 2020 amount to NOK 2.0 million (2019: NOK -20.8 million).

Actuarial gains and losses

During 2020, NOK -42 million in actuarial loss arising from defined benefit pension plans was booked directly to equity (2019: NOK -42.3 million).

Share option plan

In 2020 no stock option program was offered.

2018 and 2019 programs are adjusted for the reverse share split. Strike price is multiplied by 100 and the number of outstanding options is divided by 100.

On 07.05.2019 the Annual General Meeting of Norwegian Air Shuttle ASA adopted a share option program limited to 12,000 share options. 12,000 options under this program were granted to 10 executives in May 2019. Options may be exercised at the earliest in 2022, and any remaining options in 2026 at the latest. The exercise price is NOK 4,300, which was the average price of the NAS share on trading days the first 10 calendar days after presentation of Norwegian's 1st quarter 2019 financial results, plus 15%. On 20.11.2019 6,000 additional options were granted to 2 executives. On 31.12.2020 there were 14,000 outstanding share options under this plan.

On 08.05.2018 the Annual General Meeting of Norwegian Air Shuttle ASA adopted a share option program limited to 4,000 share options. 3,800 options under this program were granted to 11 executives in September 2018. Options may be exercised at the earliest in 2021, and any remaining options in 2025 at the latest. The exercise price was NOK 27,800, which was the average price of the NAS share on trading days the first 10 calendar days after presentation of Norwegian's 2nd quarter 2018 financial results, plus 15%. To maintain the incentive of the plan, the Board approved an adjustment to the strike price from NOK 27,800.00 to NOK 4,300.00 on 24.09.2019. On 31.12.2020 there were 1,000 outstanding share options with strike price NOK 4,300.00 and 800 outstanding share options with strike price NOK 27,800.00.

Total share option expense in 2020 amounted to NOK 6.0 million (2019: NOK 15.6 million). See Note 17 for further details.

The largest shareholders at 31 December 2020 were:

	Shares	Ownership	Voting rights
Avanza Bank AB	5,791,956	14,6 %	14,6 %
Nordnet Bank AB	3,340,991	8,4 %	8,4 %
MG Aviation Limited	3,257,450	8,2 %	8,2 %
BOC Aviation Limited	1,821,223	4,6 %	4,6 %
AerCap Holdings N.V.	1,778,931	4,5 %	4,5 %
Swedbank AB	1,593,824	4,0 %	4,0 %
DP Aircraft Ireland Limited	1,541,897	3,9 %	3,9 %
OSM Aviation Group	1,430,958	3,6 %	3,6 %
DNB Markets	1,258,167	3,2 %	3,2 %
Svenska Handelsbanken AB	737,115	1,9 %	1,9 %
Interactive Brokers, L.L.C.	736,454	1,9 %	1,9 %
Instinet Europe Limited, meglerkonto innland	659,003	1,7 %	1,7 %
Chatsworth Aviation Ltd.	562,625	1,4 %	1,4 %
PFA Pension Forsikringsaktieselskab	541,018	1,4 %	1,3 %
BofA Global Research (UK)	513,684	1,3 %	1,2 %
Saxo Bank A/S	481,564	1,2 %	0,9 %
Nordea Bank AB (publ)	353,864	0,9 %	0,7 %
Nykredit Bank AS	278,047	0,7 %	0,7 %
Handelsbanken Asset Management	257,528	0,6 %	0,6 %
LGT Bank Ltd.	237,944	0,6 %	0,6 %
Other	12,575,123	31,6 %	31,6 %
Total number of shares	39,749,366	100.0 %	100.0 %

The largest shareholders at 31 December 2019 were:

	Shares	Ownership	Voting rights
HBK Holding AS	14,229,015	8.7 %	8.7 %
Folketrygdfondet	10,884,688	6.7 %	6.7 %
Keskinäinen eläkevakuutusyhtiö Varma	7,600,000	4.6 %	4.6 %
Danske Capital (Norway)	6,381,845	3.9 %	3.9 %
Pareto Asset Management AS	4,052,733	2.5 %	2.5 %
City Finansiering AS	3,946,041	2.4 %	2.4 %
DNB Asset Management AS	3,678,057	2.2 %	2.2 %
Kite Lake Capital Management (UK) LLP	2,906,986	1.8 %	1.8 %
Sneisungen AS	2,322,414	1.4 %	1.4 %
J.P. Morgan Securities plc	2,233,055	1.4 %	1.4 %
Bank of America Merrill Lynch (UK)	1,842,739	1.1 %	1.1 %
Nordnet Bank AB.	1,608,859	1.0 %	1.0 %
Stenshagen Invest AS	1,523,476	0.9 %	0.9 %
Delphi Fondene	1,472,682	0.9 %	0.9 %
SEB Luxembourg - Custodian	1,386,658	0.8 %	0.8 %
Storebrand Kapitalforvaltning AS	1,307,945	0.8 %	0.8 %
Hands-On Property AS	1,143,753	0.7 %	0.7 %
Credit Suisse Securities (Europe) Limited	1,044,351	0.6 %	0.6 %
DNB Bank ASA	1,032,554	0.6 %	0.6 %
KLP Forsikring	1,032,260	0.6 %	0.6 %
Other	91,928,266	56.2 %	56.2 %
Total number of shares	163,558,377	100.0 %	100.0 %

Shares directly or indirectly held by members of the Boards of Directors, Chief Executive Officer and Executive Management at 31 December 2020:

Name	Title	Shares[1)]
Niels Smedegaard	Chair	2,522
Ingrid Elvira Leisner	Board Member	1,171
Sondre Gravir	Board Member	467
Chris Browne	Board Member	1,102
Jaan Albrecht Binderberger	Board Member	1,102
Vibeke Hammer Madsen	Board Member	1,102
Geir Olav Øien	Board Member - Employee representative	-
Eric Holm	Board Member - Employee representative	117
Katrine Gundersen	Board Member - Employee representative	-
Jacob Schram	Chief Executive Officer	7,000
Geir Karlsen	Chief Financial Officer	5,000
Anne-Sissel Skånvik	Executive Vice President Communications and Public Affairs	38
Guro H. Poulsen	Executive Vice President People	3
Knut Olav I. Høeg	Executive Vice President IT, Supply Chain & Process Improvement	92
Andrew Hodges	Executive Vice President Network, Pricing & Optimisation	-
Johan Gauermann	Interim Executive Vice President Operations	-
Christoffer Sundby	Executive Vice President Marketing, Sales & Customer Care	-
Tor-Arne Fosser	Executive Vice President Products & Digital Development	-

1) *Including shares held by related parties.*

Options directly held by the Chief Executive Officer and members of Executive Management:

		Issued in	2018	2019	
		Strike price (NOK)	4,300	4,300	
Name	Title	Expiry	2025	2026	Total
Jacob Schram	Chief Executive Officer			3,000	3,000
Geir Karlsen	Chief Financial Officer		500	4,500	5,000
Anne-Sissel Skånvik	Executive Vice President Communications and Public Affairs		200	500	700

Specification of other reserves

NOK million	OCI associated companies	Translation differences	Total
1 January 2019	18.9	992.8	1,011.7
Translation differences	-	94.6	94.6
Share of other comprehensive income of associated companies	(20.8)	-	(20.8)
31 December 2019	(1.9)	1,087.4	1,085.6
Translation differences	-	(979.4)	(979.4)
Share of other comprehensive income of associated companies	2.0	-	2.0
Transactions with non-controlling interest	-	4.6	4.6
31 December 2020	0.1	112.7	112.8

See also consolidated statement of changes in equity for overview of total changes in equity.

Other paid-in equity

Other paid-in equity amounts to NOK 943.5 million at 31 December 2020 (2019: NOK 149.2 million) and consists of accumulated stock option expenses.

NOTE 16: EARNINGS PER SHARE

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common shares equivalents outstanding during each period.

	2020	2019
Profit attributable to the owners of the Company (NOK million)	(23,050.9)	(1,615.4)
Weighted average number of shares outstanding	22,552,180	1,279,018
Weighted average number of shares outstanding after dilution	25,114,751	1,575,838
Basic earnings per share (NOK)	(1,022.11)	(1,262.98)
Diluted earnings per share (NOK)*	(1,022.11)	(1,262.98)

	2020	2019
Weighted average number of shares outstanding	22,552,180	1,279,018
Potential shares that might become dilutive in future periods		
Stock options	15,800	21,300
Convertible bond	2,546,770	275,520
Weighted average number of shares outstanding after dilution	25,114,751	1,575,838

**) Diluted earnings per share is based on average numbers of shares outstanding and dilution effects at period end. Diluted earnings per share is equal to earnings per share in the event of negative earnings per share.*
The number of shares has been adjusted for a reverse split carried out in December 2020, in which one hundred old shares gave one new share.

NOTE 17: OPTIONS

2020 Program

In 2020 no stock option program was offered.

2018 and 2019 programs are adjusted for the reverse share split. Strike price is multiplied by 100 and the number of outstanding options is divided by 100.

2019 Program

On 07.05.2019 the Annual General Meeting of Norwegian Air Shuttle ASA adopted a share option program limited to 12,000 share options. 12,000 options under this program were granted to 10 executives in May 2019. Options may be exercised at the earliest in 2022, and any remaining options in 2026 at the latest. The exercise price is NOK 4,300, which was the average price of the NAS share on trading days the first 10 calendar days after presentation of Norwegian's 1st quarter 2019 financial results, plus 15%. On 20.11.2019 6,000 additional options were granted to 2 executives.

On 31.12.2020 there were 14,000 outstanding share options under this plan.

2018 program:
On 08.05.2018 the Annual General Meeting of Norwegian Air Shuttle ASA adopted a share option program limited to 4,000 share options. 3,800 options under this program were granted to 11 executives in September 2018. Options may be exercised at the earliest in 2021, and any remaining options in 2025 at the latest. The exercise price was NOK 27,800, which was the average price of the NAS share on trading days the first 10 calendar days after presentation of Norwegian's 2nd quarter 2018 financial results, plus 15%. To maintain the incentive of the plan, the Board approved an adjustment to the strike price from NOK 27,800.00 to NOK 4,300.00 on 24.09.2019.

On 31.12.2020 there were 1,000 outstanding share options with strike price NOK 4,300.00 and 800 outstanding share options with strike price NOK 27,800.00.

Outstanding options:

	2020 shares	Average exerc. price	2019 shares	Average exerc. price
Outstanding 1 January	2,130,000	51.83	960,000	291.54
Granted	0	0	1,800,000	43.00
Terminated	(550,000)	43.00	(630,000)	297.91
Outstanding 31 December	1,580,000	54.90	2,130,000	51.83
Outstanding 31 December adjusted for reverse share split	15,800	5,489.87		

Total share option expense in 2020 amounted to NOK 6.0 million (2019: NOK 15.6 million).

Share savings program
Norwegian offers employees hired in a Scandinavian legal entity participation in an employee share savings plan. The objective of the plan is to align and strengthen employee and shareholder's interests and remunerate for long-term commitment and value creation.

Under this plan, Norwegian will match 50% of the individuals' investment, limited to NOK 6,000 per annum. Provided that the employee contributes NOK 12,000 annually, Norwegian's contribution is NOK 6,000. The grant has a one-year vesting period. If shares are kept for two calendar years, the participants will be allocated bonus shares proportionate to their purchase. One bonus share will be earned for every tenth share allocated under this scheme.

The fair value of the bonus shares is measured at the grant date using the Black & Scholes option-pricing model. The fair value of the bonus shares and the corresponding estimated social security cost are expensed as personnel costs over the vesting period. Changes in estimated social security costs are expensed over the remaining vesting period.

At 31 December 2020, expense amounted to NOK 7.7 million (2019: NOK 7.1 million).

NOTE 18: PENSIONS

The Group operated defined contribution plans in Norway, Denmark, Sweden, Finland, Ireland, UK, France, Italy, Spain and the US, and defined benefit plans in Norway and Sweden.

Defined contribution plan
The defined contribution plans require that the Group pays premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. The Group has no further obligations once these premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Pre-paid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

Defined contribution plans comply with local Pension legislation.

Pension expenses on defined contribution plans are NOK 207.6 million in 2020 (2019: NOK 321.1 million).

Defined benefit plan
As per 31 December 2020, 454 employees were active members (2019: 462) and 49 were on pension retirement (2019: 41). The related pension liability is recognized at NOK 227.8 million (2019: 177.5 million).

The pension plans are in compliance with the Occupational Pensions Act and actuarial calculations comply with IAS 19.

The mortality and disability estimates are based on up-to-date mortality tables K2013 BE.

	Funded	
NOK million	2020	2019
Pension expense		
Net present value of benefits earned	25.5	24.5
Interest cost on pension liability	8.4	3.7
Return on plan assets	(4.5)	(0.2)
Administrative expenses	0.1	0.1
Recognized settlement	-	-
Social security tax	4.2	4.0
Net pension expense defined benefit plans	33.8	32.1
Pension expense on defined contribution plans	185.8	281.4
Social security tax	21.8	39.7
Total pension expense	241.4	353.2
Change in present value of defined benefit liability:		
Gross pension liability 1 January	365.9	293.1
Current service costs	29.8	28.7
Interest cost	8.3	7.5
Actuarial gains/losses	44.9	44.3
Benefits paid	(2.5)	(2.5)
Social security on payments to plan	(3.0)	(5.2)
Gross pension liability 31 December	443.4	365.9
Change in fair value of plan assets:		
Fair value of pension assets 1 January	188.3	146.5
Expected return	4.4	4.1
Actuarial gains/losses	2.9	2.0
Contributions paid	24.3	42.2
Benefits paid	(1.4)	(1.3)
Social security on payments to plan	(3.0)	(5.2)
Fair value of plan assets 31 December	215.6	188.3
Net pension liability	227.8	177.5
Net recognized pension liability 31 December	227.8	177.5

	2020	2019
Actual return on pension funds	1.70 %	5.60 %
Expected contribution to be paid next year	27.3	47.5

The net pension liability was based on several assumptions. The discount rate was based on covered bonds, with adjustments for duration. The pension liability's average duration was 18.5 years. Wage adjustments, pension adjustments and the expected increase in state pensions were based on historical observations for the Group, and an expected long-term inflation rate of 1.5 percent.

	2020	2019
Discount rate	1.50 %	2.30 %
Expected return on pension funds	0-1.50 %	2.30 %
Wage adjustments	2.00 %	2.25 %
Increase of social security base amount (G)	1.75-2.00 %	2.00 %
Future pension increase	0.00 %	0.50 %
Average turnover	0.5-8%	2-8%

The Group's pension fund was invested in the following instruments (at 30 September 2020 and 2019):

	2020	2019
Equity	7.2 %	12.7 %
Bonds	20.4 %	13.5 %
Money market funds	10.6 %	17.0 %
Hold-to maturity bonds	30.8 %	31.4 %
Real estate	13.6 %	11.1 %
Various	17.4 %	14.3 %

Historical information

NOK million	2020	2019	2018	2017	2016
Present value of defined benefit obligation	443.4	365.9	293.1	267.6	194.1
Fair value of plan assets	215.6	188.3	146.6	118.0	86.7
Deficit/(surplus) in the plan	227.8	177.6	146.5	149.7	107.4
Experience adjustments on plan liabilities	44.9	44.3	(1.9)	44.0	(26.2)
Experience adjustments on plan assets	2.9	2.0	0.6	1.0	(1.8)

NOTE 19: PROVISIONS AND OTHER LONG-TERM LIABILITIES

Periodic maintenance on leased aircraft

NOK million	2020	2019
Opening balance	3,924.1	3,346.3
Provisions charged to the income statement	1,235,5	2,282.7
Maintenance services performed and invoices received	(1,494.8)	(1,511.2)
Other items	(1,163.1)	(193.7)
Closing balance	2,501.7	3,924.1
Classified as current liabilities	902.9	45.1
Classified as non-current provision	1,598.8	3,879.0

For aircraft held under lease agreements, Norwegian is contractually committed to either return the aircraft in a certain condition or to compensate the lessor based on the actual condition of the airframe, engines, and life-limited parts upon return. In addition, during the lease term the Group is obliged to follow the maintenance program as defined by the aircraft manufacturers. In order to fulfil the conditions of the lease and maintenance obligations, in the form of major airframe overhaul, engine maintenance checks, and restitution of major life-limited parts, the Group is required to perform these obligations during the period of the lease and upon return of the aircraft to the lessor. The estimated maintenance costs are accrued and charged to profit or loss over the lease term for this contractual obligation, based on the estimated current cost of the major airframe overhaul, engine maintenance checks and restitution of major life-limited parts, calculated by either reference to the number of hours flown or cycles operated since last maintenance event or since the aircraft was new, or the age of the aircraft.

The estimated costs of overhauls and maintenance are based on the Group's maintenance program, the Group's and industry experience, and contractual and catalog prices. Changes in estimated maintenance event costs over time are charged to the income statement as incurred with reference to number of hours flown or cycles operated during the period since the last maintenance event or since the aircraft was new. Additional provisions are also set to meet specific redelivery conditions if these are deemed to be other or higher than the estimated maintenance costs. The Group's aircraft leases are typically between 8-12 years in length, and several of the maintenance events will occur within the leasing period.

For some of the leases, the Group is invoiced by the lessor for Maintenance Reserve Contribution (MRC), which is reclaimable at time of actual maintenance event, or forfeited if the maintenance event occurs after leasing period ends. Paid and unclaimed MRC is offset against the accumulated accrual balances in the Statement of Financial Position. For these lease contracts, the accrual and charge to the income statement is based on the larger of the Maintenance Reserve Contribution and the estimated maintenance cost. In the case of lease extension, estimates on maintenance costs will be revised.

Parts of the periodic maintenance will be conducted in 2021, and NOK 902.9 million is classified as a current liability for periodic maintenance (2019: NOK 45.1 million). The current part of periodic maintenance is estimated based on the planned maintenance in 2021. Other items in the table above consist of currency effects, credits received from service suppliers and other adjustments.

Other non-current liabilities
Other non-current liabilities amounted to NOK 13.9 million at 31 December 2020 compared to NOK 1.1 million at the end of last year.

NOTE 20: FINANCIAL INSTRUMENTS

Financial instruments by category

	2020			
NOK million	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
Assets as per balance sheet				
Investments in financial assets	3.7	-	-	**3.7**
Trade and other receivables *)	4,151.4	-	-	**4,151.4**
Cash and cash equivalents	2,666.9	-	-	**2,666.9**
Total	6,822.0	-	-	**6,822.0**

**) Prepayments not included in trade and other receivables* 489.9

	2019			
NOK million	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
Assets as per balance sheet				
Trade and other receivables *)	10,402.4	-	-	**10,402.4**
Cash and cash equivalents	3,095.6	-	-	**3,095.6**
Total	13,498.0	-	-	**13,498.0**

**) Prepayments not included in trade and other receivables* 1,191.8

	2020		
NOK million	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities per balance sheet			
Borrowings	-	8,769.9	**8,769.9**
Lease liabilities	-	3,351.1	**3,351.1**
Liabilities included in disposal group	-	30,767.8	**30,767.8**
Derivative financial instruments	52.5	-	**52.5**
Trade and other payables *)	-	7,767.0	**7,767.0**
Total	52.5	50,655.8	**50,708.2**

**) Public duties and liabilities from customer loyalty program not included in trade and other payables* 2,561.8

	2019		
NOK million	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities per balance sheet			
Borrowings	-	26,734.0	**26,734.0**
Lease liabilities	-	34,274.3	**34,274.3**
Derivative financial instruments	369.2	-	**369.2**
Trade and other payables *)	-	7,949.9	**7,949.9**
Total	369.2	68,958.2	**69,327.4**

**) Public duties and liabilities from customer loyalty program not included in trade and other payables* 1,179.6

See Note 22 for details related to borrowings.

Credit quality of financial assets

NOK million	2020	2019
Trade receivables		
Counterparties with external credit rating		
A or better	1,776.1	5,797.4
Counterparties without external credit rating	2,375.3	4,605.0
Total trade receivables	4,151.4	10,402.4
Cash and cash equivalents		
A+ or better	2,646.2	3,075.2
BBB +	20.8	20.4
Total cash and cash equivalents	2,666.9	3,095.6

Investments in financial assets

NOK million	2020	2019
1 January	-	2,051.8
Additions	3.7	
Sale	-	(2,044.0)
Reclassifications	-	-
Net gains/(losses) recognized in other comprehensive income	-	(7.8)
31 December	3.7	-
Current portion	-	-

Investments in financial assets consist of the investment in shares of Norwegian Block Exchange AS.

Derivative financial instruments

	2020		2019	
NOK million	Assets	Liabilities	Assets	Liabilities
Forward commodities contracts	-	49.2	-	-
Conversion rights	-	3.2	-	369.2
Total	-	52.5	-	369.2
Non-current portion:	-	3.2	-	369.2
Current portion	-	49.2	-	-

Trading derivatives are classified as current or non-current assets or liabilities depending on the maturity profile and net value of individual forward contracts. At 31 December 2020, the total unrealized value of derivatives amounts to NOK 49.2 (2019: loss of NOK 0).

Forward commodities contracts

Forward commodities contracts relate to jet fuel derivatives. The net fair value of the outstanding forward commodities contracts at 31 December 2020, were NOK 49.2 million (2019: NOK 0). At 31 December 2020, the Group had secured 18,000 tons of jet fuel (2019: zero tons) through forward contracts.

Conversion rights

Conversion rights is related to the USD convertible bond issued 5 November 2019. See note 3 for information related to the USD convertible bond.

Other losses/gains – net

NOK million	2020	2019
Net losses/(gains) on financial assets at fair value through profit or loss	882.9	(828.2)
Foreign exchange losses/(gains) on operating activities	(27.8)	107.1
Losses/(gains) on asset sale	930.0	(124.6)
Restructuring costs	1,219.5	-
Total	3,004.7	(845.8)

Net losses of NOK 882.9 million (2019: gains of NOK 828.2 million) is related to net gains on jet fuel derivatives.

NOTE 21: TRADE AND OTHER PAYABLES

NOK million	2020	2019
Accrued vacation pay	139.5	360.0
Accrued airport and transportation taxes	221.7	608.3
Accrued expenses	3,068.0	3,558.8
Trade payables	3,984.6	3,093.0
Payables to related party (Note 26)	637.6	637.6
Public duties	165.1	269.0
Current provisions for MRC (Note 19)	902.9	45.1
Other current provisions	1,209.4	557.8
Total	10,328.8	9,129.5

The current payables and provisions are non-interest bearing and are due within the next 12 months. Accrued expenses are related to goods and services delivered and not invoiced to the Group in 2020.

NOTE 22: BORROWINGS

Nominal value at 31 December 2020

NOK million	Nominal Value	Unamortized transaction cost	Book value	Effective interest rate
Disposal group aircraft financing	16 344,6	(683,4)	15 661,2	4,0 %
Aircraft financing	3 879,5	(67,5)	3 812,0	3,6 %
Loan with state guarantee	2 989,0	-	2 989,0	3,9 %
Bond issue	2 434,8	(903,2)	1 531,6	32,3 %
Other current debt	437,2	-	437,2	8,0 %
Total	26 085,2	(1 654,1)	24 431,1	

Nominal value at 31 December 2019

NOK million	Nominal Value	Unamortized transaction cost	Book value	Effective interest rate
Bond issue	4,454.9	(27.4)	4,427.6	6.5 %
Aircraft prepayment financing	863.2	(2.7)	860.5	4.0 %
Aircraft financing	22,415.4	(969.5)	21,445.9	3.9 %
Total	27,733.6	(999.6)	26,734.0	

Effective interest rate during 2020, recognized as financial items (Note 8) and capitalized borrowing costs (Note 11), is 9.3 percent (2019: 10.1 percent).

The value of the conversion rights related to the USD convertible bond issued 5 November 2019 of NOK 52.5 million, is not included as part of Bond issue and is classified under Derivative financial instruments in the consolidated statement of financial position. See Note 3 and 20 for additional information related to the USD bond.

Classification of borrowings*NOK million*	2020	2019
Non-current		
Bond issue	-	4,178.4
Aircraft prepayment financing	-	281.9
Aircraft financing	-	17,684.1
Total	-	22,144.4
Current		
Disposal group aircraft financing	15,661.2	-
Aircraft financing	3,812.0	3,761.8
Loan with state guarantee	2,989.0	-
Bond issue	1,531.6	249.2
Other current debt	437.2	-
Aircraft prepayment financing	-	578.6
Total	24,431.1	4,589.6
Total borrowings	24,431.1	26,734.0

Cash and non-cash changes in total borrowings

Changes in total borrowings over a period consist of both cash effects (disbursements and repayments) and non-cash effects (conversion- and reconstruction effects, amortization and currency translation effects). The following is the changes in the Group's borrowings stemming from cash effects and non-cash effects:

NOK million	2020	2019
Opening balance total borrowings	26 734,0	33,839.1
Disbursement	3 290,5	2,039.0
Repayment	(2 351,2)	(9,294.5)
Conversion- and reconstruction effects	(4 293,2)	-
Net amortization effects	833,4	185.0
Currency translation effects	543,7	(34.7)
Other	(326,1)	-
Closing balance total borrowings	24 431,1	26 734,0

The carrying amounts of the Group's borrowings are denominated in the following currencies:

NOK million	2020	2019
USD	11,991.4	15,350.6
NOK	3,940.9	249.6
SEK	270.1	909.7
EUR	8,228.7	10,224.1
Total	24,431.1	26,734.0

Collateralized borrowings are detailed in Note 23.

Covenants

Bond issue (NAS09)

- Minimum book equity of NOK 1,500 million.
- No dividend payment.
- Minimum liquidity (unrestricted cash) of NOK 100 million within the Group until 1 July 2021 and NOK 500 million thereafter. Cash and cash equivalents for the Group as at 31 December 2020 are NOK 2,666.9 million, of which 906.4 million is restricted cash. See note 24 for cash position.
- The bonds are secured by a ground lease agreement in respect of a hangar in Ullensaker municipality

Bond issues (NAS07 & NAS08)

- Minimum book equity of NOK 1,500 million.
- No dividend payment.
- Minimum liquidity (unrestricted cash) of NOK 100 million within the Group until 1 July 2021 and NOK 500 million thereafter.
- The bonds are secured by pledge of the shareholding by NAS Eire Invest AS in Norwegian Air Norway AS and via a pledged account, see note 23.

Convertible bond issue

- Minimum book equity of NOK 1,500 million.
- No dividend payment.
- Minimum liquidity (unrestricted cash) of NOK 100 million within the Group until 1 July 2021 and NOK 500 million thereafter.

Aircraft prepayment financing

- There are no financial covenants on aircraft prepayment financing.

Aircraft financing

- Aircraft financing does not include covenant requirements. Aircraft in the Group are financed with guarantees by either the parent company and / or by export credit agencies. Owned aircraft are pledged as collateral. For more information on assets pledged as collateral, see Note 23.

State-backed term facility

- There are no financial covenants on state-backed term facility.

The Group has been in breach of the covenants of all of the above borrowings during 2020.

Fair value calculations
The carrying amounts and fair values of the non-current borrowings are as follows:

	Carrying amount		Fair value	
NOK million	**2020**	2019	**2020**	2019
Bond issue	-	4,178.4	-	3,778.2
Aircraft prepayment financing	-	281.9	-	279.1
Aircraft financing	-	17,684.1	-	19,155.1
Total fair value	-	22,144.4	-	23,212.4

The fair value of current borrowings approximates their carrying amount. The fair value of non-current borrowings in 2019 is based on cash flows which are discounted using a rate based on the following assumptions:

Bond Issue II
Interest rate of 4Y EUR swap interest rate and a risk premium equal to the spread at the reporting date. The bond was refinanced during 2019. The bond issue is a secured bond issue pledged in the shareholding and pledge account of Norwegian Air Norway AS, is denominated in EUR and matures 11 November 2022. The coupon is 7.25 percent. The effective interest rate is 48.1 percent. The loan will be redeemed at 105 percent of par value.

- ISIN: NO0010753437
- Ticker: NAS07
- Name: Norwegian Air Shuttle ASA 15/19 7.25 percent EUR

Bond Issue III
Interest rate of STIBOR and a risk premium equal to the spread at the reporting date. The bond was refinanced during 2019. The bond issue is a secured bond issue pledged in the shareholding and pledge account of Norwegian Air Norway AS, is denominated in SEK and matures 7 February 2023. The coupon is STIBOR + 5.00 percent. The effective interest rate is 42.0 percent. The loan will be redeemed at 105 percent of par value.

- ISIN: NO0010783459
- Ticker: NAS08
- Name: NORWEG.AIR SHUT.17-20 FLR

Bond Issue IV
Interest rate of NIBOR 3M and a risk premium equal to the spread at the reporting date. The bond issue is a secured bond issue pledged in the Group's hangar at OSL, is denominated in NOK and matures 23 November 2021. The coupon is 3M NIBOR + 3.95 percent. The effective interest rate is 5.7 percent.

- ISIN: NO0010809940
- Ticker: NAS09
- Name: FRN Norwegian Air Shuttle ASA Senior Secured Bond Issue 2017/2020

Convertible Bond
Fixed interest rate of 6.375 percent. The effective interest rate is 15.8 percent. The bond issue is denominated in USD and matures 15 November 2024.

- ISIN: NO0010868284
- Ticker: NASNO 6.375 11/15/24

Facility agreement
Interest rate of LIBOR 1Y and a risk premium equal to the spread at the reporting date. The Group has entered into facility agreements with UTF, DVB, BOC and Aercap in 2016, 2017, 2018 and 2019 respectively to cover pre-delivery financing for aircraft with deliveries in the period 2016 to 2020. The facility agreement with DVB was repaid and settled in 2018 and the facility agreement with BOC was repaid and settled in 2019.

The borrowings which mature at the delivery of each aircraft in 2021 are classified as current borrowings and are denominated in USD.

Aircraft financing
Fixed and floating interest rate based on LIBOR and EURIBOR market rates and a risk premium equal to the spread at the reporting date. The spread of USD denominated borrowings is not entity specific, as the agreed spread is based on the overall credit risk of the financial markets in the United States. 25 percent of aircraft financing is exposed to cash flow interest rate risk with quarterly re-pricing dates, while 75 percent of aircraft financing is exposed to fair value risk on fixed interest rates. The borrowings mature quarterly after the delivery of aircraft. See Note 2 for further maturity analysis of borrowings. The aircraft financing is denominated in USD and in EUR.

Restructured bonds
Following the financial restructuring completed in May 2020, 50 percent of bonds NAS07 and NAS08 and 77 percent of the USD Convertible Bond were converted into equity. Further, no interest will accrue on either of the bonds until after June 2021 and the maturity was

extended by 12 months on all bonds except the USD Convertible Bond. The new maturities are November 2022 for NAS07, February 2023 for NAS08 and November 2021 for NAS09.

NOTE 23: ASSETS PLEDGED AS COLLATERALS AND GUARANTEES

Liabilities secured by pledge

NOK million	2020	2019
Bond issue	242.5	249.6
Bonds refinanced	968.0	3,289.9
Convertible bond issue	-	1,257.3
Aircraft financing	19,473.3	21,445.9
Aircraft prepayment financing	-	860.5
Total	20,683.8	27,103.2

Owned aircraft are pledged as collateral to the providers of the relevant financing for the aircraft. In the case of pre-delivery deposit ("PDP") financing the parts of the aircraft manufacturer purchase contract that relate to the aircraft are pledged as collateral to the providers of the PDP financing. The Group provides guarantees to the benefit of lenders.

The Group has not issued any guarantees for third parties.

In 2020 the NAS07 and NAS08 bonds were successfully refinanced following approval by the bondholders. In order to secure approval of the refinancing, the Group continued to pledge the following assets:

- Pledge of the shareholding by NAS Eire Invest AS in Norwegian Air Norway AS.
- Pledged Account (including both present and future credit balances, any interest and any commission payable thereon).

The above pledges of the shareholding by in Norwegian Air Norway AS and the pledged account are not shown in the table below as these assets do not have a book value in the Group.

Book value of assets pledged as security and guarantees

NOK million	2020	2019
Prepayment and aircraft	6,019.6	31,826.7
Buildings	246.8	252.6
Total	6,266.4	32,079.3

NOTE 24: BANK DEPOSITS

Cash and cash equivalents

NOK million	2020	2019
Cash in bank	2,646.1	3,075.2
Cash equivalents	20.8	20.4
Total	2,666.9	3,095.6

Deposits in money market funds are classified as cash equivalents, as the underlying maturity of the deposits are 3 months or less. At 31 December 2020, the interest terms of the main cash deposits in folio accounts are 1-month NIBOR - 0.25 percent p.a. The interest terms on restricted cash deposits in folio accounts are 1-month NIBOR +0.55 percent p.a.

Receivables from credit card companies are included in trade receivables. See note 13.

Restricted cash

NOK million	2020	2019
Guarantees for leases and credits from suppliers	570.1	519.1
Safety deposits on defined benefit plan	297.9	239.5
Taxes withheld	38.4	71.8
Total	906.4	830.4

Bank guarantees are granted for leasing liabilities for aircraft, suppliers of fuel and handling services, as well as airport charges from airports and governments. There is also a guarantee/deposit in place to secure a pension program. Restricted cash is included in the line item Cash and cash equivalents in the statement of financial position. Unrestricted cash at 31 December 2020 was NOK 1,760.8 million.

NOTE 25: INVESTMENTS IN OTHER ENTITIES

Norwegian Air Shuttle ASA has the following investments in financial assets and joint ventures accounted for using the equity method:

2020

Entity	Country	Industry	Ownership interest	Type of investment	Share of profit recognized in 2020	Share of OCI recognized in 2020	Investment 2020	Carrying amount 31.12.2020	Fair value 31.12.2020 2)
SkyHawk Aviation Limited	Ireland	Aircraft lease	30.00 %	Associate	-	-	0.3	0.3	N/A

2019

Entity	Country	Industry	Ownership interest	Type of investment	Share of profit recognized in 2019	Share of OCI recognized in 2019	Investment 2019 1)	Carrying amount 31.12.2019	Fair value 31.12.2019 2)
OSM Aviation Ltd.	Cyprus	Aviation crew management	50.00 %	Joint venture	(12.0)	(20.8)	(14.0)	23.7	N/A
SkyHawk Aviation Limited	Ireland	Aircraft lease	30.00 %	Associate	-	-	0.3	0.3	N/A

1) *Investments in OSM Aviation Ltd. relates to dividends received in 2019*
2) *The shares are not traded in the open market and there is no fair value readily available for the investments*

On 17 July 2020, the company announced that the fully owned subsidiary Norwegian Air Resources Ltd. and OSM Aviation Ltd. had resolved to separate the business currently conducted through the joint venture such that (ii) certain companies in the joint venture are transferred to NAR and the remaining entities left in the ownership of OSM, and the shares owned by Norwegian Air Resources Ltd in OSM Aviation ltd. were to be transferred back to OSM group.

On 24 October 2019, the Company announced the formation of a joint venture with CCB Leasing (International) Corporation DAC ("CCBLI"). CCBLI is a wholly owned subsidiary of China Construction Bank Corporation (CCB), an industry leader in banking, financial services and leasing, and the world's second largest bank by asset value. CCBLI is the majority owner of the joint venture with a 70 percent share, while the Company, through its wholly owned subsidiary AAA, holds the remaining 30 percent. The purpose of the joint venture is to finance, own and lease aircraft. Three aircraft are currently delivered and on lease with a third-party operator.

Summarized financial information for immaterial joint ventures

NOK million	2020	2019
Profit or loss from continuing operations	-	(23.3)
Other comprehensive income	-	(15.5)
Total comprehensive income	-	(38.8)

NOTE 26: RELATED PARTY TRANSACTIONS

The Group purchases crew management services from OSM Aviation Ltd. and its subsidiaries. On 15 July 2020, the Group and OSM Aviation Ltd. resolved to separate the business currently conducted through the joint venture such that certain companies in the joint venture were transferred to the Group and the remaining entities left in the ownership of OSM. Approximately 812 million NOK in compromised outstanding claims were converted into 190,988,375 new shares in Norwegian Air Shuttle ASA.

No loans or guarantees have been issued to related parties in 2020 or 2019.

See Note 7 for details on key Management compensations and Note 15 for shares and options held directly or indirectly by members of the Board of Directors, the CEO and the Executive Management.

The following transactions were carried out with related parties:

NOK million	2020	2019
Sales (-) and purchases (+) of goods and services (NOK million excl. VAT)		
Simonsen Vogt Wiig (legal services) *	-	2.7
Fornebu Næringseiendom (property rent) **	-	9.7
OSM Aviation Ltd. (incl. subsidiaries; crew management services)	841.1	1,741.8
Infocom Group (IT services)	-	8.3
Purchase of shares Lilienthal Finance Limited from HBK Holding AS	-	4.0

NOK million	2020	2019
Year-end balances arising from sales/purchases of goods/services (NOK million incl VAT)		
Payables to related parties		
OSM Aviation Ltd. (incl. subsidiaries; crew management services)	-	637.6

** Bjørn Kise resigned as Chairman of the board 7 May 2019. Values reflect the period from 1 January until 7 May 2019.*
*** Bjørn Kjos resigned as CEO 11 July 2019. Values reflect the period 1 January until 11 July 2019.*

Transactions between Group companies have been eliminated in the consolidated financial statements and do not represent related party transactions. See Notes 25 Related Parties and 23 Shares in Subsidiaries in the financial statements of Norwegian Air Shuttle ASA for further details.

NOTE 27: CONTINGENCIES AND LEGAL CLAIMS

The Norwegian Group has, since the end of 2013, continuously reorganized its operations, and in 2013 and 2014, Norwegian transferred parts of its business to Irish group companies as a natural part of this international reorganization process. The internal group reorganization was carried out under the tax rules on contingent tax-free transfers within a group and the freedom of establishment under the EEA-agreement.

In March 2017, Norwegian received a reassessment from the Central Tax Office for Large Enterprises in which the tax office argues that the rules on contingent tax-free transfers within a group does not apply to the transfer of the business in 2013. In June 2018, Norwegian received reassessments from the tax office regarding the other business transfers carried out in 2013 and 2014, in which the tax office upholds its view that the rules on contingent tax-free transfers within a group does not apply. In January 2020, the Tax Appeals Board ruled in line with the tax authorities' assessment. The ruling indicates increased tax payable for the years in question with up to NOK 518 million, a reduction in prepaid taxes of NOK 166 million and interests estimated to a maximum of NOK 148 million up to 31 December 2020. The maximum total potential cost increase would be NOK 832 million, with a corresponding reduction in equity. The Tax Appeal Board ruled that part of the payment should be deferred, and the timing of the tax collection is not finally determined. Further, a negative outcome of the case could lead to a reduction in not recognized deferred tax assets of NOK 376 million with no immediate change to tax cost or equity. The disputed question is if the rules on contingent tax-free group reorganization as they applied in 2013 and 2014 is contrary to EEA law.

Norwegian and its tax advisor are of the opinion that the ruling is without merit and that it is probable that the ruling will be reversed in court. Accordingly, Norwegian filed a lawsuit against the tax administration in June 2020. The proceedings are scheduled for April 2021. The opinion of the company and its advisors is supported by a previous ruling in a similar case made by the tax appeals board and EU jurisprudence. Thus, Norwegian has not made any provisions for the reassessed taxes in its interim Financial Statements for the fourth quarter and full year 2020.

In December 2019 and April 2020, Irish Revenue made an assessment for the period 2014 – 2018 and 2019, respectively of EUR 24 million (NOK 251.3 million), pertaining to withholding income tax (PAYE) on non-resident crew exercising their employment on an aircraft in international traffic where the enterprise has its place of effective management in Ireland. The crew in scope are non-Irish residents and their employment are not exercised in Ireland. The company, supported by its tax advisors, are of the opinion that Irish Revenue's application of the provision is overly broad and is contrary to the EU law and have concluded that it is more likely than not that the assessment will be reversed. Accordingly, the Company has appealed the assessment and not made a provision for the claim in the Consolidated Financial Statements for 2020.

In June 2020, Norwegian issued a notice to Boeing of termination of the company's purchase agreements of the remaining five Boeing 787 aircraft and 92 Boeing 737 MAX aircraft on order and the GoldCare service agreements (BSG) related to the 787 and MAX aircraft. Norwegian has in addition filed a legal claim seeking the return of pre-delivery payments (PDP) related to the aircraft and compensation for the company's losses related to the grounding of the 737 MAX and engine issues on the 787. All pre delivery payments have been impaired (see Note 11). For information about recognised receivable from Boeing see Note 13.

NOTE 28: COMMITMENTS

Norwegian has several aircraft purchase commitments from agreements entered into with Airbus. An overview of firm orders by expected year of delivery at 31 December 2020 is presented in the table below, along with the expected gross cash payments per year.

Aircraft delivery schedules are, however, subject to changes.

The final cash payments are also subject to changes in delivery and prepayment schedules, certain contingent discounts or other adjustments of the purchase price. Such adjustments include e.g. aircraft equipment which can be added or taken out from the order up until delivery. Therefore, the exact purchase price for each individual aircraft is not known until the time of delivery.

Number of aircraft	2021	2022	2023 until 2027	Total
Airbus 320neo	-	7	51	58
Airbus 321LR	-	-	30	30
Total commitments	-	7	81	88

USD million				
Total contractual commitments	-	20	4,350	4,370

In connection with the Irish examinership and Norwegian reconstruction processes, the Group repudiated its contracts with Airbus on the delivery of all 88 aircraft in February 2021.

The Group has not committed to other significant investments and has no plans to invest in any significant assets.

For details on commitments for aircraft leases, see Note 12.

NOTE 29: EVENTS AFTER THE REPORTING PERIOD

On 14 January 2021, the company presented an indicative plan for reconstruction, exit of the examinership and reconstruction processes and post-reconstruction company. Core to the plan is that Norwegian will focus on its core Nordics business, operating a European short-haul network with narrow body aircraft. As part of the plan, it was announced that the long-haul operation will be discontinued. The company announced a target to reduce its total debt to around NOK 20 billion, and also to raise NOK 4-5 billion in new capital through a combination of (i) a rights issue to current shareholders, (ii) a private placement and (iii) a hybrid instrument.

On 14 January 2021, Norwegian also published a listing prospectus. The listing prospectus was prepared for the purpose of listing of perpetual bonds and shares only, and no securities are being offered pursuant to the listing prospectus.

On 21 January 2021, Norwegian announced that the government of Norway had decided to support and contribute to the airline's funding of new capital, pending certain conditions. This move significantly increases Norwegian's chances of working through the crisis caused by the pandemic and to position itself as a key player within Norwegian and European aviation.

On 27 January 2021, Norwegian published an updated investor presentation, available on the company's website.

On 19 February 2021, Norwegian presented an update of the indicative plan for exit from Irish examinership and Norwegian reconstruction processes.

On 22 February 2021, Norwegian announced the conversion of USD 1.9 million in perpetual bonds and USD 17.7 million in future maintenance bonds into 485,054 new shares in the company.

On 30 March 2021, Norwegian announced the conversion of EUR 0.5 million and USD 4.1 million in perpetual bonds into 113,108 new shares in the company.

Following the conversion, NAS has perpetual bonds in issue in the nominal amount of approximately NOK 770 million which may in the option of the holders be converted into approximately 1.8 million shares in the company at NOK 424.919, subject to anti-dilution provisions. No further Future Maintenance Bonds remain outstanding.

On 12 April 2021, Norwegian announced that the Norwegian Reconstructor, Håvard Wiker at Ro Sommernes advokatfirma DA, has conducted a voting process in Norway on the NAS reconstruction proposal, and together with the Examinership. On 10 April the Reconstructor reported that the Reconstruction proposals were approved by a majority of the creditors of the Company. The judge of the Oslo Byfogdembete has approved the scheme for an exit of the Reconstruction of the Company.

On 14 April 2021, the Board of Directors of Norwegian announced that the Capital Raise will be increased to a minimum NOK 4.5 billion up to NOK 6.0 billion, including a New Capital Perpetual Bonds with gross proceeds of up to NOK 1,875 million and a Rights Offering directed to the shareholders as of the record date with gross proceeds of up to NOK 400 million. The blended issue price in the Capital Raise will be set to maximum NOK 6.99 per share. The Company expect the Capital Raise to commence on or about 10 May 2021 after approval of the Prospectus by NFSA with a target closing on or about 26 May 2021.

There have been no other material events subsequent to the reporting period that might have a significant effect on the consolidated financial statements for 2020.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

INCOME STATEMENT 1.1 - 31.12

NOK million	*Note*	2020	2019
Passenger revenue		3,860.4	19,717.1
Ancillary passenger revenue		1,000.1	3,978.2
Other revenue		2,041.5	2,656.5
Total operating revenue	*3*	6,902.0	26,351.9
Personnel expenses	*5, 6*	1,159.1	2,714.8
Aviation fuel		1,189.7	6,654.4
Airport and ATC charges		567.6	2,128.1
Handling charges		1,079.7	3,261.7
Technical maintenance expenses		1,276.9	2,110.5
Other operating expenses	*4*	2,681.4	5,577.9
Other losses/(gains) - net	*19*	(1,100.2)	(4,155.6)
Total opex excl lease and depreciation		6,854.2	18,291.8
EBITDAR		47.8	8,060.0
Aircraft lease, depreciation and amortization	9, 10	4,912.6	8,216.5
Impairment non-financial items	9	1,114.3	-
Impairment investment in subsidiaries incl. receivables	25	29,782.7	780
Operating profit (EBIT)		(35,761.8)	(936.4)
Interest income		306.4	661.7
Interest expense		(627.9)	(675.9)
Other financial income (expense)		2,232.7	1,658.8
Net financial items	*7*	1,911.2	1,644.6
Profit (loss) before tax (EBT)		(33 850,7)	708.2
Income tax expense (income)	*8*	0,0	(205.6)
Net profit (loss)		(33 850,7)	913.7
Effective tax rate		0 %	-29 %
Basic earnings per share		(1 500,99)	714.40
Diluted earnings per share		(1 500,99)	579.84

STATEMENT OF COMPREHENSIVE INCOME 1.1 - 31.12

NOK million	*Note*	2020	2019
Net profit (loss)		(33 850,7)	913.7
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain/(loss) on investments in equity instruments designated as FVTOCI	*19*	-	(7.8)
Actuarial gains (losses)		-	-
Net comprehensive income that will not be reclassified		-	(7.8)
Total comprehensive income for the period		(33 850,7)	906.0
Total comprehensive income attributable to:			
Equity holders of the Company		(33 850,7)	906.0

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER

NOK million	*Note*	2020	2019
ASSETS			
Intangible assets	*9*	159.2	1,277.5
Deferred tax asset	*8*	2,074.0	2,062.0
Aircraft, parts and installations on leased aircraft	*10*	47.7	119.6
Right-of-use aircraft, parts and installations	*10*	544.2	635.7
Equipment and fixtures	*10*	145.7	167.5
Buildings	*10*	252.4	263.7
Right-of-use buildings	*10*	211.5	251.4
Financial assets available for sale	*19, 24*	3.7	-
Investments in subsidiaries	*23*	1,328.1	12,164.3
Lease receivable	*25*	498.9	945.9
Other receivables	*12*	405.3	1,414.0
Total non-current assets		5,670.7	19,301.7
Inventory	*13*	63.3	174.6
Trade and other receivables	*12*	4,119.1	21,203.4
Cash and cash equivalents	*21*	2,443.2	2,799.0
Total current assets		6,625.6	24,177.0
TOTAL ASSETS		12 296,3	43,478.7

NOK million	*Note*	2020	2019
EQUITY AND LIABILITIES			
Share capital	*14*	397.5	16.4
Share premium		18,805.1	6,664.0
Other paid-in equity		942.3	149.2
Other reserves		1.2	1.2
Retained earnings		(29,482.5)	4,368.1
Total equity		(9,336.5)	11,198.8
Provision for periodic maintenance	*17*	1,077.9	1,901.3
Other non-current liabilities		425.0	518.1
Borrowings	*22*	0.0	4,561.0
Lease liability	*19*	634.1	794.3
Derivative financial instruments	*2, 19*	3.2	369.2
Total non-current liabilities		2,140.3	8,144.0
Borrowings	*22*	5,539.8	776.7
Lease liability	*19*	149.1	120.6
Trade and other payables	*18*	13,354.5	17,133.2
Air traffic settlement liabilities		401.1	6,106.3
Derivative financial instruments	*2, 19*	49.2	-
Tax payable		(1.3)	(0.8)
Total current liabilities		19,492.5	24,136.0
Total liabilities		21,632.8	32,279.9
TOTAL EQUITY AND LIABILITIES		12 296,3	43,478.7

STATEMENT OF CHANGES IN EQUITY 1.1 - 31.12

NOK million	Share Capital	Share Premium	Other paid-in equity	Total paid-in equity	Other reserves	Retained earnings	Total equity
Equity at 1 January 2019	4.5	2,686.7	132.8	2,824.0	1.2	3,462.2	6,287.4
Profit for the year	-	-	-	-	-	913.7	913.7
Fair value gain/(loss) on investments in equity instruments designated as FVTOCI	-	-	-	-	-	(7.8)	(7.8)
Actuarial gains and losses	-	-	-	-	-		
Total comprehensive income 2019	-	-	-	-	-	906.0	906.0
Share issue	11.8	3,977.3	-	3,989.1	-	-	3,989.1
Equity change on employee options	-	-	16.4	16.4	-	-	16.4
Transactions with owners	11.8	3,977.3	16.4	4,005.5	-	-	4,005.5
Equity at 31 December 2019	16.4	6,664.0	149.2	6,829.5	1.2	4,368.1	11,198.8
Profit for the year	-	-	-	-	-	(33 850,7)	(33 850,7)
Total comprehensive income 2020	-	-	-	-	-	(33 850,7)	(33 850,7)
Share issue	381.1	12,141.1	-	12,522.3	-	-	12,522.3
Perpetual bonds issue	-	-	786.5	786.5	-	-	786.5
Equity change on employee options	-	-	6.6	6.6	-	-	6.6
Transactions with owners	381.1	12,141.1	793.0	13,315.3	-	-	13,315.3
Equity at 31 December 2020	397.5	18.805.1	942.3	20,144.9	1.2	(29 482,5)	(9,336.5)

STATEMENT OF CASH FLOWS 1.1 - 31.12

NOK million	*Note*	2020	2019
OPERATING ACTIVITIES			
Profit (loss) before tax (EBT)		(33,850.7)	708.2
Depreciation, amortization and impairment	*9, 10, 25*	31,181.4	1,058.2
Compensation expense for employee options	*16*	6.6	16.4
Losses/(gains) on disposal of tangible assets		(2,968.7)	(3,733.0)
Fair value losses/(gains) on financial assets	*19*	49.2	(1,361.4)
Financial items	*7*	(1,911.2)	(173.6)
Interest received	*7*	-	661.7
Change in inventories, accounts receivable and accounts payable		15.574.3	(6,267.7)
Change in air traffic settlement liabilities		(5,705.1)	(792.2)
Change in other current assets and current liabilities		(5,314.1)	7,169.5
Net cash flow from operating activities		(2,938.3)	(2,713.9)
INVESTING ACTIVITIES			
Purchase of tangible assets	*10*	(286.5)	(67.2)
Purchase of intangible assets	*9*	(16.6)	12.2
Proceeds from sales of financial assets	*10*	-	2,218.4
Proceeds from sale of shares in subsidiaries net of cash disposed		-	43.8
Net investment in associates	*24*	-	0.6
Other investing activities		-	24.3
Net cash flow from investing activities		(303.1)	2,232.0
FINANCING ACTIVITIES			
Proceeds from long-term debt	*22*	3,290.5	1,625.3
Payment of long-term debt	*22*	(298.1)	(2,752.2)
Payment of long-term debt lease IFRS 16	*22*	(201.7)	(126.2)
Interest on borrowings and financing costs		(379.9)	(689.4)
Transaction cost		(5.7)	(166.8)
Proceeds from issuing new shares	*14*	328.4	3,961.0
Net cash flow from financial activities		2,733.5	1,851.7
Foreign exchange effect on cash		152.1	(0.1)
Net change in cash and cash equivalents		(355.8)	1,369.6
Cash and cash equivalents at 1 January		2,799.0	1,429.3
Cash and cash equivalents at 31 December	*21*	2,443.2	2,799.0

The Company participates in cash pool arrangements, and deposits and overdrafts by subsidiaries within these arrangements are presented as other receivables and other payables in the statement of financial position. The net deposits in cash pool arrangements are included as cash equivalents.

NOTE 1: GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Norwegian Air Shuttle ASA is the parent in the Norwegian Group. Besides being an operative airline, it also serves the purpose of holding company in the Norwegian Group, and contains the Group Management and Corporate Functions, in addition to serving other Group airlines and other business areas with shared services. The information provided in the consolidated financial statements covers the Company to a significant degree. Please refer to the consolidated financial statement of the Group for a description of the operative activities of Norwegian Air Shuttle ASA.

The financial statements of Norwegian Air Shuttle ASA for the year ended 31 December 2020 were authorized for issue by the Board of Directors on 23 April 2021. The annual shareholders meeting, to be held 1 June 2021, have the power to amend and reissue the financial statements.

The financial statements of the Company have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9, and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008.

The financial statements have been prepared on the going concern basis. Details on going concern are provided in Note 2.8 of the consolidated financial statements.

The Company's significant accounting principles are consistent with the accounting principles of the Group, as described in Note 1 of the consolidated financial statement. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the Group's Consolidated Financial Statements (hereinafter referred to as the Group's Consolidated Financial Statements).

Additions to note 1 of the Group Financial Statements:

Dividends and group contribution
Dividend and group contributions are recognized as financial income, unless dividends or group contributions are received out of pre-acquisition profits of its subsidiary, in such cases they are deducted from the cost of investment rather than included in profit or loss. Dividends and group contributions are recognized in the period in which they are decided by the relevant decision making body in the subsidiary.

Investments in subsidiaries and associates
Shares in subsidiaries are valued at cost and tested for impairment. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on investments in subsidiaries in the income statement. Loans provided to subsidiaries are measured at cost in accordance with IFRS 9.

NOTE 2: FINANCIAL RISKS

The Company's exposure to, and management of, financial risk is primarily the same as disclosed for the Group. For further information, please refer to Note 2 in the consolidated financial statements.

NOTE 3: OPERATING REVENUE

NOK million	2020	2019
By activity:		
Passenger transport	3,860.4	19,717.1
Ancillary revenue	1,000.1	3,978.2
Other revenue	2,041.5	2,656.5
Total operating revenue	6,902.0	26,351.9
Per geographical markets:		
Domestic Norway	3,262.4	6,636.0
Other	3,639.5	19,715.9
Total operating revenue	6,902.0	26,351.9

The Company is a low-cost airline, using its fleet of aircraft. Revenues from this business are specified in the table above. Passenger revenue consists of revenue generated from sales of airline tickets, while ancillary revenue consists of other services directly generated from ticket sales. Other revenue consists of sales that are not directly related to an airline ticket, e.g. cargo and sales of third-party products.

NOTE 4: OTHER OPERATING EXPENSES

NOK million	2020	2019
Sales and distribution expenses	693.6	1,059.7
Other flight operation expenses	914.9	2,691.7
General and administrative expenses	1,072.8	1,826.5
Total other operating expenses	2,681.4	5,577.9

Other operating expenses amounts to NOK 2,681.4 million (2019: NOK 5,577.9 million). Other operating expenses are related to sales and distribution, the operating of systems, marketing, back office, consultants and other costs not directly attributable to operation of the aircraft fleet and related airline-specific costs.

NOTE 5: PAYROLL EXPENSES AND NUMBER OF EMPLOYEES

Breakdown of payroll and personnel expenses – employees

NOK million	2020	2019
Wages and salaries	377.9	532.4
Social security tax	43.6	71.1
Pension expenses	29.8	(2.0)
Employee stock options	6.6	16.4
Other benefits	22.6	32.1
Total	480.6	650.0

In 2020, NOK 6.0 million (2019: NOK 15.6 million) was charged as an expense to salaries, according to the stock option program (Note 16). The Company has a pension scheme covering all employees. The scheme compliant with the act on occupational pensions (Note 15).

	2020	2019
Number of man-labor years	411.5	741.5

Breakdown of payroll and personnel expenses – hired

NOK million	2020	2019
Full Scale Crew Services	626.0	2,034.4
Hired personnel	52.6	14.9
Total	678.5	2,049.3

Breakdown of payroll and personnel expenses – employees and hired

NOK million	2020	2019
Personnel expenses - employees	480.6	650.0
Personnel expenses - hired	678.5	2,049.3
Total	1,159.1	2,699.2

NOTE 6: REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

For information on remuneration of the Board of Directors and Executive management, please refer to Note 7 in the Group's Consolidated Financial Statements.

NOTE 6A: AUDITOR REMUNERATION

NOK million excluding VAT	2020	2019
Audit fee	7.9	3.1
Other audit related services	2.5	0.5
Tax advisory	-	-
Other services	0.6	0.2
Total	11.0	3.7

The Company elected PricewaterhouseCoopers AS as their new auditor with effect for the financial year 2020. The audit remuneration for 2020 includes also fees charged from Deloitte, as the Company's auditor until 2019.

NOTE 7: NET FINANCIAL ITEMS

NOK million	2020	2019
Interest income	306.4	661.7
Interest expense leasing	(50.4)	-
Other Interest expense	(583.7)	(675.9)
Net foreign exchange (loss) or gain	(691.2)	151.6
Appreciation cash equivalents	0.4	1.2
Fair value gain conversion rights	786.1	-
Financial gain debt to equity conversion	1,845.9	-
Other financial items	297.7	1,506.0
Net financial items	1,911.2	1,644.6

NOTE 8: TAXES

This year's tax expense consists of:

NOK million	2020	2019
Tax payable	0.0	0.0
Adjustments from previous year	0.0	0.6
Change in deferred tax	0.0	(206.2)
Income tax expense	0.0	(205.6)

Reconciliation from nominal to effective tax rate:

NOK million	2020	2019
Profit before tax	-33,850.7	708.2
Expected tax expense (income) using nominal tax rate (22%)	-7,447.1	155.8
Tax effect of the following items:		
Non-deductible expenses/income	6,376.0	(875.5)
Adjustments from previous year	789.6	0.6
Change in tax rate	-	-
Deferred tax asset not recognized	293.8	513.7
Other items	(12.3)	(0.3)
Tax expense	0.0	(205.6)
Effective tax rate	0.0 %	-29.0 %

Details of deferred tax assets in the balance sheet:

NOK million	2020	2019
Intangible assets	(103.0)	106.6
Tangible assets	(16.8)	(7.8)
Inventories	(14.7)	(10.2)
Receivables	(9.2)	8.1
Financial instruments	(11.5)	-
Deferred gains/losses	1,149.1	162.4
Other accruals	(327.4)	(356.6)
Other temporary differences	(316.9)	(323.6)
Net lease liabilities	(6.1)	(6.1)
Loss carried forward	(3,225.1)	(2,148.6)
Not recognized deferred tax	807.6	513.7
Net deferred tax assets	(2,074.0)	(2,062.0)

Reconciliation of deferred tax assets and liabilities:

NOK million	2020	2019
Recognized at 1 January	(2,062.0)	(1,827.8)
Charged/credited to the income statement	-	(206.2)
Charged directly to equity	(12.0)	(28.0)
Recognized at 31 December	(2,074.0)	(2,062.0)

Deferred tax assets are based on unused tax loss carry forwards and temporary differences in assets and liabilities. The tax loss carried forward is expected to be utilized by future taxable profits. The deferred tax assets are partially explained by the historical tax losses of the Company. Unused tax losses are recognized to the extent that taxable profits are probable. Significant management judgment is required to determine the amounts of deferred tax assets that can be recognized, based on the anticipated timing and level of future taxable profits together with future tax planning strategies. In situations where the Company has experienced recent losses, the Company will evaluate whether there are convincing other evidence supporting taxable profits and the future utilization of its carry-forward losses. Remaining recognized tax assets are supported by expected debt forgiveness through the ongoing restructuring process. The future operations with focus on markets that has been profitable in the past, also supports that there are reasonable expectations that the Company will generate taxable profits in the upcoming periods. If the Company is unable to utilize its deferred tax assets, this will have a significant adverse effect on the Company's financial position.

Adjustments from previous years consists of differences in deferred tax positions between the Company’s annual report 2019 and its tax reporting finalized later in 2020.

Not recognized deferred tax of NOK 808 million relates to carry-forward losses not expected to be utilized within the scope of the Company's forecast period considered, taking into account various scenario analyses and uncertainty provisions for future projected earnings.

NOTE 9: INTANGIBLE ASSETS

NOK million	Software	Goodwill	Other intangible assets	Total
Acquisition costs 1 January 2019	476.6	1,208.5	51.6	1,736,6
Additions	12.3	-	-	12.3
Disposals	-	-	(24.6)	(24.6)
Acquisition costs 31 December 2019	488.9	1,208.5	27.0	1,724.3
Acquisition costs 1 January 2020	488.9	1,208.5	27.0	1,724.3
Additions	16.6	-	-	16.6
Impairment	-	(1,114.3)	-	(1,114.3)
Acquisition costs 31 December 2020	505.5	94.2	27.0	626,6
Accumulated amortization 1 January 2019	419.4	-	4.6	424.0
Amortization	22.9	-	-	22.9
Accumulated amortization 31 December 2019	442.3	-	4.6	446.9
Accumulated amortization 1 January 2020	442.3	-	4.6	446.9
Amortization	20.6	-		20.6
Accumulated amortization 31 December 2020	462.8	-	4.6	467.4
Book value at 31 December 2019	46.6	1,208.5	22.4	1,277.5
Book value at 31 December 2020	42.6	94.2	22.4	159,2

Software
Capitalized software is related to external consulting fees for the development of Norwegian's own systems for bookings and ticket-less travels, various sales portals, back office, and maintenance system. These costs are amortized over their estimated useful lives (three to five years).

Goodwill and other intangible assets
Goodwill is related to the purchase of FlyNordic in Sweden July 2007, and the transfer of long-haul operations based in Ireland from NAI to NAS in 2018.

Other intangible assets from business combinations consist of estimated fair value of Brand name, charter operations, slots and the Air Operating Certificate. Other intangible assets also consist of intellectual property rights that are related to purchases of internet domains.

The Group has developed international web portals in major markets. The Company sold its slots at London Gatwick airport to its subsidiary Norwegian Air Norway AS in 2019.

Goodwill, slots and intellectual property rights are determined to have indefinite useful lives and are not amortized. Slots and intellectual property rights do not expire over time, as long as the management has the intention to continue using the assets.

Impairment
The Company tests goodwill and assets with indefinite useful lives annually at year-end for impairment. Intangible and tangible assets with definite lives are tested for impairment if indicators of impairment are identified. The effects on the airline industry and the company's level of operation is considered a triggering event, and an impairment testing has been performed for the company's non-current assets.

The method used to estimate the recoverable amount is value in use, based on discounted cash flow analysis. The analysis reflects the cash flow projections in the financial business plan covering the next four years which is approved by the Board of Directors. Key assumptions used in the calculation are growth rates, operating costs, terminal value and discount rate. Cash flows beyond the four-year period are extrapolated with a long-term growth rate. Estimated cash flows and discount rate are after tax.

Since entering the examinership and reconstruction process, the Norwegian Group is aiming to discontinue its long-haul operations and substantially reduce its fleet of short-haul aircraft. As a consequence, the goodwill recognized by the Company in connection with the acquisition of long-haul operations from NAI, is impaired at the end of 2020.

Discount rate

The applied after-tax discount rate is 7.3 percent (2019: 7.1 percent) and based on the Weighted Average Cost of Capital (WACC). The cost of the Group's debt and equity capital, weighted accordingly to reflect its capital structure, gives the Group's weighted average cost of capital. The WACC rates which are used to discount future cash flows are based on market risk free interest rates adjusted for inflation differentials and include the debt premium, market risk premium, gearing corporate tax rate and asset beta. An increase of the discount rate of 1 percentage point will not result in impairment of goodwill and intangible assets.

Growth rates

The basis for calculating future growth rate is in accordance with the company's current management approved business plans for the upcoming four years. Except for budgeted growth stemming from existing assets, no growth is incorporated in the impairment test for 2020.

Operating costs

The operating costs are calculated based on the business plan period.

Terminal value

A growth rate of 0 percent is used in calculating cash flow beyond the four-year period.

NOTE 10: TANGIBLE ASSETS

NOK million	Buildings	Right-of-use buildings	Aircraft, spare parts and installations on leased aircraft	Right-of-use aircraft, parts and installations	Equipment and fixtures	Total
Acquisition cost at 1 January 2019	294.8	-	718.2	-	448.2	1,461.2
Recognition of right of use asset on initial application of IFRS 16	-	255.4	-	719.4	-	974.8
Adjusted balance at 1 January 2019	294.8	255.4	718.2	719.4	448.2	2,435.9
Additions	-	26.3	28.4	33.3	66.8	154.8
Transfers	-	-	(20.4)	-	-	(20.4)
Disposals	-	-	(80.5)	-	(0.5)	(81.0)
Acquisition cost at 31 December 2019	294.8	281.7	645.8	752.7	514.5	2,489.4
Acquisition cost at 1 January 2020	294.8	281.7	645.8	752.7	514.5	2,489.4
Additions	-	2,7	248.9	87.4	17.1	356.1
Disposals	(5.4)	(12,3)	(243.7)	(71.0)	(26.0)	(358.4)
Acquisition costs 31 December 2020	289.3	272.1	650.8	769.1	505.6	2,487.0
Accumulated depreciation at 1 January 2019	25.3	-	544.3	-	304.0	873.7
Depreciation	5.8	30.2	25.5	116.9	43.0	221.4
Depreciation disposals	-	-	(43.7)	-	-	(43.7)
Accumulated depreciation at 31 December 2019	31.1	30.2	526.1	116.9	346.9	1,051.2
Accumulated amortization 1 January 2020	31.1	30.2	526.1	116.9	346.9	1,051.2
Depreciation	5.8	31.4	61.4	129.0	36.3	263.9
Impairment	-	-	67.8	-	-	67.8
Depreciation disposals	-	(0.9)	(7.0)	(21.0)	(23.4)	(52.3)
Accumulated depreciation 31 December 2020	36.9	60.7	648.3	224.9	383.3	1,330.6
Book value at 31 December 2019	263.6	251.4	119.7	635.7	167.5	1,438.0
Book value at 31 December 2020	252.4	211.5	2.6	544.2	145.7	1,157.3

Installations on leased aircraft
The installations on leased aircraft include cabin interior modifications and other improvements to the aircraft after lease commencement. The capitalized value is depreciated over the remainder of the aircraft leases, which are between 1-10 years. Linear depreciation is applied, and residual value is NOK 0.

Spare parts
Spare parts consist of rotable parts for aircraft and are depreciated over their useful life. The useful life of spare parts ranges between 5 to 8 years. Linear depreciation is applied, and 25 percent of the acquisition cost is calculated as residual value.

Right-of-use aircraft, parts and installations
Right-of-use aircraft, parts and installations consists of seven spare engines and five spare APU. The remaining lease term at the end of 2020 is between one and nine years.

Equipment and fixtures
Equipment and fixtures consist of purchased software and technical equipment on leased facilities. Additions in 2019 consists of upgrades to the Company's tickets and distribution program.

Buildings
Buildings consist of one apartment in Seattle purchased in 2010 by the Group. The apartment in Florida purchased in 2013 for the purpose of housing personnel stationed in the United States in respect of the delivery of new 737-800 aircraft and opening new destinations were sold at the end of 2020. The apartments are carried at acquisition cost. The residual value is estimated to equal the acquisition cost. In 2014, a new hangar at Gardermoen airport was constructed. The hangar is estimated to have a useful life of 50 years and is depreciated linear over useful economic life. The residual value is NOK 0.

Right-of-use buildings
Right-of-use buildings consists of sixteen facility leases, including the lease of the Group's main offices in Fornebu, Barcelona, London Gatwick and Dublin. The average remaining lease term at 31 December 2020 is four years.

Impairment of tangible assets
In 2020 and 2019, management determined that the total operations of the Company were its cash generating unit. Impairment testing of tangible assets are covered by impairment testing on the whole Company, see Note 9 for details.

For information regarding assets pledged as collateral, see Note 20.

NOTE 11: LEASES

The Company leases Boeing 737 and 787 aircraft from other group entities. The lease agreements last between five and twelve years from the date of agreement. All group-internal aircraft leases are classified as short-term leases as both contract partners have an option to terminate the lease agreements with a notice period of three months. The agreements do not foresee a termination penalty for either of the contract partners. The Company makes use of the recognition exemption for short-term leases. At the end of 2020, the Company has 37 aircraft on lease (2019: 50). During 2020 no (2019: eleven) intercompany leased aircraft were novated to the Company and 13 (2019: two) aircraft were redelivered to the lessor or novated to other Group companies.

Lease liabilities

NOK million	2020	2019
Opening balance	914.9	974.8
Additions	84.1	43.0
Disposals	(70.2)	-
Conversion to equity	(6.9)	-
Accrued interest expense	50.4	52.8
Cash outflow	(201.7)	(151.3)
Currency differences	12.5	(4.3)
Lease liabilities 31 December	783.3	914.9
Due within one year	149.1	120.6
Due after one year	634.1	794.3

Outstanding nominal minimum lease payments at the end of 2020 were NOK 23,160.6 million.

Expenses on aircraft leases presented in `Aircraft lease, depreciation and amortization´ was NOK 3,208 million in 2020 (2019: NOK 3,481 million). Further are wet lease expenses of NOK 1,421 million (2019: NOK 4,377 million) included in the same line in the income statement. Wet lease contracts do not meet the criteria of a lease as defined by IFRS 16. Total lease expenses from aircraft leases including wet lease expenses were NOK 4,628 million in 2020 (2019: NOK 7,858 million).

Besides aircraft leases, the Group had in 2020 short-term and/or leases of low-value items for 13 cars and 14 properties in Oslo and all the operating bases worldwide. The Company has elected not to recognize right-of-use assets and lease liabilities for these leases. The Company recognized expenses related to these lease contracts for which the recognition exemptions of IFRS 16 were applied of NOK 85.0 million in 2020 (2019: NOK 140.1 million).

The following amounts are recognized in the income statement in 2020:

in NOK million	2020	2019
Expenses relating to short-term leases	3,207.6	3,481.2
Expenses relating to low-value leases	0.3	0.3
Variable lease payments	84.7	139.8
Total	3,292.6	3,621.3

For the Company's leasing commitments on behalf of other Group Companies, see Note 25.

NOTE 12: RECEIVABLES

Specifications of receivables

NOK million	2020	2019
Trade receivables	203.6	582.0
Intercompany receivables	731.3	14,027.5
Credit card receivables	1,480.4	5,752.7
Deposits	116.6	624.2
Deferred leasing costs	8.7	24.4
Reimbursements claims maintenance costs	(15)	
Other claims	1,405.2	1,268.7
Trade and other receivables	3,930.8	22,279.5
Prepaid costs	524.8	225.3
Public duty debt	54.8	79.0
Prepayments to employees	(0.1)	(0.1)
Prepaid rent	14.1	33.7
Prepayments	593.6	337.9
Total	4,524.4	22,617.4
Maximum credit risk	3,805.5	20,362.2

Other claims include receivables from Boeing of NOK 1,056.9 million related to the grounding of 737MAX aircraft beginning in March 2019.

Due dates, nominal value of receivables

NOK million	2020	2019
Within one year	4.119.1	21,203.4
After one year	405.3	1,414.0
Total	4,524.4	22,617.4

The Company pays deposits on aircraft leases. Non-interest-bearing deposits are measured at amortized cost in the statement of financial position. Receivables denominated in foreign currency are converted using the prevailing exchange rates on the reporting date. Refer to Note 25 for further information on transactions and outstanding balances with other group companies.

NOTE 13: INVENTORIES

NOK million	2020	2019
Consumables	63.3	174.6
Total	63.3	174.6

Charges for obsolete parts in 2020 were NOK 114.3 million (2019: NOK 45.2 million), including NOK 48.0 million for parts for wide-body aircraft not planned to be used after 2020.

NOTE 14: SHAREHOLDER'S EQUITY AND SHAREHOLDER INFORMATION

Refer to Note 15 in the Group's consolidated financial statements.

NOTE 15: PENSIONS

The Company operates defined contribution plans. Pension plans are placed with DNB Liv.

Defined contribution plan

The defined contribution plans require that the Company pays premiums to public or private administrative pension plans on mandatory, contractual or voluntary basis. The Company has no further obligations once these premiums are paid. The premiums are accounted for as payroll expenses as soon as they are incurred. Pre-paid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

Defined contribution plans comply with Norwegian Pension legislation.

Pension expenses on defined contribution plans were NOK 29.8 million in 2020 (2019: NOK -2 million due to utilization of premium funds).

In addition, employees are included in the early retirement scheme (AFP), with the right to retire at the age of 62. The AFP is a multi-employer plan, where the Norwegian government finances 1/3 of the contribution to plans. The AFP pension plan is a defined benefit plan administered by a separate legal entity (Fellesordningen). The plan is temporarily accounted for as a defined contribution plan, as the plan's administrators have not been able to calculate the pension obligation for each entity participating in the plan.

The scheme compliant with the Occupational Pensions Act.

NOTE 16: OPTIONS

Refer to Note 17 in the Group's consolidated financial statements.

NOTE 17: PROVISIONS FOR PERIODIC MAINTENANCE

The Company pays a fee to maintenance funds held by the lessor on leased aircraft. The accrued provisions in the accounts are estimated payments for periodic maintenances in excess of payments to the maintenance funds and are provided on the basis of aircraft utilization and estimates of current maintenance costs. For some of the contracts, there is a degree of uncertainty about what kind of maintenance is covered by the maintenance funds, and the provision for this increase in expenses for the Company is distributed over the period until the maintenance is performed.

On 31 December 2020, the Company had NOK 1,319.9 million (2019: NOK 1,916 million) in provision for maintenance reserves. Parts of the periodic maintenances will be conducted in 2021, and NOK 242.0 million (2019: NOK 14.7 million) is classified as current liability for periodic maintenances. The current part of periodic maintenance is estimated based on planned maintenance in 2021.

NOTE 18: TRADE AND OTHER PAYABLES

NOK million	**2020**	2019
Accrued vacation pay	**39.3**	57.3
Accrued airport and transportation taxes	**117.3**	333.0
Accrued expenses	**498.7**	1,255.6
Trade payables	**2,438.4**	1,562.3
Intercompany liabilities	**10,264.9**	12,807.9
Payables to related party (Note 25)	**0.7**	0.7
Public duties	**8.6**	34.2
Current provisions for MRC (Note 17)	**-**	-
Other current provisions	**(13.3)**	1,082.2
Total	13,354.6	17,133.2

The current payables and provisions are non-interest bearing and are due within the next 12 months. Accrued expenses are related to goods and services delivered and not invoiced to the Company in 2020.

NOTE 19: FINANCIAL INSTRUMENTS

The accounting policies for financial instruments have been applied to the line items below:

	2020			
NOK million	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
Assets as per balance sheet				
Investments in financial assets	3.7	-	-	**3.7**
Trade and other receivables *)	3,930.8	-	-	**3,930.8**
Cash and cash equivalents	2,443.2	-	-	**2,443.2**
Total	6,377.6	-	-	**6,377.6**

**) Prepayments not included in trade and other receivables* 593.6

	2019			
NOK million	Financial assets at amortized cost	Financial assets at fair value through profit or loss	Financial assets at fair value through OCI	Total
Assets as per balance sheet				
Trade and other receivables *)	22,279.5	-	-	**22,279.5**
Cash and cash equivalents	2,799.0	-	-	**2,799.0**
Total	25,078.5	-	-	**25,078.5**

**) Prepayments not included in trade and other receivables* 337.9

NOK million	2020 Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities per balance sheet			
Borrowings	-	5,539.8	5,539.8
Lease liability	-	783.3	783.3
Derivative financial instruments	52.5	-	52.5
Trade and other payables *)	-	13,346.0	13,346.0
Total	52.5	19,669.0	19,721.5

**) Public duties not included in trade and other payables* 8.6

NOK million	2019 Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
Liabilities per balance sheet			
Borrowings	-	5,337.7	5,337.7
Lease liability	-	914.9	914.9
Derivative financial instruments	369.2	-	369.2
Trade and other payables *)	-	16,188.1	16,188.1
Total	369.2	22,440.7	22,810.0

**) Public duties and liabilities from customer loyalty program not included in trade and other payables* 945.1

Credit quality of financial asset

NOK million	2020	2019
Trade receivables		
Counterparties with external credit rating A or better	1,480.4	5,752.7
Counterparties without external credit rating	2,495.6	16,526.8
Total trade receivables	3,930.8	22,279.5
Cash and cash equivalents		
A+ or better	2,422.4	2,778.6
BBB +	20.8	20.4
Total cash and cash equivalents	2,443.2	2,799.0

Investments in financial assets

NOK million	2020	2019
1 January	-	2,051.8
Additions	3.7	-
Sale	-	(2,044.0)
Net gains/(losses) recognized in other comprehensive income	-	(7.8)
31 December	3.7	-
Non-current portion	3.7	-
Current portion	-	-

Investments in financial assets consist of the investment in shares of Norwegian Block Exchange AS.

Derivative financial instruments

	2020		2019	
NOK million	Assets	Liabilities	Assets	Liabilities
Forward commodities contracts	-	49.2	-	-
Conversion rights	-	3.2	-	369.2
Total	-	52.5	-	369.2
Non-current portion:	-	3.2	-	369.2
Current portion	-	49.2	-	-

Trading derivatives are classified as current or non-current assets or liabilities depending on the maturity profile and net value of individual forward contracts. At 31 December 2020, the total unrealized value of derivatives amounts to NOK 49.2 (2019: loss of NOK 0).

Forward commodities contracts
Forward commodities contracts relate to jet fuel derivatives. The net fair value of the outstanding forward commodities contracts at 31 December 2020, were NOK 49.2 million (2019: NOK 0). At 31 December 2020, the Group had secured 18,000 tons of jet fuel (2019: zero tons) through forward contracts.

Conversion rights
Conversion rights is related to the USD convertible bond issued 5 November 2019. See note 22 for information related to the USD convertible bond.

Other losses/(gains)-net

NOK million	2020	2019
Net losses/(gains) on financial assets at fair value through profit or loss	882.9	(828.2)
Foreign exchange losses/(gains) on operating activities	(4,952.1)	405.6
Losses/(gains) on asset sale	2,968.9	(3,733.0)
Restructuring costs	(401.4)	-
Total	(1,100.2)	(4,155.6)

Net losses of NOK 882.9 million (2019: gain of NOK 828.2 million) is related to loss on jet fuel derivatives.

NOTE 20: ASSETS PLEDGED AS COLLATERAL AND GUARANTEES

Liabilities secured by pledge

NOK million	2020	2019
Bond issue	242.5	249.6
Bonds refinanced	968.0	3,289.9
Convertible bond issue	-	1,257.3
Aircraft financing	581.9	910.1
Total	1,792.5	5,706.9

During 2013 and 2014, the Company transferred several of its owned aircraft to its fully owned asset companies, named Arctic Aviation Assets. Norwegian Air Shuttle ASA carries the financial obligation towards external financing institutions, with security in the aircraft transferred.

In 2020 the NAS07 and NAS08 bonds were successfully refinanced following approval by the bondholders. In order to secure approval of the refinancing, the Group continued to pledge the following assets:

- Pledge of the shareholding by NAS Eire Invest AS in Norwegian Air Norway AS.
- Pledged Account (including both present and future credit balances, any interest and any commission payable thereon).

The convertible bond was restructured in May and partly converted to Equity.

For references to pledged assets, see Note 10 and for borrowings related to those assets, see Note 22.

Book value of assets pledged as security and guarantees:

NOK million	2020	2019
Buildings	246.8	252.6
Investment in Arctic Aviation Assets	-	3,005.2
Total	246.8	3,257.8

NOTE 21: BANK DEPOSITS

Cash and cash equivalents

NOK million	2020	2019
Cash in bank	2,422.4	2,778.6
Cash equivalents	20.8	20.4
Total	2,443.2	2,799.0

Deposits in money market funds are classified as cash equivalents, as the underlying maturity of the deposits are 3 months or less. At 31 December 2020, the interest terms of the main cash deposits in folio accounts are 1-month NIBOR - 0.25 percent p.a. The interest terms on restricted cash deposits in folio accounts are 1-month NIBOR +0.55 percent p.a.

Receivables from credit card companies are included in trade receivables. See note 12.

NAS has provided parent company guarantees for certain subsidiaries.

Restricted cash

NOK million	2020	2019
Guarantees for leases and credits from suppliers	570.1	519.1
Safety deposits on defined benefit plan	297.9	239.5
Taxes withheld	14.4	22.3
Total	882.4	780.9

Bank guarantees are granted for leasing liabilities for aircraft, suppliers of fuel and handling services, as well as airport charges from airports and governments. There is also a guarantee/deposit in place to secure a pension program.

NOTE 22: BORROWINGS

Nominal value at 31 December 2020

NOK million	Nominal Value	Unamortized transaction cost	Book value	Effective interest rate
Loan with state guarantee	2,989,0	-	2,989,0	3,9 %
Bond issue	2,434,8	(903,2)	1,531,6	32,3 %
Other current debt	437,2	-	437,2	8,0 %
Aircraft financing	596,6	(14,6)	581,9	2,9 %
Total	6,457,6	(917,8)	5,539,8	

Nominal value at 31 December 2019

NOK million	Nominal Value	Unamortized transaction cost	Book value	Effective interest rate
Bond issue	4,454.9	(27.4)	4,427.6	6.5 %
Aircraft financing	928.5	(18.3)	910.1	3.7 %
Total	5,383.4	(45.7)	5,337.7	

Classification of borrowings

NOK million	2020	2019
Non-current		
Bond issue	-	4,178.4
Aircraft financing	-	382.6
Total	-	4,561.0
Current		
Loan with state guarantee	2,989,0	-
Bond issue	1,531,6	249,2
Other current debt	437,2	-
Aircraft financing	581,9	527,5
Total	5,539,8	776,7
Total borrowings	5,539,8	5,337,7

Collateralized borrowings are detailed in Note 20.

Covenants

Bond issue (NAS09)

- Minimum book equity of NOK 1,500 million.
- No dividend payment.
- Minimum liquidity (unrestricted cash) of NOK 100 million within the Group until 1 July 2021 and NOK 500 million thereafter. Cash and cash equivalents for the Group as at 31 December 2020 are NOK 2,666.9 million, of which 906.4 million is restricted cash.
- The bonds are secured by a ground lease agreement in respect of a hangar in Ullensaker municipality

Bond issues (NAS07 & NAS08)

- Minimum book equity of NOK 1,500 million.
- No dividend payment.
- Minimum liquidity (unrestricted cash) of NOK 100 million within the Group until 1 July 2021 and NOK 500 million thereafter.
- The bonds are secured by pledge of the shareholding by NAS Eire Invest AS in Norwegian Air Norway AS and via a pledged account, see note 23.

Convertible bond issue

- Minimum book equity of NOK 1,500 million.
- No dividend payment.
- Minimum liquidity (unrestricted cash) of NOK 100 million within the Group until 1 July 2021 and NOK 500 million thereafter.

Aircraft prepayment financing

- There are no financial covenants on aircraft prepayment financing.

Aircraft financing

- Aircraft financing does not include covenant requirements. Aircraft in the Group are financed with guarantees by either the parent company and / or by export credit agencies. Owned aircraft are pledged as collateral. For more information on assets pledged as collateral, see Note 23.

State-backed term facility

- There are no financial covenants on state-backed term facility.

The Group has been in breach of the covenants of all of the above borrowings during 2020.

Maturity of borrowings

NOK million	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
At 31 December 2020				
Borrowings	6,457,6	-	-	-
Total liabilities	6,457,6	-	-	-

NOK million	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years
At 31 December 2019				
Borrowings	770.5	3,398.7	108.9	1,105.2
Total liabilities	770.5	3,398.7	108.9	1,105.2

NOTE 23: INVESTMENTS IN SUBSIDIARIES

Name	Date of establishment	Office	Number of shares	Ownership
Norwegian Air Sweden AB	17 May 2017	Stockholm, Sweden	50,000	100 %
NAS Eire Invest AS	10 Oct 2018	Fornebu, Norway	30,000	100 %
Norwegian Reward AS	14 Jan 2008	Fornebu, Norway	1,000,000	100 %
Norwegian Holidays AS	4 Aug 2008	Fornebu, Norway	100	100 %
Norwegian Ground Handling AS	1 Jan 2012	Fornebu, Norway	20,000	100 %
Red Handling UK Ltd	6 Oct 2016	Gatwick Airport, UK	500,000	100 %
Norwegian Air Norway AS	28 May 2013	Fornebu, Norway	155	100 %
Norwegian Cargo AS	16 Apr 2013	Fornebu, Norway	100,000	100 %
Norwegian Air Resources AR S.A.U.	14 Nov 2019	Buenos Aires, Argentina	100,000	100 %
Norwegian Brand Limited	9 Dec 2013	Dublin, Ireland	151,711,820	100 %
Arctic Aviation Assets DAC	9 Aug 2013	Dublin, Ireland	479,603,658	100 %
Oslofjorden Ltd	22 Aug 2013	Dublin, Ireland	1	100 %
Drammensfjorden Leasing Ltd	24 Sep 2013	Dublin, Ireland	1	100 %
Geirangerfjorden Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
Boknafjorden Ltd	14 Mar 2014	Dublin, Ireland	1	100 %
DY1 Aviation Ireland Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
DY2 Aviation Ireland Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
DY3 Aviation Ireland Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
DY4 Aviation Ireland Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
DY5 Aviation Ireland Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
DY6 Aviation Ireland Ltd	26 Nov 2013	Dublin, Ireland	1	100 %
DY7 Aviation Ireland Ltd	2 Aug 2013	Dublin, Ireland	1	100 %
DY9 Aviation Ireland Ltd	27 Nov 2014	Dublin, Ireland	1	100 %
Fedjefjorden Ltd	23 Jun 2015	Dublin, Ireland	1	100 %
Larviksfjorden Ltd	4 Sep 2015	Dublin, Ireland	1	100 %
Torskefjorden Ltd	23 Apr 2015	Dublin, Ireland	1	100 %

Name	Date of establishment	Office	Number of shares	Ownership
Torefjorden DAC	12 Nov 2015	Dublin, Ireland	1	100 %
Larviksfjorden II Ltd	1 Jan 2016	Dublin, Ireland	1	100 %
Lysakerfjorden Leasing Ltd	5 Jul 2016	Dublin, Ireland	1	100 %
Arctic Leasing No.1 Ltd	10 Sep 2015	Dublin, Ireland	1	100 %
Arctic Leasing No.2 Ltd	2 Nov 2015	Dublin, Ireland	1	100 %
Arctic Leasing No.3 Ltd	2 Nov 2015	Dublin, Ireland	1	100 %
Arctic Leasing No.4 Ltd	30 Nov 2016	Dublin, Ireland	1	100 %
Arctic Leasing No.5 Ltd	12 Oct 2018	Dublin, Ireland	1	100 %
Hardangerfjorden Ltd	12 Apr 2017	Dublin, Ireland	1	100 %
Sognefjorden Ltd	12 Apr 2017	Dublin, Ireland	1	100 %
Ofotfjorden Ltd	5 Oct 2017	Dublin, Ireland	1	100 %
Tysfjorden Ltd	16 Jan 2018	Dublin, Ireland	1	100 %
Stogofjorden Ltd	6 Apr 2018	Dublin, Ireland	1	100 %
Slidrefjorden Ltd	6 Jun 2018	Dublin, Ireland	1	100 %
Ullsfjorden Ltd	8 Jun 2018	Dublin, Ireland	1	100 %
Fiskefjorden Ltd	12 Sep 2018	Dublin, Ireland	1	100 %
Vindafjorden Ltd	12 Oct 2018	Dublin, Ireland	1	100 %
Lysefjorden Ltd	11 Oct 2018	Dublin, Ireland	1	100 %
Nordfjorden Ltd	11 Oct 2018	Dublin, Ireland	1	100 %
Trollfjorden Ltd	14 Sep 2018	Dublin, Ireland	1	100 %
Tufjorden Ltd	9 May 2019	Dublin, Ireland	1	100 %
Ifjorden Ltd	25 Jun 2019	Dublin, Ireland	1	100 %
Norwegian Air International Limited	3 Apr 2013	Dublin, Ireland	1,036,449,936	100 %
RED Handling Spain S.L.	11 Jun 2015	Madrid, Spain	3,000	100 %
Norwegian Air Resources Limited	20 Sep 2013	Dublin, Ireland	1	100 %
Norwegian Air Resources Sweden AB	28 Aug 2013	Stockholm, Sweden	50,000	100 %
Norwegian Air Resources Denmark ApS	5 Sep 2013	Hellerup, Denmark	80,000	100 %

Name	Date of establishment	Office	Number of shares	Ownership
Norwegian Air Resources Spain S.L.	6 Oct 2014	Madrid, Spain	3,000	100 %
Norwegian Air Resources Latvia	12 Aug 2020	Riga, Latvia	2,800	100 %
Norwegian Air Resources US Inc.	28 Aug 2013	Fort Lauderdale, USA	1,000	100 %
Norwegian OSM UK LTD	1 Nov 2016	London, UK	2,000	100 %
Norwegian OSM Aviation LH Spain S.L.	1 Jan 2017	Madrid, Spain	3,000	51 %
Norwegian Cabin Services Norway AS	27 Jan 2014	Fornebu, Norway	30	100 %
Norwegian Air Resources Shared Service Center AS	15 Nov 2012	Fornebu, Norway	30	100 %
Norwegian Pilot Services Norway AS	11 Nov 2014	Fornebu, Norway	30	100 %
Norwegian Air Resources Ireland Ltd	20 Sep 2017	Dublin, Ireland	1	100 %
Norwegian Training Academy AS	23 Oct 2017	Fornebu, Norway	30,000	100 %
Norwegian Air Resources Shared Service Center US Corp.	8 Jun 2018	New York, USA	1	100 %
RED Maintenance Spain S.L.	27 Jan 2017	Madrid, Spain	3,000	100 %
Norwegian Air UK Limited	18 Dec 2015	London, UK	205,000,000	100 %

Transactions during the year

During 2020, the following transactions were carried out:

- Norwegian Air Resources Latvia were established.
- Norwegian bought 49% of the shares in Norwegian Air Resources Spain S.L. and Norwegian OSM UK Ltd. from OSM Aviation Ltd and now owns 100%
- Norwegian bought 100% of the shares in Norwegian Air Resources US Inc. from OSM Aviation Ltd and now owns 100%
- Norwegian Air Resources Denmark LH ApS, AB Norwegian Air Resources Finland Ltd, Norwegian Cabin Services DK ApS, Pilot Services Sweden AB and Norwegian Pilot Services Denmark ApS were liquidated in 2020.

NOTE 24: INVESTMENTS IN FINANCIAL ASSETS

Norwegian Air Shuttle ASA has the following investments in financial assets (NOK million):

Entity	Country	Industry	Ownership interest 31.12.20	Fair value 31.12.19	Net gain in OCI 2020	Fair value 31.12.20
Norwegian Block Exchange AS	Norway	Payment solutions	6.20 %	N/A	-	N/A

Entity	Country	Industry	Ownership interest 31.12.19	Fair value 31.12.18	Net gain in OCI 2019	Fair value 31.12.19
Norwegian Finans Holding ASA	Norway	Financial Institution	0.00 %	2,051.8	(7.8)	-
Norwegian Block Exchange AS	Norway	Payment solutions	6.20 %	N/A	-	N/A

On 19 August 2019, the Company announced that it had entered into an agreement to sell its entire shareholding of 16,4 percent of Norwegian Finans Holding ASA. The shares were sold at a price of NOK 68 per share, implying a premium of 15.4 percent to the closing price on 16 August 2019. The Company has recognized a gain of NOK 184 million in OCI related to the sale. On 31 May 2019, the Company entered into an agreement to convert outstanding receivable towards Norwegian Block Exchange AS into equity. The Company was awarded 2,446,400 shares at NOK 1.5 per share.

NOTE 25: RELATED PARTIES

The Company's related parties are key management personnel, close members of the family of a person and entities that are controlled or jointly controlled by any of these and owners with significant influence. The Company's subsidiaries, and associates. Please refer to Note 7 to the Group's consolidated financial statements for information on transactions with and remuneration to key management personnel and owners with significant influence.

Transactions and balances with subsidiaries (NOK million):

Intercompany balances 31 December 2020	Current	Non-current
Lease receivables	-	498.9
Trade & other receivables – nominal amount	10,716.6	386.4
Trade & other receivables – book value	346.3	386.4
Payables	10,998.6	-

Intercompany balances 31 December 2019	Current	Non-current
Lease receivables	-	945.9
Trade & other receivables	17,390.0	7,781.8
Payables	25,530.5	27.0

Intercompany sales (-) and purchases (+)	2020	2019
Sales and financial revenue	1,908.2	2,232.2
Purchases and financial expenses	6,927.8	13,479.1
Dividend	323.5	1,435.0
Impairment of trade and other receivables	10,370.3	-
Impairment of investment in subsidiaries	19,412.3	780.0

Norwegian Air Shuttle ASA has provided some of the Group's external stakeholders with parent company guarantees for some of the obligations of subsidiaries. The issued guarantees are mainly in relation to purchase contracts, aircraft financing and leasing contracts. To the extent subsidiaries receive an economic benefit from the issued guarantees, the guarantee is priced according to the risk undertaken by the parent company. Guarantee fees are included in the above intercompany transactions.

Impairment

Investments in subsidiaries and intercompany trade and other receivables from group companies under restructuring have been assessed to have a recoverable amount of zero and were consequently fully impaired to zero in 2020.

Transactions with other related parties

Through its subsidiary Norwegian Air Resources Ltd., the Company held 50 percent in OSM Aviation Ltd. shares, voting rights and board representation is divided equally among the two owning parties, and important decisions require consensus between the owners. The Company purchased crew management services from the associated company OSM Aviation Ltd. and its subsidiaries. On 15 July 2020, Norwegian Air Resources Ltd and OSM Aviation Ltd. resolved to separate the business currently conducted through the joint venture such that certain companies in the joint venture were transferred to NAR and the remaining entities left in the ownership of OSM. Approximately 812 million NOK in compromised outstanding claims were converted into 190,988,375 new shares in the Company.

No loans or guarantees have been issued to related parties in 2020 or 2019.

See Note 7 in the Consolidated Financial Statements for details on key management compensations and Note 15 in the Consolidated Financial Statements for shares and options held directly or indirectly by members of the Board of Directors, the CEO and the Executive Management.

Transactions and balances with related parties:

NOK million	2020	2019
Sales (-) and purchases (+) of goods and services		
Simonsen Vogt Wiig (legal services) *	-	2.7
Fornebu Næringseiendom (property rent) **	-	9.7
OSM Aviation Ltd. (incl. subsidiaries; crew management services)	1.6	1.7
Purchase of shares Lilienthal Finance Limited from HBK Holding AS	-	4.0
Infocom Group (IT services)	-	8.3

NOK million	2020	2019
Year-end balances arising from sales/purchases of goods/services (incl VAT)		
Payables to related parties (note 18)		
OSM Aviation Ltd. (incl. subsidiaries; crew management services)	-	0.7

** Bjørn Kise resigned as Chairman of the board 07.05.2019. Values reflect the period from 01.01.19-07.05.19*
*** Bjørn Kjos resigned as CEO 11.07.2019. Values reflect the period 01.01.19-11.07.19*

NOTE 26: CONTINGENCIES AND LEGAL CLAIMS

The Norwegian Group has, since the end of 2013, continuously reorganized its operations, and in 2013 and 2014, Norwegian transferred parts of its business to Irish group companies as a natural part of this international reorganization process. The internal group reorganization was carried out under the tax rules on contingent tax-free transfers within a group and the freedom of establishment under the EEA-agreement.

In March 2017, Norwegian received a reassessment from the Central Tax Office for Large Enterprises in which the tax office argues that the rules on contingent tax-free transfers within a group does not apply to the transfer of the business in 2013. In June 2018, Norwegian received reassessments from the tax office regarding the other business transfers carried out in 2013 and 2014, in which the tax office upholds its view that the rules on contingent tax-free transfers within a group does not apply. In January 2020, the Tax Appeals Board ruled in line with the tax authorities' assessment. The ruling indicates increased tax payable for the years in question with up to NOK 518 million, a reduction in prepaid taxes of NOK 166 million and interests estimated to a maximum of NOK 148 million up to 31 December 2020. The maximum total potential cost increase would be NOK 832 million, with a corresponding reduction in equity. The Tax Appeal Board ruled that part of the payment should be deferred, and the timing of the tax collection is not finally determined. Further, a negative outcome of the case could lead to a reduction in not recognized deferred tax assets of NOK 376 million with no immediate change to tax cost or equity. The disputed question is if the rules on contingent tax-free group reorganization as they applied in 2013 and 2014 is contrary to EEA law.

Norwegian and its tax advisor are of the opinion that the ruling is without merit and that it is probable that the ruling will be reversed in court. For that reason, Norwegian has decided to challenge the case in court. The opinion of the Company and its advisors is supported by a previous ruling in a similar case made by the tax appeals board and EU jurisprudence. Thus, Norwegian has not made any provisions for the reassessed taxes in its Financial Statements for 2020.

NOTE 27: COMMITMENTS

For details regarding aircraft commitments, please see Note 28 in the Consolidated Financial Statements. The 100 percent owned subsidiary Arctic Aviation Assets DAC was established in 2013 for the purpose of leasing aircraft to internal and external operators. All future deliveries of aircraft on order will be received in Arctic Aviation Assets DAC and its subsidiaries, and the Company as operator will receive aircraft on operating leases.

For details on commitments for aircraft leases, see Note 11.

NOTE 28: EVENTS AFTER THE REPORTING PERIOD

Refer to Note 29 in the Group’s consolidated financial statements.

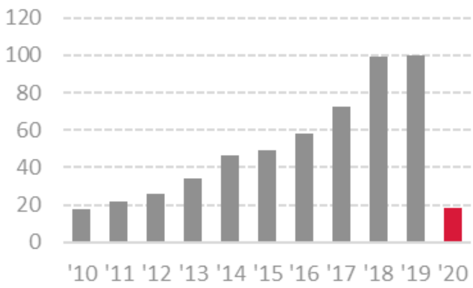
There have been no other material events subsequent to the reporting period that might have a significant effect on the parent company financial statements.

ANALYTICAL INFORMATION

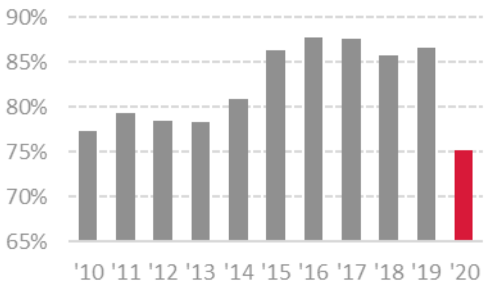
	Incl IFRS 16 2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Operating revenue (NOK million)	**9,096**	43,522	40,266	30,948	25,951	22,491	19,534	15,580	12,859	10,532	8,598
EBITDAR* (NOK million)	**-4,755**	7,313	2,171	3,948	5,958	3,694	1,186	2,784	1,822	1,540	1,175
EBITDAR* excl other losses/(gains) (NOK million)	**-1,751**	6,468	3,165	3,516	5,278	4,169	1,770	2,295	2,150	1,316	1,179
EBIT (NOK million)	**-23,768**	856	-3,851	-2,002	1,821	348	-1,412	970	404	416	210
EBIT excl other losses/(gains) (NOK million)	**-20,764**	10	-2,857	-2,434	1,140	822	-828	480	732	192	213
Profit (loss) before tax (EBT) (NOK million)	**-22,133**	-1,688	-2,490	-2,562	1,508	75	-1,627	438	623	167	243
Net profit (loss) (NOK million)	**-23,040**	-1,609	-1,454	-1,794	1,135	246	-1,072	319	457	122	189
Earnings per share (NOK) - Basic*	**-1,022.1**	-12,6	-19.5	-28.5	18.0	4.0	-17.3	5.2	7.4	2.0	2.8
Earnings per share (NOK) - Diluted*	**-1,022.1**	-12,6	-19.5	-28.5	17.9	3.9	-17.3	5.1	7.4	2.0	2.8
Equity ratio	**-13%**	5%	3%	5%	11%	9%	9%	19%	20%	22%	27%
Net interest-bearing debt*	**40,222**	24,008	31,917	22,265	21,151	17,131	11,273	4,346	3,797	3,145	1,307
Cash and cash equivalents (NOK million)	**2,667**	3,096	1,922	4,040	2,324	2,454	2,011	2,166	1,731	1,105	1,178
Yield	**0.47**	0.41	0.38	0.39	0.42	0.44	0.43	0.50	0.55	0.52	0.52
Unit revenue (RASK)	**0.36**	0.35	0.33	0.34	0.36	0.38	0.35	0.39	0.43	0.41	0.40
Unit cost (CASK)	**0.94**	0.44	0.43	0.45	0.43	0.44	0.44	0.44	0.47	0.47	0.50
Unit cost (CASK) excluding fuel	**0.83**	0.32	0.31	0.35	0.34	0.34	0.30	0.30	0.32	0.33	0.36
ASK (million)	**18,168**	100,031	99,220	72,341	57,910	49,028	46,479	34,318	25,920	21,958	17,804
RPK (million)	**13,680**	86,616	85,124	63,320	50,798	42,284	37,615	26,881	20,353	17,421	13,774
Load factor	**75.2%**	86.6%	85.8%	87.5%	87.7%	86.2%	80.9%	78.3%	78.5%	79.3%	77.4%
Passengers (million)	**6.87**	36.2	37.3	33.1	29.3	25.8	24.0	20.7	17.7	15.7	13.0
Block hours	**9.8**	12.4	12.5	11.4	11.3	11.6	11.6	11.5	10.9	11.0	10.9
Average sector length (km)	**1,385**	1,876	1,843	1,607	1,473	1,407	1,338	1,168	1,048	1,000	964
Fuel consumption (1,000 metric tons)	**362**	1,918	1,956	1,465	1,190	1,015	966	735	569	498	424
Number of aircraft (at year end)	**131**	156	164	144	116	99	95	85	68	62	57

KEY OPERATIONAL FIGURES

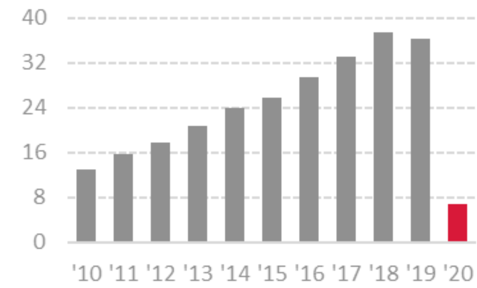
ASK
In billion



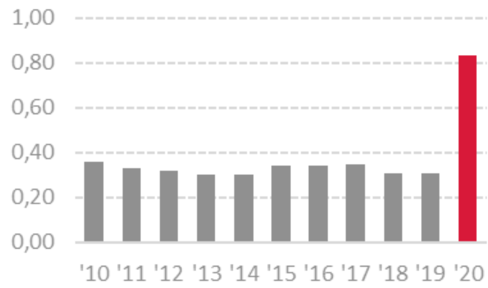
LOAD FACTOR
Percent



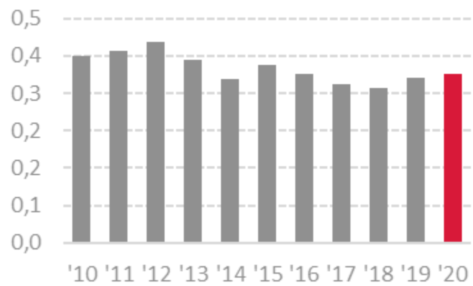
PASSENGERS
In million



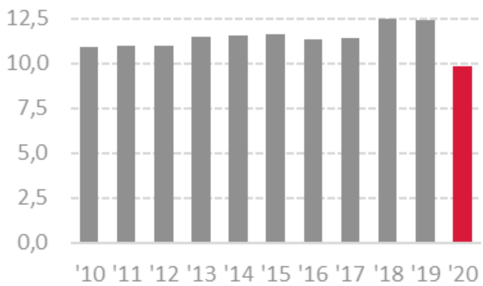
UNIT COST EXCL FUEL
NOK, excl IFRS 16



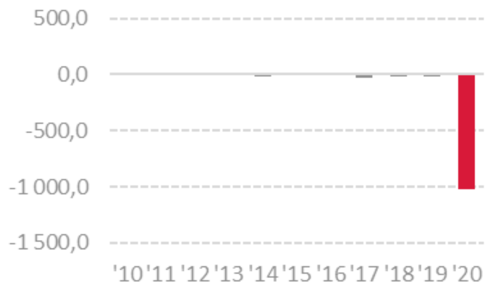
UNIT REVENUE (RASK)
NOK



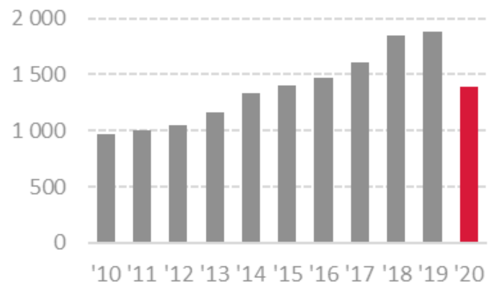
BLOCK HOURS
Hours per day



BASIC EPS
NOK, excl IFRS 16



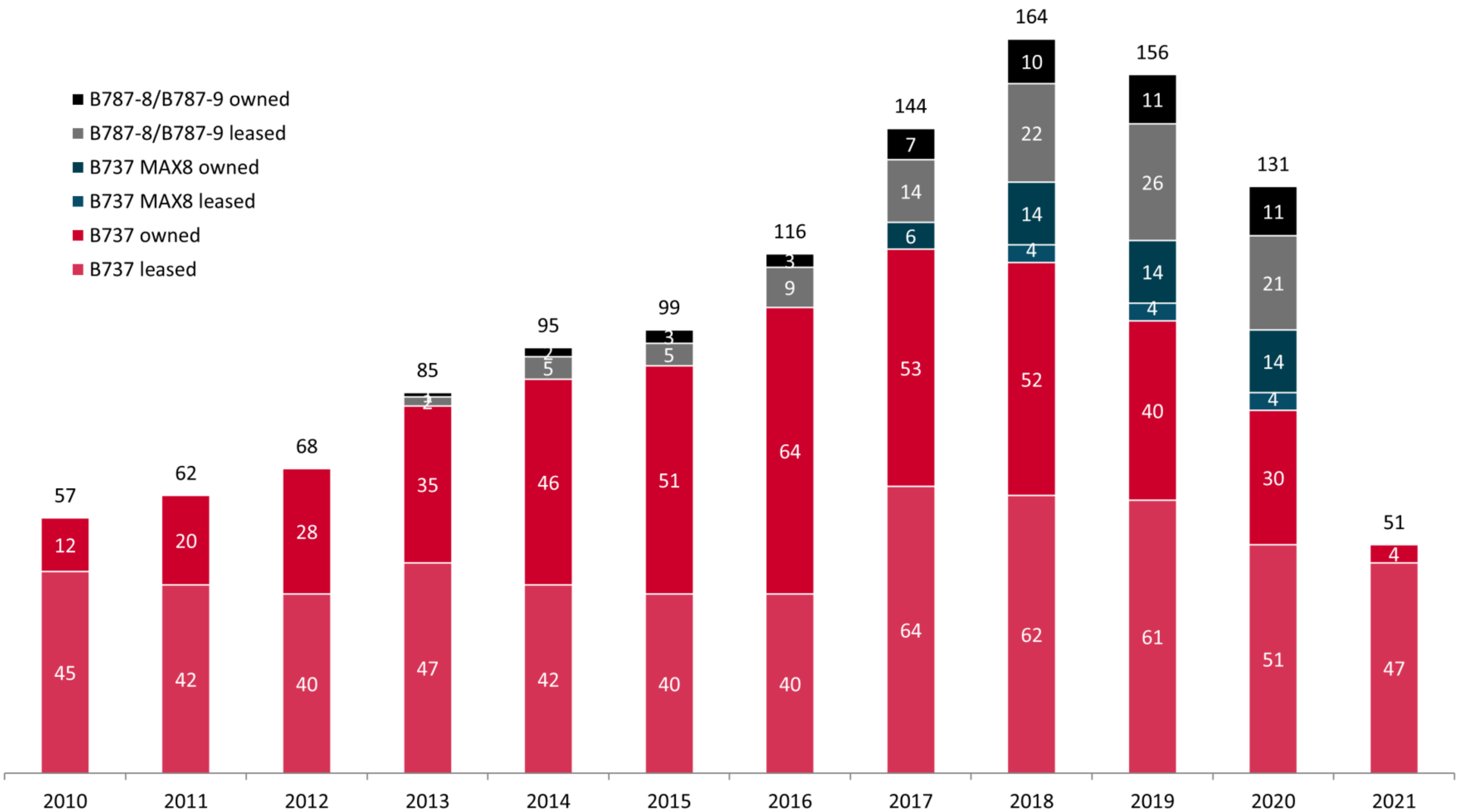
AVG SECTOR LENGTH
Kilometers



FLEET PLAN

HISTORIC, CURRENT AND PLANNED FLEET PLAN

Number of aircraft operated by Norwegian at year-end 2010-2020, Planned fleet end 2021



CORPORATE RESPONSIBILITY

Norwegian strives to be a good corporate citizen in all areas of its operation. The Company is committed to operate in accordance with responsible, ethical, sustainable and sound business principles, with respect for people, the environment and the society.

Norwegian's business activities bring people, cultures and economies together. Travel boost local tourism and create new jobs, key drivers of economic growth and social progress. Since 2002, Norwegian has safely carried around 300 million passengers to destinations all over the world. Safety is the number one priority and at the heart of all our operations. It is essential for customers and staff, and imperative for the sustainability of air travel.

Norwegian is a low-cost airline with a strong foothold in the Nordics. At the end of 2020, the total workforce in the Norwegian Group amounted to 6,365 (headcount) people, compared to 9,388 at the end of 2019. Figures include apprentices, temporary employees in administrative positions and employees in companies that are in a bankruptcy process due to the discontinuation of long-haul operations (UK, France, US and Italy). Our people's rights, equality, non-discrimination, business ethics and anti-corruption are key priorities regardless of location. We place great importance on ensuring compliance with basic human rights as outlined in the conventions of the International Labour Organization (ILO).

Travelling saw a drastic reduction in 2020 due to Covid-19. However, a growing population in an increasingly globalized world will lead to increased need for mobility and increased demand for air travel. Air travel, like all modes of transport, comes at an environmental cost. We acknowledge our responsibility to make aviation more environmentally friendly.

At Norwegian we fly smart, with one of the most modern fleets in the industry. Our fleet renewal program and low-cost business model has made us an industry leader in terms of fuel efficiency. The continuous fleet renewal has also contributed to increasing passenger comfort, lowering ticket prices and operational costs at the same time.

Our resource efficient low-cost business model is well positioned to tackle the growing environmental concerns among customers, employees, investors and regulators. And despite going through the biggest crisis in both aviation's and Norwegian history, we strengthened our efforts to improve carbon efficiency in 2020, including launching a new environmental sustainability strategy and preparing the ground for increased production of sustainable aviation fuel.

THE THREE PILLARS OF CORPORATE RESPONSIBILITY AT NORWEGIAN

To integrate corporate responsibility into the daily operations we focus our policies and actions within three pillars of corporate responsibility:

- **Environment**: In 2019 we pledged to become carbon neutral by 2050, officially joining the United Nations Framework Convention on Climate Change's (UNFCCC) Climate Neutral Now-initiative. And in 2020 we launched our environmental sustainability strategy, detailing concrete objectives and targets in line with the 1.5°C target set forth in the Paris Agreement.
- **Local development and humanitarian engagement**: Norwegian's goal is to create economic and social value at our bases and destinations. We remain committed to helping children in need through our Signature Partnership with the humanitarian organization UNICEF.
- **Responsible people culture**: Norwegian's goal is to create a positive working environment and develop a sound corporate culture marked by openness, tolerance and high ethical standards. Norwegian is committed to promote an environment free from any discrimination.

Our policies and actions support the following UN Sustainable Development Goals:

- # 1: End poverty in all its forms everywhere
- # 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- # 13: Take urgent action to combat climate change and its impacts
- # 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development

The next three sections provide more detail to the polices, actions and results for each pillar in 2020.

THE ENVIRONMENT

Flying brings people together and is of great value to society. But flying also comes at an environmental cost that must be reduced.

Norwegian has one of the most fuel-efficient fleets in the industry and a long track record for improving our carbon efficiency. Our low-cost model reduces fuel and resource consumption – cutting costs, ticket prices and carbon emissions at the same time. The low-cost model is the sustainability model in aviation, as it enables highly efficient energy and resource management.

But there is still a large job to be done and we are working on several initiatives to make our operations even more carbon efficient. Below is a summary of our policies, actions and results from 2020.

POLICIES

Since 2007, Norwegian has had an ambition to help aviation become carbon neutral by 2050. In 2019, we became the first airline in the world to join the UN Climate Secretariat's (UNFCCC) Climate Neutral Now-initiative, pledging to work systematically to become carbon neutral by 2050. The pledge commits us to measure, reduce and offset our remaining CO2-emissions by 2050. Everyone working for Norwegian should focus on how they can contribute to a better environment in their daily work.

To follow up the commitment to carbon neutrality, we launched our environmental sustainability strategy in September 2020. The overall goal is to support Norwegian's commercial interests. As such, environmental actions must also deliver a positive financial return in order to scale and become economically sustainable over time.

The success of the strategy will be measured by three KPI targets:

- **Carbon efficiency:** To limit global warming to 1.5°C, carbon emissions must be reduced 45 percent by 2030 compared to 2010 levels, according to the International Panel on Climate Change. Norwegian will improve the operational carbon efficiency by 45 percent per revenue passenger kilometer (RPK) by 2030 compared to 2010 levels.
- **Waste resource optimization:** Unnecessary waste will be designed out from our product offer. Norwegian will stop all consumption of non-recyclable plastics by 2023. In the same period, consumption of single-use plastics will be reduced by 30 percent and all single-use plastics in Scandinavia will be recycled.
- Accountability: Norwegian will be open and share our progress actively. Climate-related risks and targets will be integrated into corporate governance, risk management and annual reporting.

The 45 percent reduction target can be reached through a mix of fleet renewal, operational efficiency, data driven fuel saving and sustainable aviation fuels. Future projections and profitability assessments remain uncertain under current market conditions and regulatory framework. Greater visibility and reduced uncertainty of key variables are necessary before deciding upon the most cost-efficient way to achieve the carbon efficiency target.

MODERN FLEET

The single most important action an airline can take to improve carbon efficiency today is to invest in new aircraft technology. Norwegian operates one of the most modern and fuel-efficient fleets in the world. The average age of the aircraft that the Company plans to operate post-reorganization was 6 years and 6 months at year end 2020.

In our environmental sustainability strategy we calculated that renewing our Boeing 737-800s with either Boeing 737 MAX or Airbus A320neo would improve our fleet's carbon efficiency, defined as grams of CO2 per revenue passenger kilometer, by approximately 9 percent by 2030.

SUSTAINABLE AVIATION FUELS

Norwegian's aircraft can fly on up to 50 percent certified sustainable aviation fuel today. We will actively engage with producers of sustainable aviation fuels and use our purchasing power to ramp up production of affordable fuels with high sustainability performance.

In 2020, Norwegian consumed 0.5 percent sustainable aviation fuel of total Jet A-1 uplifted in Norway, in compliance with the Government of Norway's blending mandate requirements.

In our environmental sustainability strategy we calculated that we would need to blend in between 16 and 28 percent sustainable aviation fuel to improve our carbon efficiency by between 11 and 20 per cent by 2030, given a 70 percent life-cycle carbon efficiency of sustainable aviation fuels compared to fossil jet fuels. As a result, we concluded that it was possible to reach our 2030 carbon efficiency target without fleet renewal.

SMARTER OPERATIONS

The second most important action an airline can take to improve carbon efficiency today is to improve fuel efficiency in operations. In aviation and empty seat is a waste of resources. Competitive prices gives higher load factor and less emissions per passenger. Direct point-to-point flights use less fuel and reduce emissions. New aircraft cleaning techniques reduce fuel consumption and extend engine lifetime.

In our environmental sustainability strategy we calculated that more efficient operations could improve carbon efficiency by 3 percent by 2030.

DATA DRIVEN FUEL SAVING

Norwegian is an industry leader in developing and implementing smart data-tools to improve our pilot's fuel efficiency performance. Our SkyBreathe mobile application teach pilots to fly more fuel efficient. Our pilots also use a Cruise Profile Optimizer developed by AVTECH to make better route choices, helping our pilots to calculate the most fuel-efficient altitude depending on the prevailing winds and aircraft performance.

In our environmental sustainability strategy we calculated that data driven fuel saving could improve carbon efficiency by 2 percent by 2030.

NOISE POLLUTION

Aviation also cause local noise pollution. Norwegian's new fleet of aircraft plays an important part in the efforts to reduce the negative impact on the local environment, as new aircraft are up to 60 per cent quieter than older generations.

Norwegian's operations follow all international environmental regulations. All of Norwegian's aircraft meet The International Civil Aviation Organization's (ICAO) Chapter 4 and Chapter 14 requirements for local noise pollution.

CARBON OFFSETTING

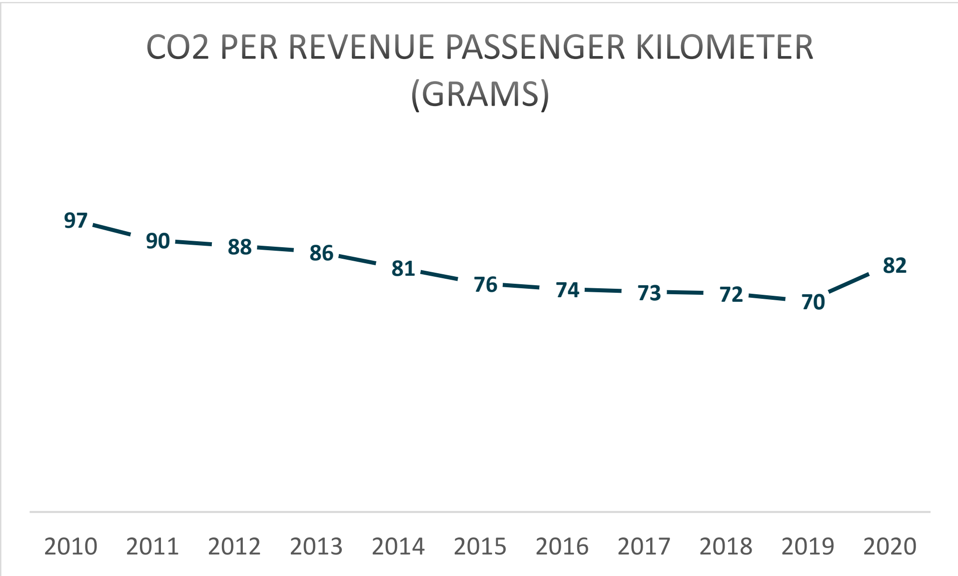
To handle the inevitable residual emissions in a cost-efficient way, aviation will for the foreseeable future be dependent on mechanisms that pay for emissions reductions in other sectors. A carbon offset is a financial security that gives the right to emit 1 ton CO2 into the atmosphere.

In December 2019 we launched a partnership with the climate-tech company CHOOOSE, offering our customers an easy way to voluntary offset their emissions seamlessly in the booking process. The initiative was warmly welcomed by the United Nations Framework Convention on Climate Change (UNFCCC).

The CO2-emissions calculation is based on the official methodology of the United Nations' International Civil Aviation Organisation (ICAO), the International Council of Clean Transportation (ICCT) and Norwegian's own flight emissions data. The initiative means that Norwegian has put a price on actual CO2-emissions from flying, making it easy for all our customers to take climate action. The money funds purchasing of carbon offsets issued from three carefully selected projects in Laos, Vietnam and Thailand. The projects are certified by the United Nations and the Gold Standard, which sets the standard for climate and development interventions to quantify, certify and maximise their impact. The Gold Standard certification assess contributions to all UN Sustainable Development Goals. Read more about the projects and our partnership with CHOOOSE at norwegian.com/chooose.

OPTIMIZE WASTE MANAGEMENT

Norwegian's Inflight department developed a test pilot for reduced consumption of disposables and improved waste handling onboard. The test pilot was planned to start on March 14th 2020 and has been temporarily postponed due to Covid-19.



Source: Company accounts

RESULTS

In 2020, the Company consumed 355,466 tons of Jet A-1 fuel, equivalent to absolute emissions of 1,1 million metric tons CO2, compared to 1,918 million tons of Jet A-1 fuel and 6 million metric tons of CO2 in 2019. That resulted in relative emissions of 82 grams of CO2 per passenger per kilometer in 2020, compared to 70 grams of CO2 per passenger kilometer in 2019.

Norwegian's absolute emissions were reduced by 81 per cent compared to 2019, mainly because we aligned our operation to a massively reduced demand as a consequence of Covid-19 travel restrictions. On the other hand, our relative emissions increased by 17 per cent compared to 2019, mainly due to a lower load factor and shorter average sector length as a consequence of Covid-19.

In 2020, 173,000 customers compensated for 26,610 tons of CO2-

emissions through the Chooose-solution in our booking process.

LOCAL DEVELOPMENT AND HUMANITARIAN ENGAGEMENT

Creating economic and social value at crew bases and destinations underlines Norwegian's ambition to be a good corporate citizen. This ambition is also realized through the Signature Partnership with the humanitarian organization UNICEF, to help children in need.

POLICIES

Our goal is to involve staff in their local communities, as Norwegian believes that employee involvement creates greater quality of work life for staff.

For Norwegian, it is important to enable employees and customers to make a difference. Through activities, relief flights and other projects, Norwegian is committed to supporting UNICEF and the important work the organization does for children in need all over the world.

Norwegian supports the international human rights as outlined by the UNs Universal Declaration of Human Rights. We are committed to ensure compliance with human rights as outlined in the International Labour Organisation's (ILO) Conventions. No employees or suppliers shall in any way cause or contribute to the violation or circumvention of human rights.

PARTNERSHIP WITH UNICEF

Norwegian and UNICEF have had a Signature Partnership since 2007. Norwegian's support to UNICEF primarily consists of donations from passengers, fundraisers from Norwegian's employees and travel funding. In 2020 we continued our efforts from 2019 to develop collaborative projects.

The start of 2020 saw a continuation of our joint pilot project "Still Travelling with Norwegian", aiming to help children in need, provide work for immigrant women, and reduce Norwegian's environmental impact. The idea was to upcycle the company's uniforms and give thousands of items a new life – a crucial move in the fight against textile waste. We partnered with the social enterprise Sisters in Business, which creates jobs for immigrant women through local textile production in Norway, which designed two unique and handmade products made from Norwegian's long-haul uniforms. These was sold on board selected flights and through UNICEFs website with all the profits going towards UNICEF's work for children. The pilot project was discontinued because of Covid-19.

Many of our employees has been furloughed in 2020 because of Covid-19. In close cooperation with our human resources-team, UNICEF contributed and planned with "Pedagogisk Vikarsentral", a staffing agency, to offer Norwegian crew temporary work in kindergartens.

RESULTS

In 2020, Norwegian's customers donated NOK 795,000 to UNICEF's work for children when booking flights on the website. Norwegian's customers could also donate directly to UNICEF through the personal in-flight system onboard the Dreamliner 787. NOK 888,000 was donated this way during 2020.

Norwegian's dedicated employees also contribute with fundraisers. For instance, the running race "Flyplassløpet" in Bergen, initiated by Norwegian crew members, donated NOK 37,500 to UNICEF's work for children in 2020.

On behalf of Norwegian's shareholders, the Board of Directors decided to donate NOK 1,6 million to UNICEF's work for children, from the sale extra shares from a reverse share split in December.

The total amount for contribution to UNICEF's work for children, including donations and sale of upcycled items, was NOK 3,320,926 in 2020.

This amount can i.e. contribute to the following:

- Almost 640,000 children can be fully vaccinated against polio.
- Installing more than 820 wells equipped with water pumps that can supply and entire village or refugee camp with clean water. Often it is the girl`s job to get water, which may mean that they do not have time to go to school. If the water pump is located near to the school, it increases girls' chance to receive an education.
- Help save 9,600 severely malnourished children with a month`s supply of high-energy peanut paste.
- Provide 2,100 School-in-a-box sets, which provide education to children.

In addition, 10 furloughed Norwegian employees had long term engagements through "Pedagogisk Vikarsentral" in 2020.

RESPONSIBLE PEOPLE CULTURE

The airline business is a service industry where good relations and respect between people are key success factors. Norwegian has a long-term focus on creating an attractive workplace for staff which offers exciting opportunities in a global environment. Norwegian's success rests on the ability to maintain a talented workforce of highly skilled staff and leaders, who are motivated to contribute to Norwegian's growth and to deliver on the vision of affordable fares for all.

At the end of 2020, the total workforce in the Norwegian Group amounted to 6,365 people (headcount), compared to 9,388 at the end of 2019. Figures include apprentices, temporary employees in administrative positions and employees in companies that are in a bankruptcy process due to the discontinuation of long-haul operations (UK, France, US and Italy).

POLICIES

The goal is to offer unique opportunities to the people working for Norwegian as well as a corporate culture that helps the Company attract and retain the most talented people in the industry, regardless of location. Creating effective arenas for organizational learning and professional development at all levels of the organization is a goal, guiding the work with organizational development.

All aspects of the Group's operations are subject to extensive safety controls and certification. Our operations meet the strictest standards and the highest level of regulations in the industry, set by the European Aviation Safety Agency (EASA).

A safe and healthy workplace is a fundamental right for all of us and a business imperative. One of our top priorities is therefore to support health and well-being (psychological and physical), and minimize absence due to ill-health or injury, through advice, awareness programs and proactive initiatives.

Norwegian's corporate vision, values and operational priorities form the basis of the Group's ethical guidelines. Norwegian's Code of Ethics provides guidelines and directions for a good working environment and highlights the Group's guidelines for corporate and individual behavior, sound business principles, rights and duties, and safety for all - including staff, customers and partners.

According to our Group People Policy the culture we strive for in Norwegian is to include conduct that is professional, impartial, positive and contribute to a respectful, open and including working environment. We shall all behave with respect and integrity towards anyone we encounter through our work. We shall help create an environment free from any discrimination and free from bullying, harassment or similar. We do not tolerate any behavior that can be perceived as degrading or threatening.

Our remuneration policy strives to be equitable, fair, neutral and non-discriminatory. Norwegian has an equal gender pay policy and encourages diversity in its daily business.

In Norwegian everyone has a joint responsibility to create a healthy working environment and develop a sound organizational culture marked by respect, openness and tolerance and be compliant with the Code of Ethics.

Any violations of the rules and guidelines of the Code of Ethics and other company policies shall be reported to Norwegian's Whistleblowing channel in accordance with the Group procedure for reporting. The procedure is set up to facilitate internal whistleblowing and clarify the process for reporting.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Norwegian has a well-functioning HSE-organization throughout the group in compliance with local laws, legislation, and requirements. All HSE-activities are conducted in compliance with labor laws, corporate policies, and guidelines. This includes HSE risk assessments, HSE audits, handling of Whistleblowing reports, handling of occurrence reports (trend-analyzes) etc.

2020 has been an extremely challenging year due to Covid-19 and the restructuring process. Production has been very low due to travel restrictions following Covid-19 and hence very few Safety reports in total, with no serious or critical personnel injuries.

In 2020 HSE has completed a numerous of Covid-19 HSE safety risk assessments with regular updates. HSE has been responsible for the handling, follow-up and information related to Covid-19 ensuring that we are compliant with local governments recommendations and rules. Norwegian has been compliant to a strict Covid-19 regime resulting in very few cases that has affected our production.

HSE has been a key contributor in ensuring that Norwegian is compliant to the new EASA regulations, especially related to establishing a Pilot Peer Support Program and a test regime for Testing of psychoactive substances (drug & alcohol) to ensure medical fitness of Crew (Regulation (EU) No 965/2012 (2018), Appendix A-EASA Regulations CAT.GEN.MPA.170 (14.02.21) Psychoactive substances).

Active monitoring of HSE (Health, Safety and Environment) indicators, corporate health insurance policies and continued cooperation with protective services contributes to reduction of sickness rates and remains a priority.

REMUNERATION

Norwegian's competitiveness in the market involves consideration of the entire reward package – not just base salary or pay scale, but also benefits such as health benefits, pension and insurance schemes, compensation packages for travel, re-location, etc.

Norwegian Air Shuttle ASA is a member of NHO Aviation, which is a member of NHO, The Confederation of Norwegian Enterprise. General salary levels are usually reviewed annually in accordance with the relevant collective bargaining agreements and based on consideration of the following criteria: (i) the company's financial performance, (ii) productivity, (iii) competitiveness, (iv) the future market outlook.

Individual salaries are usually reviewed on an annual basis based on the individual's performance and behavior. In 2020, the salary increases carried out in Norwegian were below the average market increase for the year. People working at Norwegian are employed in the country they are based and follow the laws and regulations of their respective country in addition to the global policies and guidelines provided by Norwegian.

DIVERSITY

The airline industry has historically been male dominated, but Norwegian has a strong tradition of practicing equality since its inception in 2002. Norwegian has talented and highly competent staff and is committed to recruiting both women and men to key positions.

TRAVEL & TOURISM APPRENTICE PROGRAM

Norwegian has for numerous years had a very successful apprentice program in

Travel & Tourism with all apprentices working out of Norway. The program is approved by the Norwegian Educational Authorities. Due to Covid-19 and the following challenges for the Airline industry Norwegian has had to pause the program, unfortunately leading to the termination of 52 apprentice contracts early or mid-program during 2020. This was done in close cooperation with the Norwegian Educational Authorities as we were not able to fulfill our commitment to the curriculum stated due to low production and the furlough/temporary lay-off of most of our crew.

ANTI-COMPETITIVE PRACTICES

Everyone working for Norwegian is expected to exercise sound judgment and discretion and observe professional secrecy. We shall never offer or accept illegal or inappropriate monetary gifts - or any other gifts - in order to achieve business or personal advantage. Gifts should not be accepted if they in any way can be seen to influence business decisions. All forms of conflict of interest are to be avoided.

It is not permitted for employees of Norwegian to offer Norwegian's products or services to friends, family or colleagues at a reduced rate or free of charge and it is not permitted for Norwegian's employees to accept any.

RESULTS

2020 was a very challenging year for Norwegian due to the impacts of Covid 19. Management in cooperation with the People department has made continuous assessments of personnel needs in a very reduced operation and scaled the furloughs up and down according to needs in each country. At year end Norwegian had furloughed/temporary laid-off 95 percent of our crew and 50 percent of our non-crew. Non-crew includes technical operation responsible for aircraft maintenance.

Sickness leave for the Group across all units was 7.6 percent in 2020. This is an increase of 0.9 percent from 2019, which can be related to the consequences of Covid-19.

In 2020, 45 (2019: 44) percent of staff were female and 55 (2019: 56) percent male. Most pilots are male, and women represent around a 5 (2019: 5) percent share of pilots. Most cabin personnel are female, while males account for approximately 34 (2019: 32) percent. Among administrative staff there is roughly an equal ratio of male to female staff. Technicians and engineers have historically been men, but in the past few years, the number of female employees is increasing. The Group's Board of Directors has a 44 (2019: 40) percent female representation.

In 2020 we had 35 apprentices in Travel & Tourism completing their program. The standard of our apprentices is at the highest level with a near perfect pass rate. Norwegian has over the years received high praise from the sensors from the Educational Authorities as they have been impressed by the high level of knowledge from the apprentices.

AMBITIONS AND PLANS FOR 2021

Norwegian will continue its commitment to operate in accordance with responsible, ethical, sustainable and sound business principles, with respect for people and the environment. In the 2019 annual report we defined the following actions to make sustainability an even more integrated part of our business in 2020:

- Launch a Group Sustainability Strategy.
- Implement recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)
- Set a carbon efficiency target and develop a plan for CO_2-emission reductions.
- Optimize waste management.
- Further develop partnership with UNICEF focusing on shared value creation and UN Sustainable Development Goals, while continuing to raise money that make a positive impact for children in need.

Despite the impact of Covid-19 we have delivered an environmental sustainability strategy with a clear carbon efficiency target and a plan for CO2-emission reductions. Moreover, we initiated work to optimize our waste management and developed our partnership with UNICEF further.

Our focus in 2021 will be to:

- Implement our environmental sustainability strategy, including recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) and restarting the work to optimize waste management.
- Further develop partnership with UNICEF focusing on shared value creation and UN Sustainable Development Goals, while continuing to raise money that make a positive impact for children in need.

CORPORATE GOVERNANCE

Norwegian is subject to Corporate Governance reporting requirements according to the Norwegian Accounting Act, section 3-3b, the Norwegian Code of Practice for Corporate Governance ("the Code") as revised on 17 October 2018 and the Continuing Obligations of Listed Companies as approved by Oslo Børs ASA, available at www.lovdata.no, www.nues.no and www.oslobors.no, respectively. This report follows the system used in the Code and deviations from the Code, if any, is addressed under each section.

IMPLEMENTATION AND REPORTING OF CORPORATE GOVERNANCE

Norwegian's objective for Corporate Governance is accountability, transparency, fairness and simplicity with the goal of maximizing shareholder value while creating added value for all stakeholders. The objectives are designed in compliance with laws, regulations and ethical standards.

Norwegian's Board of Directors promotes and support open and clear communication of the Company's Corporate Governance processes.

The Board believes that good Corporate Governance is distinguished by responsible interaction between the owners, the Board and Management in a long-term, productive and sustainable perspective. It calls for effective cooperation, which means a defined division of responsibilities and roles between the shareholders, the Board and the Management, and respect for the Company's other stakeholders as well as open and honest communication with the communities in which the Company operates.

No deviations from the Code.

BUSINESS

Norwegian's scope of business is defined in its Articles of Association section 3: "The Company's objective is to be engaged in aviation, other transport and travel related business activities as well as activities connected therewith. The Company may also be engaged directly or indirectly in other forms of Internet-based provision of goods and services, including car rental, hotel booking, payment services, financial services and services related to credit cards. Participation in such activities as mentioned may take place through co-operation agreements, ownership interests or by any other means."

The Articles of Association is published in full on the Company's website.

Policies and procedures have been established to manage risks and the Board of Directors evaluate the overall risk management systems on a regular basis.

The Board of Directors evaluates the Company's objectives, strategies and risk profile every year.

Norwegian strives to be a good corporate citizen in every area of its operation. The Company is committed to operating in accordance with responsible, ethical, sustainable and sound business principles, with respect for people, the environment and the society.

The Company's core values are clearly defined and are reflected in the Company's Code of Ethics. The Code of Ethics includes ethical guidelines and guidelines for corporate social responsibility, hereunder bribery and anti-corruption, unlawful discrimination and human rights, health, safety and environmental issues.

More information on how Norwegian integrates Corporate Responsibility in its operations can be found in the separate report of Corporate Responsibility at Norwegian, presented in a separate section of the annual report and available on the Company's website www.norwegian.com.

No deviations from the Code.

EQUITY AND DIVIDENDS

CAPITAL STRUCTURE

The Company shall have an equity capital which, over a period of time, is at an appropriate level for its objective, strategy and risk profile.

Total equity at year end 2020 was negative NOK 6,623 million.

In the fourth quarter of 2020, the company entered into an examinership and reconstruction process ("reconstruction"). Through a successful exit from the examinership and reconstruction process, the Company expects to achieve a sufficient level of equity and working capital considering the company's operations and risk.

The necessary additional working capital is aimed to be obtained mainly through share offerings including the Rights Issue and additional private placement(s), aiming to raise gross proceeds of NOK 4.5 – 6 billion. Such share offerings and conversions are currently expected to take place during the second quarter of 2021.

DIVIDEND POLICY

The Board of Directors recommends not to distribute dividends in order to retain funds in line with the Company's objective to reduce growth and restore profitability. Dividends should under no circumstances be paid if equity is below what is an appropriate level. Financial covenants to the Company's bond agreements restricts dividend payments, repurchase of shares or other contributions or loans to shareholders (except repurchase of shares in connection with any option or similar incentive program made for the benefit of the employees and/or management and/or directors) until maturity of the last bond in February 2023. The Company shall maintain a book equity of minimum NOK 1,500 million. The Company has been given a temporary relief in the requirement to keep a minimum liquidity level at NOK 500 million. The Company's new minimum liquidity level is set to NOK 100 million until July 1st, 2021 and will thereafter increase to NOK 500 million.

BOARD AUTHORIZATIONS

The General Meeting of the Company on 30 June 2020 granted the Board of Directors an authorization to acquire treasury shares with an aggregated nominal value of 30,696,248 at a maximum price of NOK 50 and a minimum price of NOK 0.10. The authorization is valid for a period up until next Annual General Meeting, however not beyond 30 June 2021. The Board may at its discretion determine the method of acquisition and any disposal of the shares.

The Extraordinary General Meeting of the Company on 17 December 2020 granted the following authorizations to the Board of Directors:

The Board of Directors was granted an authorization to increase the Company's share capital by up to NOK 198,666,435.00 comprising capital increases against non-cash contributions and the right to incur special obligations, including mergers and demergers. The authorization replaces all previous authorizations to increase the share capital. The authorization is valid for a period up until next Annual General Meeting, however not beyond 30 June 2021.

The Board of Directors was granted an authorization to adopt resolutions regarding borrowings as mentioned in the Public Limited Companies act § 11-1 to an aggregate amount of loans to be borrowed of NOK 10 billion, with a share capital increase by up to NOK 198,666,435.00. The authorization is valid for a period up until next Annual General Meeting, however not beyond 30 June 2021.

The Board of Directors was granted authorization to issue loans in the amount up to NOK 10 billion where the interest as determined at the discretion of the Board of Directors is wholly or partly dependent on the dividends that are distributed to the shareholders or the profits of the company.

No deviations from the code.

EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

CLASS OF SHARES

Norwegian Air Shuttle ASA has only one class of shares and all shares have equal rights in the Company. The articles of association impose no voting restrictions.

RESTRICTIONS ON SHAREHOLDERS THAT ARE NOT BEING DOMICILED WITHIN EEA

The Norwegian Civil Aviation Act ("Luftfartsloven") with accompanying regulations pertaining to adoption of the EC Regulation NO. 1008/2008 set forth a requirement that non-EEA nationals may not own more than 50 percent of the shares in companies that are subject to said regulation. In the general meeting in May 2016, the Articles of association was amended in order to ensure that the Company in an efficient manner could intervene if it is a risk that the license(s) of the Company may be revoked.

TRADING IN TREASURY SHARES

Share buy-back transactions are generally carried out via stock exchanges. Buy-backs of treasury shares are carried out at market prices. Employee share allocations are granted at a discount to market value. On 30 June 2020 the Company purchased 890,000 treasury shares. Following the transaction the Company holds a total of 891,400 treasury shares.

TRANSACTIONS WITH RELATED PARTIES

Material transactions between the Group and key stakeholders, in particular the shareholders, the members of the Board and the Executive Management, are subject to the approval of the Board of Directors. Such transactions are duly noted in the minutes from the Board meeting and are also explicitly stated in the notes to the consolidated accounts.

In cases where members of the Board of Directors or the Executive Management have other direct or indirect material interests in transactions entered into by the Group, this is stated in the notes to the consolidated accounts. Note 26 to the consolidated financial statements describes transactions with close associates (related parties). Financial relationships related to the Directors and Executive personnel are described in note 7 and 15.

GUIDELINES FOR DIRECTORS AND EXECUTIVES

Norwegian's code of ethics includes guidelines for handling possible conflicts of interest. The code applies to all Board members and Norwegian staff. In addition, the Board has drawn up specific procedures for handling of conflicts of interest for Board members and members of the corporate Management Board.

No deviations from the Code.

FREELY NEGOTIATED SHARES

There are no restrictions on owning, trading or voting for shares in the Company.

No deviations from the Code.

GENERAL MEETINGS

The notice of calling the Annual General Meeting is given in writing no later than 21 days prior to the meeting. Relevant documents, including proposals for resolutions to be considered by the General Meeting and recommendations by the Nomination Committee, are available at the Company's website from the same date.

Shareholders wishing to attend the General Meeting must give notice of this to the Company no later than three days before the date of the meeting.

The Board of Directors has ensured that the shareholders may exercise their rights at the General Meeting by facilitating proxy attendance. Forms for the granting of proxies are enclosed in the summons to the General Meetings and allows for voting on each individual matter. The shareholder can nominate the Chair of the Board or appoint a person to vote on their behalf as proxy.

The Board of Directors, Nomination Committee and the Auditor are required to be present. To the extent possible, the Executive Management is represented by the Chief Executive Officer and the Chief Financial Officer and other key personnel on specific topics.

The agenda is set by the Board of Directors, and the main items are specified in Article 7 of the Article of Association. The minutes of the General Meeting are available on the Company's website.

The General Meeting elects the chair of the Annual General Meeting.

No deviations from the Code.

NOMINATION COMMITTEE

The duties of the Nomination Committee are to make recommendations to the General Meeting for the election of shareholder elected board members and members of the Nomination Committee, and the remuneration to the members of the Board of Directors and Nomination Committee. The Nomination Committee will justify its proposal on each candidate separately and present relevant information about the candidates together with an evaluation of their independence. In connection with the Committee's work with proposing candidates, the Committee stays in contact with major shareholders, the Board of Directors and the Executive Management.

It follows from Article 8 of the Articles of Associations that the Committee consists of minimum three members, who shall be shareholders or representatives of shareholders. Committee members are elected for two years at a time.

The Nomination Committee consists of one employee and two external members representing major shareholders in the Company. The current composition of the committee consists of;

- Sven Fermann Hermansen (employee)
- Nils Bastiansen
- Bjarne Borgersen

None of the members of the Nomination Committee represent Norwegian's Management. The members are considered as independent of Management and the Board.

No deviations from the Code.

BOARD OF DIRECTORS, COMPOSITION AND INDEPENDENCE

According to the Articles of Association, the Board must consist of between five and twelve members. At year end 2020 the Board of Directors had nine members. The Company has three Directors elected by the employees on the Board of Directors.

The shareholder-elected members of the Board of Directors have been nominated by the Nomination Committee to ensure that the Board of Directors possesses the necessary expertise, capacity and diversity. The Board members have competencies in and experiences from the transport sector and other competitive consumer sectors, relevant network connections and experiences from businesses, finance, capital markets and marketing. The Board members are elected for a period of two years.

The majority of the shareholder-elected members of the Board are considered to be autonomous and independent of the Company's executive personnel and material business contacts. The six members of the Board who are elected by shareholders are considered autonomous and independent of the Company's main shareholder(s). Among the shareholder-elected Directors, there are three men and three women. Detailed information on the individual director can be found on the website at www.norwegian.com. None of the directors are members of the executive management team.

Directors of the Board are encouraged to own shares in Norwegian.

Participation in Board meetings in 2020 has been:

Name	Number of meetings
Niels Smedegaard	51
Liv Berstad	28
Christian Fredrik Stray	28
Ingrid Elvira Leisner	51
Sondre Gravir	51
Geir Olav Øien	51
Eric Holm	51
Katrine Gundersen	51
Jaan Albrecht Binderberger	23
Vibeke Hammer Madsen	23
Chris Browne	23
Anton Joiner	13

The overview includes physical meetings and non-physical meetings.

No deviations from the Code.

THE WORK OF THE BOARD OF DIRECTORS

The Board of Directors' perform their work in accordance with the rules and requirements as set out in Norwegian law.

The Board of Directors issues instructions for its own work. If the Chair of the Board of Directors is or has been actively engaged in a given case, another Board member will normally lead discussions concerning that particular case. There is a clear division of responsibilities between the Board and the Executive Management. The Chair is responsible for ensuring that the Board's work is conducted in an efficient, correct manner and in accordance with the Board's terms of reference. The Chief Executive Officer is responsible for the Company's operational management. The Board has drawn up special instructions for the Chief Executive Officer.

The Board of Directors conducts an annual self-assessment of its work competence and cooperation with the Management and a separate assessment of the Chair.

The Board of Directors has established an Audit Committee, consisting of two shareholder-elected members of the Board. The Board ensures that nominees meet requirements of expertise, capacity and diversity.

No deviations from the Code.

RISK MANAGEMENT AND INTERNAL CONTROL

The Management gives at least monthly updates and information to the Board of Directors for review. Quarterly financial reports are prepared and made available to the capital market in accordance with the reporting requirements applicable to listed companies on Oslo Børs. The quarterly financial reports are reviewed by the Audit Committee prior to Board approval and disclosure. Moreover, financial reports, risk reports and safety reports are drawn up, all of which are subject to review at Board meetings.

The auditor meets with the entire Board in connection with the presentation of the interim annual financial statements, and when otherwise required. The auditor also participates in Audit Committee meetings.

Policies and procedures have been established to manage risks. The Company's Board of Directors reviews and evaluates the overall risk management systems and environment in the Company on a regular basis. The Board ensures sound internal controls and systems for risk management through, for example, annual Board reviews of the most important risk factors and internal controls. Risk assessment and the status of the Company's compliance and corporate social responsibility are reported to the Board annually. The Company's financial position and risks are thoroughly described in the Board of Directors' Report.

No deviations from the Code.

REMUNERATION OF THE BOARD OF DIRECTORS

Based on the consent of the General Meeting, it is assumed that the remuneration of Board members reflects the respective members' responsibilities, expertise, time commitments and the complexities of the Company's activities. In cases where Board members take on specific assignments for the Company, which are not taken on as part of their office, the other Board members must be notified immediately and, if the transaction is of a substantial nature, this will be explicitly stated in the notes to the consolidated accounts. Details of the remuneration of individual Board members are available in the notes to the consolidated accounts.

The Board of Directors are not entitled to performance related compensation. The Board members are not granted share options.

No deviations from the Code.

REMUNERATION OF EXECUTIVE PERSONNEL

The Board's statement on Management compensation policy is prepared in accordance with the Public Companies Act 6-16a and includes the Company's share option program, if any. The statement is presented at the Annual General Meeting. The principles of leadership remuneration in Norwegian Air Shuttle ASA are to stimulate a strong and lasting profit-oriented culture. The total compensation level should be competitive compared to similar organizations.

The Board determines the remuneration of the Chief Executive Officer, and the guidelines for remuneration of the Executive Management.

The CEO has 15 months' (base salary) severance pay. The CFO, EVP Products & Digital Development and EVP Marketing, Sales & Customer have 6 months' (base salary) severance pay. The employee is not entitled to severance payment in the event he himself terminates the employment. Details of the remuneration of individual members of the Executive Management are available in the notes to the consolidated accounts.

No deviations from the Code.

INFORMATION AND COMMUNICATIONS

Norwegian has established guidelines for the Company's reporting of financial information based on transparency and the requirement of equal treatment of all parties in the market. The Board of Directors annually reviews these guidelines.

A financial calendar is prepared and published on the Company's website and is also distributed in accordance with the rules of the Public Companies Act and the rules applicable to companies listed on the Oslo Stock Exchange. Information distributed to the shareholders is also published on the Company's website.

The Company holds regular investor meetings and public interim result presentations and has an investor relations. Norwegian has separate instructions for investor relations regarding communication with investors and how insider information shall be treated.

The Board of Directors has prepared guidelines for the Company's contact with shareholders outside the General Meeting. The Board considers that these measures enable and ensure continuous informative interactions between the Company and the shareholders.

No deviations from the Code.

TAKEOVERS

There are no limitations with respect to the purchases of shares in the Company. The Board has established guidelines for how it will act in a take-over situation. In the event of a take-over bid the Board of Directors will act in the best interest of the shareholders and in compliance with all the rules and regulations applicable for such an event as well as practices recommended in the Code.

In the case of a take-over bid, the Board will refrain from taking any obstructive action unless agreed upon by the General Meeting.

No deviations from the Code.

AUDITOR

The auditor annually presents the main features of the audit plan for the Company to the Audit Committee. The auditor participates in the meetings of the Board of Directors that deal with the annual accounts. At these meetings the auditor reviews any material changes in the Company's accounting principles, comments on any material estimated accounting figures and reports all material matters on which there has been a disagreement between the auditor and the Executive Management of the Company.

The auditor presents a review of the Company's internal control procedures at least once a year to the Audit Committee, including identified weaknesses and proposals for improvements. The auditor participates in meetings with the Audit Committee and present the report from the auditor that addresses the Company's accounting policy, risk areas and internal control routines.

The Chief Executive Officer and the Chief Financial Officer are present at all meetings with the Board of Directors and the auditor, except for one meeting a year, in which only the auditor, the Board and the Audit Committee are present.

The Management and the Audit Committee evaluate the use of the auditor for services other than auditing. The Audit Committee and the Board receives annual confirmation that the auditor continues to meet the requirement of independence.

The Board of Directors reports the remuneration paid to the auditor at the annual General Meeting, including details of the fee paid for audit work and any fees paid for other specific services.

No deviations from the Code.

DECLARATION FROM THE BOARD OF DIRECTORS AND CEO

We confirm to the best of our knowledge that:

- the consolidated financial statements for 2020 have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act,
- the financial statements for the parent company for 2020 have been prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9, and regulations regarding simplified application of IFRS issued by the Ministry of Finance on 21 January 2008,
- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and results for the period viewed in their entirety,
  the board of directors' report, including the chapters on corporate governance and corporate responsibility, gives a true and fair view of the development, performance and financial position of the company and group, and includes a description of the key risks and uncertainties the companies are faced with..

Fornebu, 23 April 2021
The board of directors of Norwegian Air Shuttle ASA

/s/ Niels Smedegaard
Chair

/s/ Jaan Albrecht Binderberger
Director

/s/ Vibeke Hammer Madsen
Director

/s/ Ingrid Elvira Leisner
Director

/s/ Sondre Gravir
Director

/s/ Chris Browne
Director

/s/ Eric Holm
Director
(elected by the employees)

/s/ Katrine Gundersen
Director
(elected by the employees)

/s/ Geir Olav Øien
Director
(elected by the employees)

/s/ Jacob Schram
Chief Executive Officer

AUDITOR'S REPORT

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To the General Meeting of Norwegian Air Shuttle ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Norwegian Air Shuttle ASA, which comprise:

- The financial statements of the parent company Norwegian Air Shuttle ASA (the Company), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norwegian Air Shuttle ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in

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accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements of the Group and Note 2 in the financial statements of the Company and the Board of Directors' report. As stated in the Notes and Board Directors' report, the Group and the Company are significantly impacted by the COVID-19 pandemic. Travel restrictions continue to have a negative impact on the net cash inflow from operations which in turn has reduced the company's possibility to service its debts. As a result the company has entered into examinership in Ireland and a reconstruction process in Norway aiming to reduce debt and secure new capital. The Group and the Company are dependent on completing the ongoing Examinership and Reconstructions processes to continue its operations. These conditions, along with other matters as set forth in the Notes and the Board of Directors' report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the Key Audit Matter
Effects from the financial restructuring on the financial statements during the first half of 2020 We refer to note 2 where management describes the elements in the financial restructuring. After the COVID - 19 outbreak in the first half of 2020, the group was forced into hibernation and almost completely ceased operations. As a result of the reduced cash inflows, the group initiated a restructuring of debts which included conversion of bond debt, lease liabilities and accounts payables into equity as well as a public offering. The restructuring of debts resulted in improved equity of NOK 18.5 billion of which NOK 5.2 billion was recognized in the income statement. As a consequence of the inherent complexity in the financial restructuring as well as the material effects on the financial statements, the financial	We obtained and read the relevant agreements and developed an understanding of the provisions of the financial restructuring. To confirm our understanding we discussed the restructuring and related agreements with management. We found that the most important accounting issues were related valuation and classification of bonds and lease liabilities. Our audit procedures directed at classification and valuation of bonds and lease liabilities confirmed that management's assessment and chosen accounting treatment was in accordance with the underlying facts and circumstances in

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restructuring has been a focus area in the audit of the group.

the agreements and with relevant accounting standards.

We performed substantive procedures to check accuracy and completeness of recorded amounts. Our procedures included an assessment of whether the presentation in the financial statements and related disclosures was in accordance with IFRS requirements.

Reclassification and valuation of assets and liabilities to held for sale

We refer to note 1 and note 11 where management describes the assessment of assets and liabilities held for sale with regards to owned and leased aircraft.

The carrying amount of the assets in the line item "Assets held for sale" amounts to NOK 30,377.1 million, while the corresponding liabilities amounts to NOK30,767.8 million as of 31 December 2020.

In November 2020 the group entered into an examiner process and a reconstruction of the aircraft fleet. The group now aims to discontinue their long-haul operations and significantly reduce its fleet of short-haul aircraft. The change in intended use of the related aircraft triggered a reclassification from non-current assets to held for sale with an accompanying revaluation of the assets. Consequently the aircraft were valued at net fair value less cost to sell including the related liabilities, and an impairment charge of NOK 8,697 million was recognized.

We focused on this issue for several reasons. The assessments related to the reclassification and revaluation involved management judgement; mainly related to whether the assets and liabilities qualified as held for sale under IFRS 5, and the measurement of the net fair value less cost to sell.

We evaluated and challenged management's assessment of intended use of the aircraft and the assessment of net fair value assessment. We corroborated the arguments in the assessment with requirements in IFRS and found no material inconsistencies. Discussions were held with management to understand the intended use of the aircraft and the probability of disposal. We tested management's assessment to board approved plans.

We challenged management's assumptions regarding the net fair value of assets and liabilities held for sale and the probability of further liabilities arising from the early redelivery of the leased aircraft.

Once we agreed with management on accounting treatment, we performed substantive procedures to check accuracy and completeness of recorded amounts. Based on our testing and discussions with management, we found management's assessment of the aircraft reclassified to the disposal group and related net fair values, to be reasonable.

We considered the information disclosed in note 1 and 11 and found them to be reasonable and in accordance with IFRS the requirements

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Carrying value of aircraft and right of use aircraft

We refer to note 1 and note 11 where management describe their impairment process.

The carrying value of the line items aircraft, parts and installations on leased aircraft, and right of use aircraft, parts and installations, amounted to NOK 6,129.6 million and NOK 2,791.4 million, respectively as of 31 December 2020.

For the fleet which management intends to hold and use, management reviews their aircraft for impairment whenever there are indicators of impairment. The effects of the COVID - 19 virus outbreak on the airline industry and the Group's level of operation was considered a triggering event. As of year end, an impairment test was performed. The test did not result in further impairment charges being recognized in addition to the ones charged as a result of reclassification to held for sale and early redelivery of aircraft.

The impairment test involved management judgement; mainly related to estimating future cash flows and the discount rate in the impairment test. We focused on these issues because of the level of management judgement involved.

We obtained, evaluated and challenged management's impairment model. We corroborated the elements in the model to the requirements in IFRS and found no material inconsistencies. Further, we tested whether the impairment model performed mathematical calculations as expected.

We challenged management's use of assumptions in the future cash flow estimate. We found that the estimates were based on a detailed budgeting process. We tested managements' budgeting accuracy by comparing input in the budget to actual historical route data. When we found deviations, we assessed management's explanations and corroborated with other evidence available to us. In order to challenge each of the assumptions in the forecast, we held discussions with management. The future cash flows were also compared to business forecasts and approved budgets by the Board of Directors. Based on our testing and discussions with management, we found management's budgeting for the purpose of this impairment test, to be reasonable.

In order to evaluate the assumptions used to build the discount rate, we used external market data and observable data from comparable companies. We found the assumptions to be reasonable based on our knowledge and available evidence. We evaluated the adequacy of the disclosures in note 11 made in relation to the impairment test, and found that disclosures appropriately explained management's valuation process and the uncertainties inherent in the most important management's assumptions.

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Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The

Independent Auditor's Report - Norwegian Air Shuttle ASA

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  risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of 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 Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group'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 financial statements 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 Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves 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 financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 23 April 2021
PricewaterhouseCoopers AS

Thomas Whyte Gaardsø
State Authorised Public Accountant

BOARD OF DIRECTORS

NIELS SMEDEGAARD
Chair

Mr. Niels Smedegaard (born 1962) was the President and CEO of DFDS Seaways from 2007 to 2019. He has previously held leading positions in companies such as Gate Gourmet Group, Swissair and SAS. Mr. Smedegaard is a Danish citizen and holds a Master degree from Copenhagen Business School. Mr. Smedegaard also holds a number of board appointments in various European companies. Mr. Smedegaard has been elected for the period 2019-2021.

JAAN ALBRECHT BINDERBERGER
Director

Mr. Jaan Albrecht Binderberger (born 1955) was the CEO of Saudi Arabian Airlines from 2017 until early 2020, when he moved to the Holding as an Advisor to the Chairman of the company. Mr. Albrecht is a former pilot and held various management positions at Mexicana de Aviación, including Fleet Chief Pilot, Chief Operating Officer, Chief Commercial Officer and CEO of the Cargo Division. He was the CEO of Star Alliance for ten years and later held the same position at Austrian Airlines and Sunexpress before joining Saudi Arabian Airlines. Mr. Albrecht studied architecture and has a master's degree in Business Administration from Innestec Mexico City. Mr. Albrecht has been elected for the period 2020-2022 and is an independent board member.

VIBEKE HAMMER MADSEN
Director

Ms. Vibeke Hammer Madsen (born 1955) is the former CEO of Virke, The Federation of Norwegian Enterprise, which organizes and represents over 24,000 businesses with more than 280,000 employees. She was CEO of Virke from 2002-2018. In addition, Ms. Madsen was the Vice President of Human Resource & Business Support at Statoil Retail from 1996-1999 and held various positions in the company from 1993-1996. Furthermore, she was a partner in PA Consulting Group from 1999-2002. Ms. Madsen has also held several board appointments previously. She specialized in X-ray within industry and health at Ullevål radiografhøgskole from 1977-1979. Ms. Madsen has been elected for the period 2020-2022 and is an independent board member.

INGRID ELVIRA LEISNER
Director

Ms. Ingrid Elvira Leisner (born 1968) has long experience as head of audit committees and member of several boards,currently including Self Storage Group, Techstep and Maritime & Merchant. Over several years, she has held several positions with Statoil, including Head of Portfolio Management Electric Power, Portfolio Manager and Trader. Ms. Leisner has a Bachelor's in Business Administration from University of Texas in Austin, USA. Ms. Leisner has been elected for the period 2019-2021 and is an independent board member.

SONDRE GRAVIR
Director

Mr. Sondre Gravir (born 1977) is CEO of SATS, a position he has held since 2018. Prior to this, he was CEO of Schibsted Marketplaces, Executive Vice President of Schibsted Established Markets, as well as CEO of Finn.no, Aftenposten and Bergens Tidende. He has also worked as a management consultant in McKinsey. Gravir holds a Master of Science in Economics and Business Administration from the Norwegian School of Economics (NHH) and selected MBA courses in international finance and business from the National University of Singapore. Gravir has experience from several Schibsted boards internationally both as chairman and board member, and has also had board appointments in Frende Forsikring, Fædrelandsvennen and Finn.no. Mr. Gravir has been a Director since 2018 and has been elected for the period 2020-2022. He is an independent board member.

CHRIS BROWNE
Director

Ms. Chris Browne (born 1960) has extensive experience from the airline and travel industry, including Iberia, First Choice Airways and TUI. At TUI, Ms. Browne was the Managing Director of Thomson Airways for seven years and then took on the role as Chief Operating Officer at TUI Airlines from 2014 to 2015. Ms. Browne also held the position of Chief Operating Officer at easyJet from 2016 until she stepped down in 2019. She was awarded an OBE for services to aviation in 2013. Ms. Browne has been elected for the period 2020-2022 and is an independent board member.

GEIR OLAV ØIEN
Director, employee representative

Mr. Geir Olav Øien (born 1972) joined Norwegian's Technical Department in 1998. He has been working in the aviation industry since 1991 and has extensive experience within technical operations. Mr Øien has previously worked for SAS Heavy Maintenance Oslo and as a civil employee for the Norwegian Air Force in Bodø and Kjeller. From 2014-2015 he was the leader of Norwegian's Technical Union. Mr. Øien has been a Director since 2016 and has been elected for the period 2019-2021, but his mandate has been extended to 2022. He is an independent board member.

ERIC HOLM
Director, employee representative

Mr. Eric Holm (born 1967) joined Norwegian in March 2010 and is currently employed in Norwegian Cabin Services Norway AS. Mr. Holm holds a MA degree in International Security Studies from the University of Leicester. Mr. Holm has been Deputy Board Member at Norwegian Cabin Services Norway, Chairman at Parat Luftfart and Board Member (employee representative) at Lufthansa Service Group Norway. He has been elected for the period 2019-2021, but his mandate has been extended to 2022. He is an independent board member.

KATRINE GUNDERSEN
Director, employee representative

Ms. Katrine Gundersen (born 1974) holds the position as Crew Tracker at Norwegian's Integrated Operational Control Centre (IOCC). She started working in the airline industry in the late 1990s and has been with Norwegian since August 2002. She holds a bachelor's degree in economics from the University of BI.

Ms. Gundersen was Deputy Director of Norwegian's Board from 2016-2018. She is elected for the period 2019-2021, but her mandate has been extended to 2022. She is an independent board member.

MANAGEMENT

JACOB SCHRAM
Chief Executive Officer

Mr. Jacob Schram (born 1962) joined Norwegian as Chief Executive Officer (CEO) in January 2020. He has several years of experience from large international companies, including 22 years at Circle K (previously Statoil Fuel & Retail (SFR)), where he was Group President for Europe for 14 years until he stepped down in 2018. As CEO, he led the process of publicly listing SFR on the Norwegian Stock Exchange in 2010. Previously, he has also held managing roles at McDonald's and McKinsey. During 2019 he worked with private investments, start-ups and presentations related to his book "The Essence of Business", in addition to holding the position as Senior Advisor at McKinsey. Mr. Schram holds a Master of Science in Economics from Copenhagen Business School.

GEIR KARLSEN
Chief Financial Officer

Mr. Geir Karlsen (born 1965) has held the position of Chief Financial Officer (CFO) since April 2018. From July 2019 to December 2019, he was Acting Chief Executive Officer (CEO) of Norwegian. He has extensive experience from listed companies within shipping and offshore. Mr. Karlsen has over the last 12 years held various CFO positions at international companies such as Golden Ocean Group and Songa Offshore. Before Norwegian, he held the position Group CFO at London-based Navig8 Group, the world's largest independent pool and management company. Geir Karlsen has a degree in Business Administration from BI Norwegian Business School.

ANDREW HODGES
EVP Network, Pricing & Optimisation

Mr. Andrew Hodges (born 1971) was appointed Executive President (EVP) Airline in June 2020 and EVP Network, Pricing & Optimisation in March 2021. He joined Norwegian in June 2019 as Senior Vice President for Network Strategy & Planning before being appointed EVP Airline in June 2020. Andrew has over 20 years of aviation experience including 12 years with easyJet plc, where he held several senior commercial and finance roles. He has also worked for British Airways for 5 years in a Corporate Development role, and for Deloitte for 7 years where he qualified as a Chartered Accountant and helped develop a successful aviation consulting practice. Mr. Hodges graduated with a First Class BEng from Southampton University in Aeronautics & Astronautics.

GURO H. POULSEN
EVP People

Ms. Guro H. Poulsen (born 1975) was appointed Executive Vice President (EVP) People in June 2020. She has been with Norwegian since 2010, starting as a Financial Controller and later working as the Finance Manager for Norwegian Air Resources and SVP Crew Management. She has several years of experience from large international companies, including Goodyear Dunlop and Wrigley as Business Controller. Ms. Poulsen holds a Master of Business Administration within Marketing from Griffith University in Australia and a Bachelor of Business Administration within Travel and Tourism Management from BI Norwegian Business School.

ANNE-SISSEL SKÅNVIK

EVP Communications and Public Affairs

Ms. Anne-Sissel Skånvik (born 1959) was appointed Executive Vice President (EVP) Communications and Public Affairs in June 2020. She was Norwegian's Chief Communications Officer 2009 – 2020. Ms. Skånvik joined Norwegian from a position as Senior Vice President at Telenor ASA, responsible for corporate communications and governmental relations. Ms. Skånvik was the Deputy Director General in The Norwegian Ministry of Finance between 1996 and 2004. She has also years of experience from Statistics Norway (SSB) and various media. Ms. Skånvik has a Master's degree in political science ("Cand. Polit") from the University of Oslo, a degree in journalism from Norwegian College of Journalism and the Executive Management Course at Norwegian Defence University College.

KNUT OLAV IRGENS HØEG

EVP IT, Supply Chain & Process Improvement

Mr. Knut Olav Irgens Høeg (born 1973) was appointed Executive Vice President (EVP) IT, Supply Chain & Process Improvement in June 2020. He joined Norwegian in August 2019 as SVP Procurement and has been acting in the role as SVP IT and Customer Care from February 2020. Mr. Høeg has extensive experience in procurement and IT from several large operations, like Circle K, TINE, Storebrand and Skandia. He has also been a Management Consultant at Deloitte. Mr. Høeg has been driving several different Change and Cost-Out Projects and in addition building up organizations both locally and Near-Shore. He has a Master of Science Degree in Economics from Norwegian School of Management (BI) and an MBA from the Norwegian School of Economics (NHH).

CHRISTOFFER SUNDBY

EVP Marketing, Sales & Customer Care

Mr. Christoffer Sundby (born 1978) was appointed Executive Vice President (EVP) Customer in September 2020 and EVP Marketing, Sales & Customer Care in March 2021. Christoffer has 10 years of leadership experience in merchandising, including operations, marketing, sales, product & concept development and customer service. He was Senior Vice President of Circle K Norway in 2017-2019 before he was appointed CEO of the healthcare company Unicare in August 2019. Christoffer started his professional career as a consultant at McKinsey & Company in 2006, after several years as a member of the Norwegian Olympic team in sailing. Christoffer has a MSc in Economics from BI Norwegian Business School.

TOR-ARNE FOSSER

EVP Product & Digital Development

Mr. Tor-Arne Fosser (born 1974) was appointed Executive Vice President (EVP) Airline Ecosystem in October 2020 and EVP Products & Digital Development in March 2021. Tor-Arne has more than 20 years of B2C experience from companies in the telecommunications, technology, and consulting sectors. He was Chief Marketing Officer of Telenor Denmark from January 2019 until October 2020. From 2001 he held several commercial leadership positions within marketing, strategy, digital transformation, and partnerships in the Telenor Group. Tor-Arne is a former business consultant at Accenture, and he was CEO of a digital marketing agency at Dentsu. Tor-Arne holds a Master's degree in Marketing Management from BI Norwegian Business School.

JOHAN GAUERMANN

Interim EVP Operations

Mr. Johan Gauermann (born 1962) was appointed interim Executive Vice President (EVP) Operations in June 2020. He has more than 30 years of airline experience from various senior management roles. Mr. Gauermann joined Norwegian in October 2017 from global leisure travel group TUI where he, beside airline operations, was involved in change management and digital transformation programs. Mr. Gauermann was appointed Group Director Flight Operation in 2019. He holds an airline pilot certificate and a degree from City University of London. He has also studied Executive Management at Stockholm School of Economics.

DEFINITIONS

ALTERNATIVE PERFORMANCE MEASURES

Norwegian Air Shuttle's financial information is prepared in accordance with International Financial Reporting Standards (IFRS). In addition, the Company presents alternative performance measures (APM). The APMs are regularly reviewed by management and their aim is to enhance stakeholders' understanding of the Company's performance. APMs are calculated consistently over time and are based on financial data presented in accordance with IFRS and other operational data as described in the table below.

The Company has updated its definitions considering the adoption of IFRS 16. EBITDA (Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, and share of profit (loss) from associated companies) is no longer presented as it is not comparable to previous periods and in essence very similar to EBITDAR (see definition below). EBITDAR excludes both depreciation and aircraft lease expenses and is hence a more consistent measure for operational performance over time, excluding ownership costs and the most significant changes arising from the adoption of IFRS 16.

Prior to 2018, the Company presented unit cost primarily excluding depreciation. Since 2018, the Company has included depreciation in unit cost.

Measure	Description	Reason for including
EBIT (operating profit)	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies. Equivalent to operating profit in the consolidated income statement in the annual report	Enables comparability of profitability regardless of capital structure or tax situation
EBIT excl other losses/(gains)	Earnings before net financial items, income tax expense (income) and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	Enables comparability of profitability regardless of capital structure or tax situation, excluding effects for certain volatile operating expenses
EBITDAR / Operating profit excluding lease, depreciation and amortization ("EBITDAR")	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expenses and share of profit (loss) from associated companies	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft
EBITDAR excl other losses/(gains) / Underlying operating result	Earnings before net financial items, income tax expense (income), depreciation, amortization and impairment, restructuring, aircraft leasing expenses and share of profit (loss) from associated companies, adjusted for other losses/(gains)-net	A measure of operating performance that enables comparison between airlines as it is not affected by the method used to finance aircraft, excluding effects for certain volatile operating expenses
EBT (profit (loss) before tax)	Earnings before income tax expense (income). Equivalent to profit (loss) before income tax expense (income) in the Consolidated Income Statement in the annual report	Enables comparability of profitability regardless of capital structure or tax situation
Net interest-bearing debt	Non-current debt plus current debt less cash and cash equivalents	Measurement of the ability to pay all debt with available cash and cash equivalents, if all debt matured on the day of the calculation. It is therefore a measure of the risk related to the Company's capital structure
Other losses/(gains)	Gains and losses from foreign currency contracts, forward fuel contracts, adjustment of market value for total return swaps, translation of working capital in foreign currency, net gain or loss from sale of fixed assets and restructuring costs	Included as a specification to operating expenses to separate certain volatile effects from other operating expenses

ALTERNATIVE PERFORMANCE MEASURES – RECONCILIATIONS

**Other losses /(gains) is defined in table above and is a part of operating expenses, see consolidated income statement.*

(NOK million)	**2020**	2019
Operating profit (EBIT) to EBIT excl other losses/(gains)		
Operating profit (EBIT)	**(23,768.4)**	856.0
- Other losses/(gains) *	**3,004.7**	(845.8)
EBITDAR excl other losses/(gains)	**(20,763.7)**	10.2
EBITDAR to EBITDAR excl other losses/(gains)		
EBITDAR	**(4,755.2)**	7,313.5
- Other losses/(gains) *	**3,004.7**	(845.8)
EBITDAR excl other losses/(gains)	**(1,750.5)**	6,467.7
Net profit (EBT) to EBT excl other losses/(gains) and impairment		
Profit /(loss) before tax (EBT)	**(22,133.0)**	(1,687.6)
- Impairment assets held for sale	**12,815.7**	0.0
- Other losses/(gains) *	**3,004.7**	(845.8)
EBT excl other losses/(gains) and impairment	**(6,312.6)**	(2,533.4)

OTHER DEFINITIONS

Item	Description
Aircraft lease expenses	Lease and rental expenses on aircraft including both dry leases and wet leases
Ancillary revenue / PAX	Ancillary passenger revenue divided by number of passengers
ASK	Available seat kilometers. Number of available passenger seats multiplied by flight distance. Note that blocked mid-seats on domestic routes in Norway following virus containment measures do not count as available seats
Average sector length	Total flown distance divided by number of flights
Book equity per share	Total equity divided by number of shares outstanding
Block hours	Time of block off to block on – industry standard measure of aircraft utilization
CO_2 per RPK	Amount of CO_2 emissions divided by RPK
Constant currency	A currency exchange rate that excludes the impact of exchange rate fluctuations from comparable period, e.g. last year as comparable period
Equity ratio	Book equity divided by total assets
Fixed asset investment	Consists of the following non-current assets presented in the statement of financial position in the annual report: Investments in financial assets, investment in associate and other receivables
Fuel consumption	Aviation fuel consumed, presented in metric tons
Load factor	RPK divided by ASK. Describes the utilization of available seats
Passengers	Number of passengers, including no-show*. *Note that during the COVID-19 outbreak, no-show passengers are not included.
RPK	Revenue passenger kilometers. Number of sold seats multiplied by flight distance
Sold seats own channels	Sold seats own channels include bookings through internet, apps, direct API, agent portal, corporate portal, allotment and group travels. It does not include bookings through GDS (Global Distribution Channels)
Unit cost	Total operating expenses, excluding impairment and other losses/(gains)-net, divided by ASK
Unit cost excl fuel	Total operating expenses, excluding impairment, other losses/(gains)-net and aviation fuel expenses, divided by ASK
Unit revenue	Passenger revenue divided by ASK

Yield	Passenger revenue divided by RPK. A measure of average fare per kilometer

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