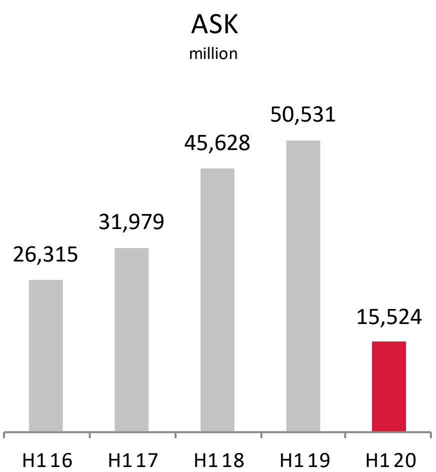
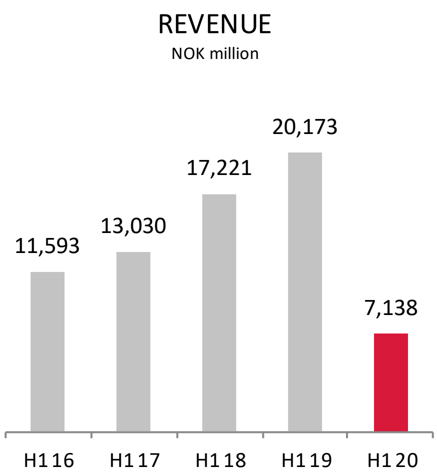
H12020

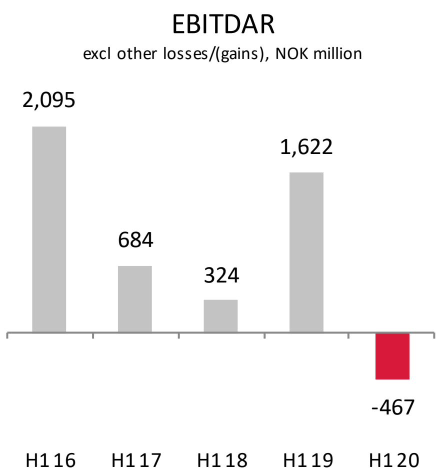
Norwegian Air Shuttle ASA

First half year 2020 financial report

- Grounded 140 aircraft, maintain critical infrastructure in Norway with 7-8 aircraft in operation
- More than 80% of all employees furloughed
- 71% reduction in passengers yoy in the first half (-99% in Q2 yoy)
- Successful conversion of debt to equity and public offering added NOK 15.3 billion to equity
- Norwegian state aid of NOK 3 billion in loan guarantees







norwegian

Norwegian strongly affected by COVID-19 – 71 percent passenger decline, 8,000 employees furloughed or laid off and 140 aircraft grounded

Norwegian today reported its results for the first half year of 2020. The figures are as expected heavily impacted by the COVID-19 pandemic with a net loss of NOK 5.3 billion. During the first half of 2020, 5.3 million customers travelled with the company; a decrease of 71 percent compared to the same period last year. Norwegian successfully converted debt, gained access to state guaranteed loans of NOK 3 billion and conducted a public offering, in addition to implementing a series of cost-reduction measures. Still, Norwegian is facing challenging times ahead.

Before COVID-19, Norwegian had guided the market of a profitable 2020 and the best summer ever. Strict government travel advice and the following drop in customer demand forced Norwegian to ground 140 aircraft and furlough or lay off approximately 8,000 employees. In the second quarter, Norwegian only operated 7-8 aircraft on domestic routes in Norway. Following a successful restructuring process, the company gained access to the Norwegian government's loan guarantee of NOK 3.0 billion and an additional NOK 0.3 billion from commercial banks.

"When we entered 2020, we were expecting a positive result and the best summer ever, thanks to successful cost-saving initiatives and a more efficient operation. Then we were hit by COVID-19 and customer demand literally stopped from one day to the next, as government-imposed travel restrictions and travel advice were introduced world-wide. For the past months we have been working tirelessly to make sure that we can emerge from this crisis as a stronger company, well-positioned for future competition. Some of these measures have been painful, but totally necessary if we are to make it through at all. Creditors, bondholders and shareholders have shown us support and trust to find a way forward for the company and our customers are expressing their strong support, for which I am grateful. And not least, I am extremely proud of all our Red Nose Warriors who are keeping up a positive spirit," said CEO Jacob Schram.

During the first six months of 2020, 5.3 million customers travelled with Norwegian, compared to 18.1 million during the same period previous year. Production (ASK) was down by 69 percent and passenger traffic (RPK) decreased by 72 percent. The load factor was 78.2 percent, a decrease of 6.5 percentage points compared to the first half of 2019. Both load factor and production are adjusted according to the government mandatory blocking of middle seats on domestic routes in Norway in the second quarter of 2020.

Punctuality was 87.2 percent, an improvement of 7.3 percentage points compared to the first half of 2019.

Poor visibility creates uncertainty ahead

On 1 July, Norwegian reopened 76 routes, put an additional 15 aircraft into service and brought more than 600 employees back to work. The market is still highly uncertain, mainly due to changing travel advice from governments across Europe. As the government changes its travel advice, demand is immediately impacted. Going forward the company will continue to adjust its route portfolio in line with demand and government travel advice.

"The COVID-19 crisis has impacted aviation and the travel industry particularly hard, and most companies need government support to survive. We see that many of our main competitors receive considerable liquidity support from their governments as aviation represents the backbone of infrastructure. We are thankful for the loan guarantee made available to us by the Norwegian government which we worked hard to obtain. However, given the current market conditions it is not enough to get through this prolonged crisis," Schram said.

CONSOLIDATED FINANCIAL KEY FIGURES

(unaudited in NOK million)	H1 2020	H1 2019	*Change*	Full Year 2019
Operating revenue	7,137.8	20,173.4	*-65 %*	43,521.9
EBITDAR	-1,613.2	2,297.2	*NM*	7,313.5
EBITDAR excl other losses/(gains)	-467.0	1,621.6	*NM*	6,467.7
Operating profit (EBIT)	-5,075.4	-835.8	*507 %*	856.0
EBIT excl other losses/(gains)	-3,929.2	-1,511.4	*160 %*	10.2
Profit (loss) before tax (EBT)	-4,791.8	-1,866.1	*157 %*	-1,687.6
Net profit (loss)	-5,432.7	-1,406.6	*286 %*	-1,609.1
EBITDAR margin	-22.6 %	11.4 %		16.8 %
EBIT margin	-71.1 %	-4.1 %		2.0 %
EBT margin	-67.1 %	-9.3 %		-3.9 %
Net profit margin	-76.1 %	-7.0 %		-3.7 %
Book equity per share (NOK)	3.8	21.2	*-82 %*	25.2
Equity ratio (%)	14.6 %	3.2 %	*11.4 pp*	4.8 %
Cash and cash equivalents	4,975.4	1,688.3	*195 %*	3,095.6
Net interest-bearing debt	47,686.5	61,004.0	*-22 %*	58,282.0

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

(unaudited ratios in NOK)	H1 2020	H1 2019	Change	Full Year 2019
Yield	0.42	0.38	12 %	0.41
Unit revenue	0.33	0.32	3 %	0.35
Unit cost	0.71	0.43	66 %	0.44
Unit cost excl fuel	0.59	0.30	95 %	0.31
Ancillary revenue per passenger	234	177	32 %	184
Share of sale own channels	82 %	81 %	1 pp	81 %
ASK (million)	15,524	50,531	-69 %	100,031
RPK (million)	12,154	42,813	-72 %	86,616
Passengers (million)	5.31	18.09	-71 %	36.20
Load factor	78.2 %	84.7 %	-6.5 pp	86.6 %
Average sector length (km)	1,645	1,867	-12 %	1,876
Fuel consumption (1,000 mt)	308	948	-68 %	1,918
CO_2 per RPK	80	70	14 %	70

TRAFFIC DEVELOPMENT

Traffic figures are severely affected by the COVID-19 pandemic forcing the company into hibernation mode from March 2020. 5.31 million passengers traveled with Norwegian in the first half of 2020, compared to 18.09 million in the first half of 2019. Production (ASK) decreased by 69 percent and passenger traffic (RPK) decreased by 72 percent. The load factor was 78.2 percent, a decrease of 6.5 p.p. compared to the first half of 2019. The load factor and ASK are adjusted for blocked mid seats following regulation in the domestic market in Norway in the second quarter.

At the end of the first half of 2020, the total fleet including aircraft on maintenance and excluding wet lease comprised 140 aircraft. Included are 18 Boeing 737 MAX aircraft that were grounded throughout the first half of 2020. Only seven to eight aircraft were operational during the second quarter due to travel restrictions and lower demand. The company utilized every operational aircraft on average 10.4 block hours per day, compared to 12.3 in the first half of 2019.

OPERATING PERFORMANCE

Punctuality, share of flights departing on schedule, was 87.2 percent in the first half of 2020, increased by 7.3 percentage points compared to 79.8 percent in the first half of 2019.

Regularity, share of scheduled flights taking place, was 92.6 percent in the first half of 2020, compared to 99.0 percent in the same period 2019.

FINANCIAL REVIEW

These interim financial statements for the first half of 2020 are heavily affected by the COVID-19 outbreak, including the abrupt drop in demand and reduced production from mid-March, significant effects from the financial restructuring process and unrealized losses on jet fuel hedge contracts.

For the first half of 2020, production (ASK) was reduced by 69 percent compared to a planned reduction of approximately 18 percent. The remaining decline is largely attributable to the COVID-19 outbreak.

EBITDAR excl other losses/(gains) was negative NOK 467 million in the first half of 2020 (positive 1,622). Other losses/(gains) amounted to a net loss of NOK 1,146 million in the first half of 2020, compared to a net gain of NOK 676 million in the same period in 2019. Other losses /(gains) includes fuel hedge losses of NOK 1,057 million.

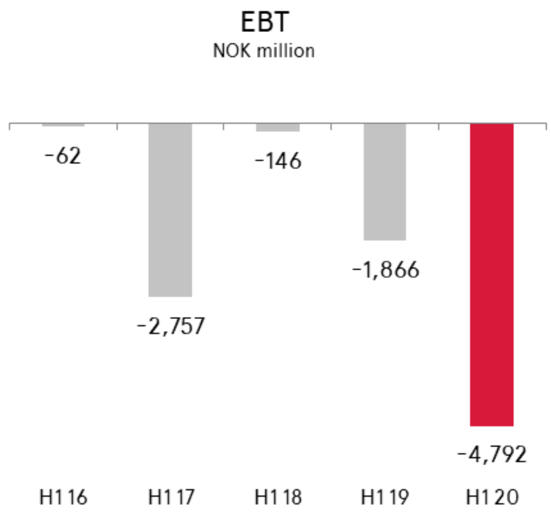
Operating profit (EBIT) for the first half of 2020 was negative by NOK 5,075 million (negative 836). EBIT excluding other losses/(gains) was negative NOK 3,929 million (negative 1,511). Profit (loss) before tax (EBT) was negative NOK 4,792 million (negative 1,866) in the first half of 2020.

Included in net finance items are gains following the financial restructuring of NOK 2.4 billion.

FINANCIAL RESTRUCTURING

Since the COVID-19 outbreak forced Norwegian into hibernation, a significant financial restructuring process has been ongoing, reaching several milestones during the first half of 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 15.3 billion, of which NOK 2.4 billion are recognized in the income statement.

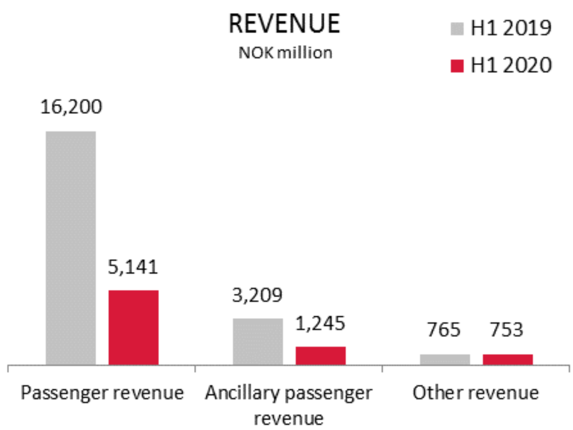
The total equity increase, including zero-coupon perpetual bonds classified as equity, was NOK 3.7 billion following bond debt conversion, NOK 11.0 billion following conversion of lease liabilities into equity, NOK 0.4 billion from the public offering and NOK 0.4 billion from vendor debt converted into equity. Refer to Note 9 for further information.



REVENUE

Total revenue in the first half of 2020 was NOK 7,138 million (20,173), a decrease of 65 percent. Unit revenue increased by 3 percent following a yield increase of 12 percent and a decreased load factor by 6.5 percentage points. Average sector length decreased by 12 percent.

Passenger revenue was NOK 5,141 million (16,200). Ancillary passenger revenue was NOK 1,245 million (3,209) in the first half of 2020, and ancillary revenue per passenger increased by 32 percent to NOK 234 (177). Other revenue of NOK 753 million (765) includes cargo revenue of NOK 149 million (399), governmental funds to uphold certain routes deemed part of critical infrastructure in Norway, commissions and third-party products as well as revenue from the loyalty program Norwegian Reward.



OPERATING EXPENSES

Total operating expenses excluding depreciation and aircraft lease decreased by 51 percent to NOK 8,751 million (17,876) in the first half of 2020. Adjusted for other losses/(gains) the decrease was 59 percent from 2019. Operating expenses decreased mainly due to the 69 percent reduction in production compared to the first half of 2019.

Unit costs are negatively affected by the unplanned decrease in production following the COVID-19 outbreak. Unit cost was NOK 0.71, an increase of 66 percent compared to the first half of 2019.

Other losses/(gains) include effects from foreign currency contracts, forward fuel contracts, losses or gains on translation of working capital in foreign currency and net losses or gains on sale of fixed assets. Net losses in the first half of 2020 amounted to NOK 1,146 million and include losses from jet fuel hedges of NOK 1,057 million and negative foreign currency effects of NOK 176 million, offset by gains from sale of assets of NOK 87 million.

FINANCE ITEMS

Net financial items were positive by NOK 291 million (negative by 1,069) in the first half of 2020. Interest expenses include NOK 829 million (810) in interest expense on lease liabilities recognized according to IFRS 16. Interest on prepayments of NOK 128 million (164) was capitalized during the first half of 2020. Other financial income (expenses) includes net currency losses of NOK 960 million in the first half of 2020, compared to net currency gains of NOK 190 million in the first half of 2019. Currency losses are mainly related to the revaluation of borrowings denominated in currencies other than functional currencies of the companies in the group. Revaluation of conversion rights to fair value had a positive effect on Other financial income (expenses) by NOK 416 million during the first half of 2020.

The financial restructuring carried out in May 2020 had a positive effect on net financial items by NOK 2.4 billion. Refer to Note 9 for further information.

FINANCIAL POSITION AND LIQUIDITY

Aircraft assets are accounted for in USD, creating a natural hedge against USD denominated borrowings when translated into NOK. Net assets are affected by an appreciation of USD to NOK of 10.1 percent in the first half of 2020.

The company sold ten Boeing 737 aircraft during the first half of 2020, five of which 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 eight 737s on operational lease were redelivered during the first half of 2020. The company did not take any new deliveries during the period.

Net interest-bearing debt at the end of the first half of 2020 was NOK 47,697 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 25,495 million. At the end of the first half of 2020, the equity ratio was 14.6 percent, compared to 4.8 percent at the end of 2019.

Norwegian significantly strengthened the company's financial position by a series of debt-to-equity conversions and a public offering completed in the first half of 2020. The total effect on equity following the financial restructuring is NOK 15.3 billion, including NOK 2.4 billion recognized as Other financial income in the Income Statement.

Total non-current assets amount to NOK 71,542 million at the end of the first half of 2020, compared to NOK 70,734 million at the end of 2019. There were no significant new investments during the first half of 2020, while ten 737-800s were sold, five of which classified as held-for-sale assets at the end of 2019. Intangible assets amounted to NOK 2,230 million at the end of the first half of 2020, compared to NOK 2,871 million at the end of 2019, including deferred tax assets of NOK 2,032 million compared to NOK 2,672 million at the end of 2019. Following the COVID-19 outbreak and uncertainties regarding the speed of the market recovery and the company's return to normal operations, the company has not recognized any deferred tax assets related to the current year losses. In addition, an impairment of deferred tax assets related to carry-forward tax losses of NOK 649 million has been recognized in the first half of 2020 due to uncertainties regarding the timing and extent of utilization of deferred tax assets following the COVID-19 outbreak.

Total current assets amount to NOK 12,447 million at the end of the first half of 2020, compared to NOK 14,609 million at the end of 2019. Current assets include assets held for sale of NOK 268 million (1,205) related to one (five) 737-800s that was immediately available for sale at the end of the first half of 2020. Receivables have decreased by NOK 3,085 million during the first half of 2020, driven by reduced receivables with acquirers following refunds to customers. Cash and cash equivalents have increased by NOK 1,880 million year to date, ending at NOK 4,975 million.

Total non-current liabilities were NOK 51,373 million at the end of the first half of 2020, compared to NOK 57,192 million at the end of 2019. Non-current debt has decreased by NOK 5,669 million with the effects from the financial restructuring being offset by raising NOK 3.3 billion in new loans related to the state aid package. Other non-current liabilities decreased by NOK 150 million.

Total current liabilities amounted to NOK 20,365 million at the end of the first half of 2020, compared to NOK 24,026 million at the end of 2019. Air traffic settlement liabilities decreased by NOK 3,437 million from end of 2019 due to reduced production and reimbursements to customers on cancelled flights. Current debt decreased by NOK 2,678 million during the first half of 2020 following the financial restructuring. The most significant effect stems from decreased short-term lease liabilities converted to equity. Ten 737-800 aircraft were sold, with settlement of the corresponding debt. Other current liabilities increased by NOK 2,454 million from the end of 2019, including an increase in outstanding cash point balances by NOK 1,353 million and unrealized negative fuel hedge positions of NOK 647 million.

Equity at the end of the first half of 2020 was NOK 12,251 million compared to NOK 4,125 million at the end of 2019. Equity increased by NOK 13.0 billion following the financial restructuring including debt conversion and the public offering in addition to exchange rate gains from subsidiaries of NOK 592 million, offset by a year-to-date loss of NOK 5,433 million. Other effects amounted to positive NOK 11 million.

CASH FLOW

Cash and cash equivalents were NOK 4,975 million at the end of the first half of 2020 compared to NOK 3,096 million at the end of 2019.

Cash flow from operating activities in the first half of 2020 amounted to NOK 609 million compared to NOK 928 million in the first half of 2019. Air traffic settlement liabilities decreased by NOK 3,437 million (increased by 4,465) while receivables decreased by NOK 3,085 million (increased by 5,930) during the first half of 2020. Other adjustments amounted to NOK 2,464 million (1,149) during the first half of 2020. Other adjustments mainly consist of finance items, changes in other assets and other liabilities in addition to non-cash effects included in profit before tax, such as unrealized gains or losses on derivatives.

Cash flow from investing activities in the first half of 2020 was NOK 2,762 million, compared to NOK 3,596 million in the first half of 2019. Cash from investing activities during the first half of 2020 consists mainly of proceeds from sale of ten Boeing 737-800 aircraft.

Cash flow from financing activities in the first half of 2020 was negative by NOK 1,426 million compared to negative NOK 4,720 million in the first half of 2019. Proceeds from new loans include NOK 3,291 million from the state aid package and associated loans from private banks. Principal repayments of NOK 4.7 billion relate to settlement of financing on ten sold 737 aircraft amounting to NOK 1.9 billion, scheduled repayments of NOK 0.4 billion and debt servicing on lease liabilities of NOK 2.3 billion.

RISK AND UNCERTAINTIES

COVID-19 AND GOING CONCERN

The company has been severely impacted by the current outbreak of the of the coronavirus disease (COVID-19). In a very short time period, the Group has lost most of its revenues. This has adversely and materially affected the Group's contracts, rights and obligations, including financing arrangements.

The company has mitigated the risks and uncertainties by several measures aiming to minimize cash burn, secure funding and improve the financial position of the company. Among other measures, the company has grounded most of its aircraft and temporarily laid off most of its staff. A significant financial restructuring process including debt-to-equity conversions and a public offering resulted in improvements to the equity position by NOK 15.3 billion during the first half of 2020. The financial restructuring encompassed a substantial part of the company's liabilities, including lease liabilities, bond debt, lease redelivery obligations and accounts payables. The financial restructuring also secured access to a state aid package from the government in Norway consisting of loan guarantees of NOK 3 billion.

Further to the financial restructuring, the company has also agreed to payment plans with major vendors, renegotiated contracts with suppliers and reached an agreement with the joint venture partner OSM Aviation to transfer certain companies from the joint venture to Norwegian.

While in hibernation mode, the company has undergone a revitalization of the company's organizational structure, strategy, business plans and top management levels. Management strongly believes that the company will emerge from the COVID-19 pandemic as a more competitive and profitable airline.

Even considering the public offering, the refinancing of the company's leasing debt and bond debt, and thereby getting access to the State Aid Package, the restructuring process of the aircraft financing and vendor financing is still ongoing. Such financing is therefore currently subject to an event of default which is not remedied by the refinancing that was achieved in the first half of 2020.

There is significant uncertainty surrounding the long-term effects of the COVID-19 pandemic. The company currently estimates that it will need additional working capital during the first quarter of 2021 to meet its obligations in the upcoming twelve-month period. The company expects to obtain additional working capital through additional financing, additional private placement of shares, reconsidering the company's business plan and scale of operations, selling and refinancing assets or pursuing other sources of finance.

Although the company believes there are reasonable prospects to resolve potential defaults and obtain necessary working capital, there is a significant risk that the company becomes insolvent and enters into bankruptcy if, inter alia, the company is not able to reach an agreement with its creditors, access to working capital and regain normalized operations. The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realize its assets and discharge its liabilities in the normal course of business.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing these interim financial statements.

OTHER RISK FACTORS

The COVID-19 outbreak followed by government-imposed travel restrictions and drop in demand has led to the grounding of most of the company's fleet and temporary layoffs of a significant share of the company's workforce as the company has entered hibernation mode. The consequences for the company and the airline industry are severe, and dependent on when travel restrictions are lifted and demand starts to pick up, certain significant accounting estimates could be affected. If the situation persists, that could impact the company's impairment evaluations and the ability and timing of utilization of carry forward tax losses.

The UK formally left the EU on 31 January 2020 with a business-as-usual transition period running until 31 December 2020. Negotiations are now in progress to agree on a trade deal, to take effect from 1 January 2021. The company has in place a full range of contingency measures to cover all potential scenarios.

The company could be affected by a prolonged grounding of Boeing 737 MAX worldwide, with 18 MAX aircraft in the current fleet. Norwegian has issued a notice to Boeing of termination of the company's purchase agreements of the remaining five Boeing 787 aircraft, 92 Boeing 737 MAX aircraft 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.

Fuel price and currency fluctuations, as well as hedging of such, are risks that can have a significant impact on Norwegian's business and financial results. Sudden and significant changes in fuel price and foreign exchange rates could significantly affect fuel and other costs as well as debt and assets denominated in foreign currency.

In the event of industrial actions, operations may be disrupted, causing inconvenience for customers and affect financial performance.

For additional explanations regarding risks and uncertainties, please refer to the following sections in the company's Annual Report 2019: The Financial Risk and Risk Management section and the Going Concern section of the Board of Director's report, Note 2: Financial Risk and Note 27: Contingencies and Legal Claims. Note 11 in this interim report includes updates to contingencies and legal claims.

OUTLOOK

The latest guiding provided by the company was published together with its Q4 2019 report: The company targeted a unit cost in the range of NOK 0.44 and 0.45 and a unit cost excluding fuel in the range of NOK 0.33 and 0.34 for 2020. Norwegian targeted a positive net profit for 2020. The guidance was withdrawn in a stock market notice on 6 March 2020. The company guided on contractually committed capital expenditures of USD 1.5 billion in 2020, and USD 0.6 billion in 2021.

The long-term impact from COVID-19 on the global airline industry and thus on the company is highly uncertain and depends on various factors, inter alia, duration and magnitude of the outbreak, containment measures, consumer confidence and economic conditions. The situation is evolving rapidly, and it is unclear how the virus will continue to develop or when the airline industry, and thus the company, will see a recovery to baseline levels.

The current production is carefully ramped up to 20 short-haul aircraft in July, to be increased to 25 aircraft in September. Norwegian will consider further changes to production during the winter season and beyond based on travel advice and restrictions from governments in the company's markets and on customer demand.

Fornebu, 27 August 2020

Board of Directors
Norwegian Air Shuttle ASA

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(unaudited in NOK million)	H1 2020	H1 2019	Full Year 2019
Passenger revenue	5,140.7	16,199.7	35,216.3
Ancillary passenger revenue	1,244.5	3,208.7	6,651.5
Other revenue	752.6	765.0	1,654.1
Total operating revenue	7,137.8	20,173.4	43,521.9
Personnel expenses	2,085.9	3,422.5	6,817.5
Aviation fuel	1,849.5	6,284.7	12,607.1
Airport and ATC charges	627.5	2,001.9	4,140.3
Handling charges	1,011.1	2,562.3	5,260.2
Technical maintenance expenses	664.6	1,822.8	3,379.2
Other operating expenses	1,366.2	2,457.6	4,849.9
Other losses/(gains)	1,146.2	-675.6	-845.8
Total operating expenses excl lease, depr. and amort.	8,751.0	17,876.2	36,208.5
Operating profit excl lease, depr. and amort. (EBITDAR)	-1,613.2	2,297.2	7,313.5
Aircraft lease, depreciation and amortization	3,462.2	3,133.0	6,457.5
Operating profit (EBIT)	-5,075.4	-835.8	856.0
Interest income	72.9	84.7	204.5
Interest expense	1,502.7	1,494.8	3,074.8
Other financial income (expense)	1,721.3	340.7	340.3
Net financial items	291.4	-1,069.4	-2,530.0
Profit (loss) from associated companies	-7.8	39.1	-13.6
Profit (loss) before tax (EBT)	-4,791.8	-1,866.1	-1,687.6
Income tax expense (income)	640.9	-459.6	-78.5
Net profit (loss)	-5,432.7	-1,406.6	-1,609.1
Net profit attributable to:			
Owners of the parent company	-5,403.3	-1,411.6	-1,615.4
Non-controlling interests	-29.4	5.1	6.2
Basic earnings per share (NOK)	-6.4	-12.4	-12.6
Diluted earnings per share (NOK)	-6.4	-12.4	-12.6
Number of shares at the end of the period	3,266,547,105	136,308,377	163,558,377
Average number of shares outstanding	849,190,004	113,853,757	127,901,823
Number of diluted shares at the end of the period	3,736,943,983	137,838,377	193,240,377

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited in NOK million)	H1 2020	H1 2019	Full Year 2019
Net profit (loss) for the period	-5,432.7	-1,406.6	-1,609.1
Actuarial gains and losses	0.0	0.0	-42.3
Exchange rate differences	592.1	-136.6	94.6
Fair value adjustments through OCI	0.0	-179.1	-7.8
Other	11.5	-23.5	-20.5
Total comprehensive income for the period	-4,829.1	-1,745.8	-1,585.0
Total comprehensive income attributable to:			
Owners of the company	-4,805.1	-1,750.5	-1,591.5
Non-controlling interests	-24.0	4.6	6.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited in NOK million)	*Note*	30 JUNE 2020	30 JUNE 2019	31 DEC 2019
ASSETS				
Intangible assets		2,229.6	3,312.5	2,870.6
Tangible fixed assets	*6*	68,274.3	69,407.9	66,378.5
Fixed asset investments		1,038.4	1,303.0	1,485.0
Total non-current assets		71,542.3	74,023.4	70,734.2
Assets held for sale		268.0	0.0	1,204.5
Inventory		155.0	162.4	175.7
Investments		0.0	2,043.0	0.0
Receivables		7,048.1	12,682.6	10,132.9
Cash and cash equivalents		4,975.4	1,688.3	3,095.6
Total current assets		12,446.5	16,576.2	14,608.7
TOTAL ASSETS		83,988.8	90,599.6	85,342.9
EQUITY AND LIABILITIES				
Shareholder's equity	*8*	12,261.6	2,870.4	4,101.1
Non-controlling interests		-11.1	21.9	23.8
Total equity		12,250.5	2,892.3	4,124.9
Non-current debt	*7*	46,555.4	51,389.2	52,224.2
Other non-current liabilities		4,817.8	4,425.1	4,967.5
Total non-current liabilities		51,373.2	55,814.3	57,191.7
Air traffic settlement liabilities		2,669.2	11,372.6	6,106.5
Current debt	*7*	6,106.6	11,303.1	8,784.1
Other current liabilities		11,589.3	9,217.3	9,135.6
Total current liabilities		20,365.1	31,892.9	24,026.2
Total liabilities		71,738.3	87,707.2	81,217.9
TOTAL EQUITY AND LIABILITIES		83,988.8	90,599.6	85,342.9

CONSOLIDATED STATEMENT OF CASH FLOW

(unaudited in NOK million)	H1 2020	H1 2019	Full Year 2019
Profit before tax	-4,791.8	-1,866.1	-1,687.6
Paid taxes	-6.1	-12.0	-38.3
Depreciation, amortization and impairment	3,296.0	3,122.2	6,457.5
Changes in air traffic settlement liabilities	-3,437.3	4,465.3	-800.8
Changes in receivables	3,084.8	-5,930.0	-3,380.3
Other adjustments	2,463.6	1,148.7	2,487.3
Net cash flows from operating activities	609.2	928.1	3,037.8
Purchases, proceeds and prepayment of tangible assets	2,774.4	3,563.6	6,039.1
Other investing activities	-12.7	32.7	2,293.3
Net cash flows from investing activities	2,761.8	3,596.3	8,332.4
Loan proceeds	3,290.5	532.0	2,408.2
Principal repayments	-4,663.5	-6,614.9	-13,217.7
Financing costs paid	-381.7	-1,544.1	-3,344.6
Proceeds from issuing new shares	328.4	2,907.2	3,961.0
Net cash flows from financing activities	-1,426.2	-4,719.9	-10,193.0
Foreign exchange effect on cash	-65.0	-37.9	-3.3
Net change in cash and cash equivalents	1,879.8	-233.4	1,173.9
Cash and cash equivalents at beginning of period	3,095.6	1,921.7	1,921.7
Cash and cash equivalents at end of period	4,975.4	1,688.3	3,095.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited in NOK million)	H1 2020	H1 2019	Full Year 2019
Equity - Beginning of period	4,124.9	1,704.4	1,704.4
Total comprehensive income for the period	-4,829.1	-1,745.8	-1,585.0
Share issue	11,165.6	2,927.4	3,989.1
Transactions with non-controlling interests	-3.4	0.0	0.0
Perpetual bonds issue	1,789.5	0.0	0.0
Equity change on employee options	3.0	6.3	16.4
Equity - End of period	12,250.5	2,892.3	4,124.9

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

The condensed consolidated interim financial statements comprise Norwegian Air Shuttle ASA and its subsidiaries (the company). Norwegian Air Shuttle ASA is a limited liability company incorporated in Norway. The consolidated financial statements of the company for the year ended 31 December 2019 are available at www.norwegian.com.

These unaudited condensed consolidated interim financial statements have been prepared in accordance with the rules and regulations of Oslo Stock Exchange and International Accounting Standard (IAS) 34 Interim Financial Reporting. They do not include all the information required for full annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the company for the year ended 31 December 2019.

The accounting policies applied by the company in these condensed consolidated financial statements are the same as those applied by the company in its consolidated financial statements for the year ended 31 December 2019.

JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of condensed consolidated interim financial statements in accordance with IFRS and applying the chosen accounting policies require management to make judgments, estimates and assumptions which affect the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical figures and various other factors which are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the company's accounting policies and the key sources of estimation uncertainty, were the same as those that applied to the consolidated financial statements for the period ended 31 December 2019.

IMPAIRMENT TEST

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 operations is considered a triggering event, and an impairment testing has been performed for the company's non-current assets. The company is regarded as one CGU, with highly integrated fleet operations across the group.

The recoverable amount of the company's assets is based on value in use, with expected future cash flows in accordance with the company'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 at year-end 2019 and as described in the annual financial statements for 2019, but with business plans adjusted and adapted to the current market situation following the COVID-19 virus outbreak. The impairment test carried out does not result in any impairment of the company's intangible or tangible assets.

The business plan applied is based on management's estimates for recovery to normal service. The business plan assumes a continued low level of operations until Q2 2021 and a gradual return to normal service in the summer season of 2022. Any developments 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 company'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 company's impairment testing in future periods.

The cash flows are discounted using the expected long-term weighted average cost of capital (WACC). The applied after-tax discount rate is 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 company's intangible or tangible assets.

NOTE 2 RISK

SENSITIVITY ANALYSIS

(unaudited in NOK million)	*Effect on income*
1% decrease in jet fuel price	8
1% depreciation of NOK against USD	-49
1% depreciation of NOK against EURO	-3

The sensitivity analysis reflects the effect on operating costs in 2020 by changes in market prices and exchange rates. The effect on operating costs is annualized based on the current level of production, fuel prices and exchange rates. Operational hedges are not included in the calculation of the sensitivity.

NOTE 3 REVENUE

Passenger revenue comprises only ticket revenue, while ancillary passenger revenue is other passenger related revenue such as optional extras. Other revenue consists of revenue not directly related to passengers such as cargo, third-party products, externally leased aircraft and other income. Passenger related revenue per country is based on the starting point of customer journeys. Freight related revenue is based on the starting point of freight services.

OPERATING REVENUE BY COUNTRY

(unaudited in NOK million)	H1 2020	H1 2019	*Change*	Full Year 2019
Norway	2,075.9	4,220.9	*-51 %*	8,643.8
Spain	1,065.3	2,630.8	*-60 %*	6,005.0
US	870.3	4,088.1	*-79 %*	8,313.4
UK	696.3	1,822.6	*-62 %*	4,458.1
Sweden	487.5	1,675.0	*-71 %*	3,430.4
Denmark	417.4	1,391.9	*-70 %*	2,976.6
Thailand	257.5	270.5	*-5 %*	422.8
France	226.2	823.9	*-73 %*	1,949.3
Finland	217.6	604.0	*-64 %*	1,206.0
Argentina	90.1	394.3	*-77 %*	729.6
Other	733.8	2,251.3	*-67 %*	5,386.9
Total operating revenue	7,137.8	20,173.4	*-65 %*	43,521.9
Total outside of Norway	5,061.9	15,952.5	*-68 %*	34,878.1

NOTE 4 SEGMENT INFORMATION

The Executive Management team reviews the company's internal reporting to assess performance and allocate resources. Executive Management has determined the operating segment on these reports.

Executive Management considers the business as one operational segment, which is low cost air passenger travel. The company's operating profit arises from airline-related activities and the only revenue generating asset of the company is its aircraft fleet, which is employed flexibly across the entire operation and irrespective of geographic location.

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

NOTE 5 INFORMATION ON RELATED PARTIES

For detailed information on related party transactions, please refer to Note 26 in the Annual Report for 2019. There have been no significant transactions with related parties during the first half of 2020 apart from recurring agreements such as described in the 2019 Annual Report. All transactions with related parties are considered priced on an arm's-length basis.

NOTE 6 TANGIBLE FIXED ASSETS

(unaudited in NOK million)	30 JUNE 2020	30 JUNE 2019	31 DEC 2019
Prepayment on aircraft	5,572.2	5,572.8	4,946.6
Owned aircraft, parts and installations on leased aircraft	27,996.6	30,047.6	27,392.0
Right of use assets aircraft and parts	33,949.5	32,952.0	33,245.4
Aircraft, parts and installations	61,946.2	62,999.6	60,637.4
Other fixed assets owned	447.3	474.2	461.6
Right of use assets other	308.6	361.3	333.0
Other fixed assets	755.9	835.5	794.5
Total tangible fixed assets	68,274.3	69,407.9	66,378.5
Total right of use assets	34,258.5	33,313.3	33,578.4

NOTE 7 BORROWINGS

(unaudited in NOK million)	30 JUNE 2020	30 JUNE 2019	31 DEC 2019
Bond issue	1,417.1	1,132.3	4,178.4
Loan with state guarantee	2,989.0	0.0	0.0
Aircraft prepayment financing	314.6	276.1	281.9
Aircraft financing	18,229.2	19,994.1	17,684.1
Lease liabilities	23,272.5	29,986.7	30,079.8
Other non-current debt	333.0	0.0	0.0
Non-current debt	46,555.4	51,389.2	52,224.2
Bond issue	0.0	2,339.4	249.2
Credit facility	0.0	1,236.0	0.0
Aircraft prepayment financing	639.7	832.4	578.6
Aircraft financing	3,244.1	3,047.2	3,761.8
Lease liabilities	2,222.7	3,848.1	4,194.5
Current debt	6,106.6	11,303.1	8,784.1
Total borrowings	52,661.9	62,692.3	61,008.3

Current aircraft financing includes financing on one aircraft agreed to be sold during the next twelve months of NOK 123 million. This amount will be covered by proceeds from aircraft sales, expected to generate a net positive cash flow of NOK 145 million. The aircraft is considered immediately ready for sale and presented as assets held for sale at the end of the first half of 2020.

NOTE 8 SHAREHOLDER INFORMATION

20 largest shareholders at 30 June 2020:

	Shareholder	Country	Number of shares	Per cent
1	AerCap Holdings N.V.	Ireland	487,931,515	14.9 %
2	BOC Aviation Limited	Singapore	389,053,742	11.9 %
3	MG Aviation Limited	British Virgin Isl.	335,936,365	10.3 %
4	Citibank - Custodian	United Kingdom	190,672,755	5.8 %
5	Chatsworth Aviation Ltd.	Ireland	168,787,395	5.2 %
6	DP Aircraft Ireland Ltd.	Ireland	154,189,712	4.7 %
7	Euroclear Bank - Custodian	Belgium	126,727,486	3.9 %
8	Avanza Bank AB	Sweden	97,702,014	3.0 %
9	Bank of New York Mellon SA/NV	Belgium	96,115,291	2.9 %
10	Nordnet Bank AB.	Norway	93,687,582	2.9 %
11	Clearstream Banking S.A.	Luxembourg	54,532,450	1.7 %
12	Svenska Handelsbanken AB	Sweden	50,246,494	1.5 %
13	UBS Financial Services, Inc.	United States	48,329,760	1.5 %
14	FPG Trust Co Ltd as trustee of FALT	Japan	38,928,515	1.2 %
15	UBS Switzerland AG	Switzerland	21,625,362	0.7 %
16	Saxo Bank A/S	Denmark	20,410,784	0.6 %
17	Jyske Bank A/S	Denmark	16,273,232	0.5 %
18	Nordea Bank AB (publ)	Sweden	13,970,924	0.4 %
19	Commerzbank AG - Custodian	Germany	13,707,640	0.4 %
20	Deutsche WertpapierService Bank AG	Germany	12,774,466	0.4 %
	Top 20 shareholders		2,431,603,484	74.4 %
	Other shareholders		834,943,621	25.6 %
	Total number of shares		3,266,547,105	100.0 %

The company issued 3,102,988,728 new shares during the first half of 2020.

In the larger restructuring completed in May 2020, 2,906,066,430 shares were issued in connection with the conversion of NOK 12.7 billion in debt to equity and a public offering of NOK 400 million.

During June 2020, a further 196,922,298 shares were issued for the conversion of further debt amounting to NOK 0.8 billion in USD convertible bonds, vendor debt and lease liabilities into equity.

Further information on the financial restructuring is provided in Note 9.

Norwegian Air Shuttle ASA had a total of 3,266,547,105 shares outstanding at 30 June 2020. There were 65,701 shareholders at the end of the first half of 2020.

NOTE 9 FINANCIAL RESTRUCTURING

Since the COVID-19 outbreak forced Norwegian into hibernation, a significant financial restructuring process has been ongoing, reaching several milestones during the first half of 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 15.3 billion, of which NOK 2.4 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 the first half of 2020 are presented in the table below:

(unaudited in NOK million)	Footnotes	Share and paid in capital	Income (loss)	Total equity
Bonds NAS07,NAS08 and NAS09	1	1,987.4	831.5	2,818.9
USD convertible bond	2	2,145.8	-1,261.6	884.2
Lease liabilities	3	8,188.0	1,741.0	9,929.0
Power by the hour (PBH)	4	0.0	1,020.9	1,020.9
Offering	5	400.0	0.0	400.0
Vendor conversion	6	295.1	121.5	416.6
Transaction costs	7	-61.1	-95.4	-156.5
TOTAL		12,955.1	2,357.9	15,313.1

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 its 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 corresponding to 77 percent of the total book value of the debt. 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 23.6 million were converted to equity before the end of the first half of 2020, with a principal amount of USD 10.9 million remaining at the end of the first half.

3) Norwegian agreed with its aircraft lessors to convert a total of approximately USD 860 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 its 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.

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 417 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.

The financial restructuring continued after the first half, with ongoing dialogue with several significant creditors aiming to reduce cash outflow from the company by agreeing deferrals of payments and / or converting further liabilities to equity. Further agreements reached from the end of the first half of 2020 until the date of this report is provided in Note 12 Events After the Reporting Date.

NOTE 10 QUARTERLY DATA

(unaudited in NOK million)	Q1 2020	Q2 2020	H1 2020
Passenger revenue	4,979.1	161.6	5,140.7
Ancillary passenger revenue	1,161.6	83.0	1,244.5
Other revenue	364.6	388.0	752.6
Total operating revenue	6,505.3	632.5	7,137.8
Personnel expenses	1,518.2	567.7	2,085.9
Aviation fuel	1,852.1	-2.5	1,849.5
Airport and ATC charges	611.3	16.2	627.5
Handling charges	814.7	196.4	1,011.1
Technical maintenance expenses	621.5	43.1	664.6
Other operating expenses	1,005.3	360.9	1,366.2
Other losses/(gains)	495.1	651.1	1,146.2
Total operating expenses excl lease, depr. and amort.	6,918.1	1,832.9	8,751.0
Operating profit excl lease, depr. and amort. (EBITDAR)	-412.8	-1,200.3	-1,613.2
Aircraft lease, depreciation and amortization	1,671.3	1,791.0	3,462.2
Operating profit (EBIT)	-2,084.1	-2,991.3	-5,075.4
Interest income	65.7	7.1	72.9
Interest expense	858.6	644.1	1,502.7
Other financial income (expense)	-396.9	2,118.2	1,721.3
Net financial items	-1,189.8	1,481.2	291.4
Profit (loss) from associated companies	-7.8	0.0	-7.8
Profit (loss) before tax (EBT)	-3,281.7	-1,510.1	-4,791.8

NOTE 11 CONTINGENCIES AND LEGAL CLAIMS

Norwegian disclosed comments in Note 27 to the Annual Financial Statements for 2019 concerning a reassessment from the Norwegian Tax Authorities pertaining to an EEC cross-border restructuring that took place in 2013 and 2014. The ruling indicates increased tax payable for the years in question with up to NOK 571 million, a reduction in prepaid taxes of NOK 166 million and interests estimated to a maximum of NOK 181 million up to 30 June 2020. The maximum potential cost increase would be NOK 918 million, with a corresponding reduction in equity. 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 EU 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. 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 first half of 2020.

In December 2019 and April 2020, Irish Revenue made an assessment for the period 2014 – 2018 and 2019, respectively of EUR 18.5 million and EUR 5.5 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 Interim Financial Statements for the first half of 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, 92 Boeing 737 MAX aircraft 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.

There are no other significant additions or changes to the information regarding contingencies or legal claims presented in Note 27 to the Annual Financial Statements for 2019.

NOTE 12 EVENTS AFTER THE REPORTING DATE

Subsequent to 30 June 2020, the financial restructuring work with the aim to strengthen the financial position of the company has continued.

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 17 July, 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 (ii) to convert approximately NOK 812 million in compromised outstanding claims into 190,988,375 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 20 July, Norwegian also announced conversion of overdue payables of approximately NOK 419.3 million to equity with the issue of 98,675,898 new shares.

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 6 August, Norwegian also 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.

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

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half of 2020 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the company's assets, liabilities, financial position and results of operation.

To the best of our knowledge, the interim report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major transactions with related parties.

Fornebu, 27 August 2020
The Board of Directors of Norwegian Air Shuttle ASA

/s/ Niels Smedegaard
Chair

/s/ Anton Joiner
Deputy Chair

/s/ Jaan Albrecht Binderberger
Director

/s/ Vibeke Hammer Madsen
Director

/s/ Ingrid Elvira Leisner
Director

/s/ Chris Browne
Director

/s/ Sondre Gravir
Director

/s/ Geir Olav Øien
Employee representative

/s/ Eric Holm
Employee representative

/s/ Katrine Gundersen
Employee representative

/s/Jacob Schram
CEO

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 definitions are consistent with those used in financial reports throughout 2019.

MEASURE	DESCRIPTION	REASON FOR INCLUDING
Operating profit (EBIT)	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
EBIT margin	EBIT divided by total operating revenue	Enables comparability of profitability relative to operating revenue
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 before ownership costs	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
EBITDAR margin	EBITDAR divided by total operating revenue	Enables comparability of profitability relative to operating revenue
Profit (loss) before tax (EBT)	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
EBT margin	EBT divided by total operating revenue	Enables comparability of profitability relative to operating revenue
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 and net gain or loss from sale of fixed assets	Included as a specification to operating expenses to separate certain volatile effects from other operating expenses
Operating expenses excl leasing, depreciation and amortization	Total operating expenses not including aircraft lease expense, depreciation, amortization and impairment	A measure of operating expenses that enables comparison between airlines as it is not affected by the method used to finance aircraft
Operating expenses excl depreciation and amortization	Total operating expenses not including depreciation, amortization and impairment	A measure of operating expenses that includes leasing but is not affected by depreciation and amortization

ALTERNATIVE PERFORMANCE MEASURES – RECONCILIATIONS

(unaudited in NOK million)	H1 2020	H1 2019	Full Year 2019
Operating profit (EBIT) to EBIT excl other losses/(gains)			
Operating profit (EBIT)	-5,075.4	-835.8	856.0
- Other losses/(gains)*	1,146.2	-675.6	-845.8
EBIT excl other losses/(gains)	-3,929.2	-1,511.4	10.2
EBITDAR to EBITDAR excl other losses/(gains)			
EBITDAR	-1,613.2	2,297.2	7,313.5
- Other losses/(gains)*	1,146.2	-675.6	-845.8
EBITDAR excl other losses/(gains)	-467.0	1,621.6	6,467.7

**Other losses /(gains) is defined in table above and is a part of operating expenses, see consolidated income statement.*

OTHER DEFINITIONS

ITEM	DESCRIPTION
Aircraft lease expenses	Lease and rental expenses on aircraft including both dry leases and wet leases
Ancillary revenue per passenger	Ancillary passenger revenue divided by number of passengers
ASK / Production	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
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. 2019 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
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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BOARD OF DIRECTORS

Niels Smedegaard	Chair
Anton Joiner	Deputy Chair
Jaan Albrecht Binderberger	Director
Vibeke Hammer Madsen	Director
Ingrid Elvira Leisner	Director
Chris Browne	Director
Sondre Gravir	Director
Geir Olav Øien	Director, employee representative
Eric Holm	Director, employee representative
Katrine Gundersen	Director, employee representative

GROUP MANAGEMENT

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

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FINANCIAL CALENDAR 2020

JULY	AUGUST	SEPTEMBER
6 Traffic data (Jun)	6 Traffic data (Jul) 28 H1 financial report	4 Traffic data (Aug)

OCTOBER	NOVEMBER	DECEMBER
6 Traffic data (Sep) 29 Q3 results	5 Traffic data (Oct)	4 Traffic data (Nov)