



To the Shareholders' Meeting of Norwegian Air Shuttle ASA

Report on share capital increase by conversion of debt in Norwegian Air Shuttle ASA

Innledning

As independent experts and on instructions from the Board of Directors in Norwegian Air Shuttle ASA ("Norwegian"), we report in accordance with the Norwegian Public Limited Liability Companies Act section 10-2, cf. section 2-6. This report concerns the board's proposal for a private placing by way of conversion of bond debt to shares, and the board's proposal for a private placing by way of conversion of lease debt to shares.

These share capital increases are part of the ongoing restructuring of Norwegian. Norwegian needs to increase its equity in order to make use of the state guarantee scheme approved by Stortinget (the Norwegian Parliament) on 21 March 2020. In this regard, it has been put forward that the owners of Norwegian's 4 bond loans shall be able to settle their contribution of share capital in Norwegian by set-off.

Further, it has been put forward that parts of the lease debt of the group be converted to shares in Norwegian, by way of the respective lessors settling their contribution of share capital in Norwegian by set-off. The lease debt is currently an obligation of certain subsidiaries within the Norwegian group. The amount of lease debt to be converted to share capital, which may amount to the total lease debt of NOK 38,822,773,156 per 31 March 2020, will be transferred from the subsidiaries to Norwegian prior to set-off. Following such transfer, the original lessors (i.e. Norwegian's subsidiaries) will have a corresponding debt to Norwegian. The lease debt not transferred to Norwegian will remain between the original lessors and lessees.

The Board of Directors' responsibility

The Board is responsible for the information on which this Report is based, and on the valuations based on which the share consideration has been determined.

The independent expert's responsibility

Our responsibility is to prepare a report in connection with the Shareholders' Meeting's decision that the bond owners of the bond loans (ISIN NO 001 0753437, ISIN NO 001 0783459, ISIN NO 001 0809940 and ISIN NO 001 0868284) and the lessors are allowed to settle their contribution of shares in Norwegian by converting debt, and to give an opinion on whether the debt to be converted at least equals the consideration.

The remaining report is divided into two parts. The first part is a description of the debt to be converted. The second part is our opinion on whether the value of the debt to be converted at least equals the consideration.

Part 1: Information about the debt

Norwegian has put forward that the following 4 bond loans are set-off, wholly or in part, and converted to shares in Norwegian:

- EUR 250 000 000 senior secured bond loan ISIN NO 001 0753437 («NAS07»)
- SEK 963 500 000 senior secured bond loan ISIN NO 001 0783459 («NAS08»)
- NOK 250 000 000 senior secured bond loan ISIN NO 0809940 («NAS09»)
- USD 150 000 000 senior unsecured bond loan ISIN 001 0868284 («CB»)

The aggregate bond debt outstanding, including accrued interest, amounts to NOK 5,679,137,200 based on the Norwegian Central Bank's exchange rates as published on 6 April 2020. In addition, parts of the aggregate lease debt in the Norwegian group will be converted to shares. The aggregate lease debt per 31 March 2020 amounts to NOK 38,822,773,156 based on the Norwegian Central Bank's exchange rates as published on 6 April 2020.

The debt has been incurred in connection with Norwegian's aviation operations, and is mainly related to financing, procurement and operation of aircrafts.

The Board proposes that a total number of new shares in Norwegian in the range of 1 to 56,791,372,000 is issued based on conversion of bonds to shares, and correspondingly that a total number of new shares in Norwegian in the range of 1 to 388,227,731,560 is issued based on conversion of lease debt to shares, each with a nominal value of NOK 0.10. For each share a minimum of NOK 0.10 and maximum of NOK 20.00 shall be contributed, of which NOK 0.10 will constitute share capital with the remaining amount per share constituting share premium. Prior to the debt conversion, Norwegian has incurred an irrevocable payment obligation which will be settled by way of the debt conversion, the value of which at least equals the consideration.

Part 2: The independent expert's report

We conducted our review and issue our statement in accordance with the Norwegian standard SA 3802-1 "The auditor's statements and reports pursuant to Norwegian company legislation". The standard requires that we plan and perform our review to obtain reasonable assurance for the fact that the value of the debt to be taken over by Norwegian at least equals the agreed consideration, and that the debt to be converted is a real payment commitment.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion

In our opinion, the bond debt and the lease debt to be converted on 6 April 2020 has a value at least equaling the agreed consideration of shares in Norwegian, including the nominal amount and any share premium on the shares that are issued.

Oslo, 6 April 2020

KWC AS

Simen Weiby
State Authorized Public Accountant (Norway)

The translation to English has been prepared for information purposes only.