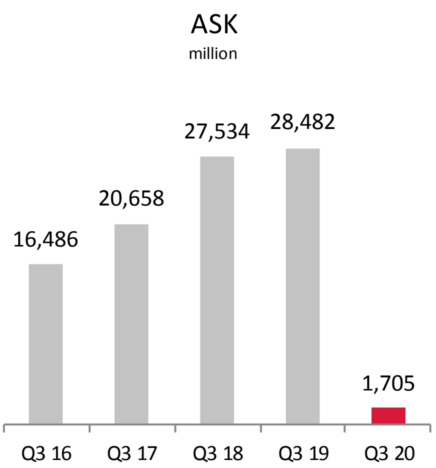
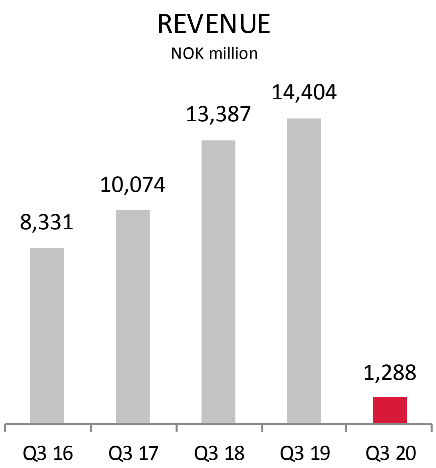
Q3 2020

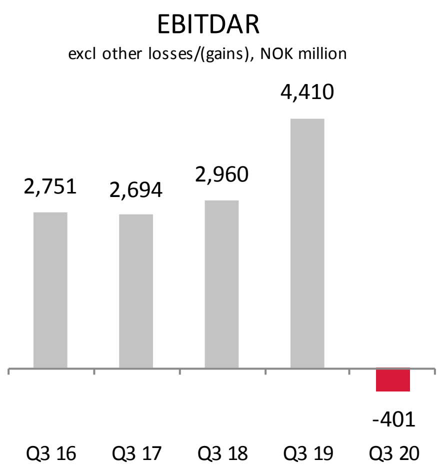
Norwegian Air Shuttle ASA

Third quarter 2020 financial report

- Operating expenses excl other losses /(gains), depreciation and lease reduced by 83 % yoy
- EBITDAR excl other gains/losses negative by NOK 0.4 billion (vs positive NOK 4.4 billion last year)
- Operated up to 25 aircraft in Q3, mainly in domestic Norway
- 1 million flown passengers in Q3 2020 (reduced by 91 % yoy) and 60.6 % load factor
- Conversion of debt to equity has added an additional NOK 2.9 billion to equity in Q3, with a total of NOK 18.2 billion year to date







Norwegian third quarter results heavily impacted by COVID-19 – net loss of NOK 980 million and 91 per cent reduction in customers year on year

Norwegian today reported its third quarter 2020 results. As anticipated, these were heavily impacted by the COVID-19 pandemic with a net loss of NOK 980 million. Norwegian carried approximately one million customers, a decrease of 91 per cent compared to the same period last year showing a slight improvement on the previous Q2 decrease of 99 per cent. Norwegian continued to successfully convert debt and implement a series of cost-reduction measures throughout the third quarter.

Demand was severely affected by changing travel restrictions and a secondary wave of reported COVID-19 infections across our key markets which led to fluctuating and decreasing demand. Approximately 25 short haul aircraft were operational during the third quarter out of a current total fleet of 140. A significant financial restructuring process has been ongoing since the pandemic hit, reaching several new milestones during the third quarter of 2020. Further conversion of lease liabilities and vendor debt to equity as well as the power-by-the-hour arrangements had a combined positive equity effect of NOK 2.9 billion in the quarter. Year to date, the restructuring improved equity by NOK 18.2 billion.

Jacob Schram, CEO of Norwegian, said: "*Our third quarter results clearly show that the effects of the global COVID-19 pandemic continue to heavily impact our operations and financial position. Changing government travel advice and further restrictions as a result of a second wave of infections seen in many countries have further contributed to a decrease in customer confidence and certain routes becoming once again unviable leading us to rapidly adapt our network. We continue to work tirelessly to make sure that we can emerge from this crisis as a stronger company, well-positioned for future competition and thank our creditors, bondholders and shareholders who have shown us strong support throughout.*"

During the third quarter, approximately one million customers travelled with Norwegian, compared with 10.53 million during the same period previous year. Production (ASK) was down 94 per cent and passenger traffic (RPK) decreased by 96 per cent. The load factor was 60.6 per cent, a decrease of 30.6 percentage points compared to the third quarter of 2019.

Punctuality, share of flights departing on schedule, was 97.4 percent in the third quarter of 2020, increased by 22.7 percentage points compared to 74.7 percent in the third quarter of 2019

COVID-19 continues to cause uncertainty going forward

Norwegian has continued to mitigate 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. Norwegian has undergone a revitalization of the company's organizational structure, strategy, business plans and top management levels in order to emerge from the COVID-19 pandemic as a more competitive and profitable airline. 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.

"*I am very proud of the immense challenges that colleagues from across the airline have overcome to reduce our immediate and long-term costs, rebalance our debt and continuously adjust our network to reflect the changes in passenger demand and evolving travel restrictions. Together we have demonstrated the continued spirit of our Red Nose Warriors that can be found at every level within our company in the face of the deepest crisis that our industry has ever seen. But this alone is not enough, this crisis is far from over and as we enter the traditionally more difficult winter trading environment it is crucial that the Norwegian aviation industry receive further support if we are going to survive and get through this unprecedented situation and emerge ready to support the economic recovery of the Nordics from 2021 onwards,*" said Schram.

Norwegian Government declines further financial support to Norwegian

On November 9, the government of Norway announced that they declined further financial support. This announcement, combined with newly imposed strict COVID-19 measures, leaves the company in a challenging situation. The company is currently evaluating the effects of the current situation with an aim to safeguard the interest of all stakeholders.

CONSOLIDATED FINANCIAL KEY FIGURES

(unaudited in NOK million)	Q3 2020	Q3 2019	*Change*	YTD 2020	YTD 2019	*Change*	Full Year 2019
Operating revenue	1,288.1	14,404.1	*-91 %*	8,425.9	34,577.5	*-76 %*	43,521.9
EBITDAR	-1,263.1	4,659.5	*NM*	-2,876.3	6,956.7	*NM*	7,313.5
EBITDAR excl other losses/(gains)	-401.4	4,409.7	*NM*	-868.4	6,031.3	*NM*	6,467.7
Operating profit (EBIT)	-2,812.6	2,969.8	*NM*	-7,888.0	2,134.0	*NM*	856.0
EBIT excl other losses/(gains)	-1,950.9	2,720.0	*NM*	-5,880.1	1,208.5	*NM*	10.2
Profit (loss) before tax (EBT)	-980.5	2,202.7	*NM*	-5,772.3	336.6	*NM*	-1,687.6
Net profit (loss)	-979.6	1,670.3	*NM*	-6,412.3	263.7	*NM*	-1,609.1
EBITDAR margin	-98.1 %	32.3 %		-34.1 %	20.1 %		16.8 %
EBIT margin	-218.4 %	20.6 %		-93.6 %	6.2 %		2.0 %
EBT margin	-76.1 %	15.3 %		-68.5 %	1.0 %		-3.9 %
Net profit margin	-76.1 %	11.6 %		-76.1 %	0.8 %		-3.7 %
Book equity per share (NOK)				3.1	38.5	*-92 %*	25.2
Equity ratio (%)				14.3 %	5.7 %	*8.6 pp*	4.8 %
Cash and cash equivalents				3,402.3	2,933.9	*16 %*	3,095.6
Net interest-bearing debt				48,523.3	61,716.2	*-21 %*	58,282.0

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

(unaudited ratios in NOK)	Q3 2020	Q3 2019	*Change*	YTD 2020	YTD 2019	*Change*	Full Year 2019
Yield	0.88	0.46	*92 %*	0.46	0.41	*12 %*	0.41
Unit revenue	0.53	0.42	*28 %*	0.35	0.35	*-1 %*	0.35
Unit cost	1.90	0.41	*363 %*	0.83	0.42	*97 %*	0.44
Unit cost excl fuel	1.80	0.28	*536 %*	0.71	0.30	*140 %*	0.31
Ancillary revenue per passenger	207	196	*5 %*	230	184	*25 %*	184
Share of sale own channels	86 %	80 %	*6 pp*	83 %	81 %	*2 pp*	81 %
ASK (million)	1,705	28,482	*-94 %*	17,229	79,013	*-78 %*	100,031
RPK (million)	1,034	25,968	*-96 %*	13,188	68,781	*-81 %*	86,616
Passengers (million)	0.99	10.53	*-91 %*	6.30	28.62	*-78 %*	36.20
Load factor	60.6 %	91.2 %	*-30.6 pp*	76.4 %	87.1 %	*-10.7 pp*	86.6 %
Average sector length (km)	881	1,950	*-55 %*	1,489	1,896	*-21 %*	1,876
Fuel consumption (1,000 mt)	34	570	*-94 %*	342	1,518	*-77 %*	1,918
CO_2 per RPK	103	69	*49 %*	82	70	*17 %*	70

** Year-to-date ASK and load factor are adjusted for blocked mid seats following regulation in the domestic market in Norway in the second quarter of 2020.*

TRAFFIC DEVELOPMENT

Traffic figures are severely affected by the COVID-19 pandemic, with travel restrictions and decreasing demand forcing the company to significantly reduce operations. 0.99 million passengers traveled with Norwegian in the third quarter of 2020, compared to 10.53 million in the third quarter of 2019. Production (ASK) decreased by 94 percent and passenger traffic (RPK) decreased by 96 percent. The load factor was 60.6 percent, a decrease of 30.6 p.p. compared to the third quarter of 2019.

At the end of the third quarter 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 third quarter of 2020. Approximately 25 aircraft were operational during the third quarter due to travel restrictions and lower demand. The company utilized every operational aircraft on average 8.3 block hours per day, compared to 13.2 in the third quarter of 2019.

OPERATING PERFORMANCE

Punctuality, share of flights departing on schedule, was 97.4 percent in the third quarter of 2020, increased by 22.7 percentage points from 74.7 percent in the third quarter of 2019.

Regularity, share of scheduled flights taking place, was 99.6 percent in the third quarter of 2020, compared to 99.3 percent in the same period 2019.

FINANCIAL REVIEW

These interim financial statements for the third quarter of 2020 are heavily affected by the COVID-19 outbreak, including the abrupt drop in demand and reduced production and significant effects from the financial restructuring process.

For the third quarter of 2020, production (ASK) was reduced by 94 percent compared to the same quarter last year.

EBITDAR excl other losses/(gains) was negative NOK 401 million in the third quarter of 2020 (positive 4,410). Other losses/(gains) amounted to a net loss of NOK 862 million in the third quarter of 2020, compared to a net gain of NOK 250 million in the same period in 2019. Other losses /(gains) includes restructuring costs of NOK 1,085 million, currency gains on working capital of NOK 142 million and fuel hedge gains of NOK 80 million.

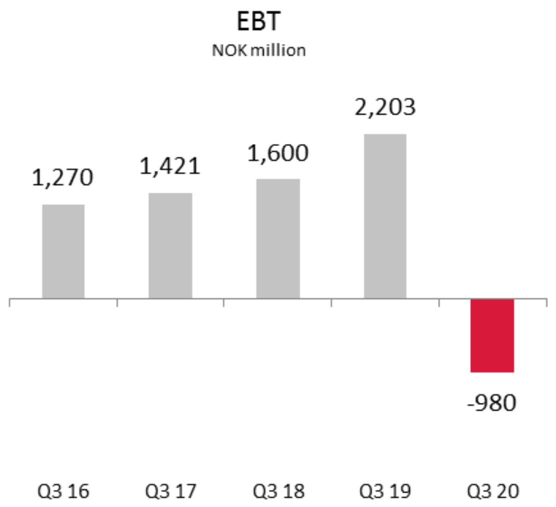
Operating profit (EBIT) for the third quarter of 2020 was negative by NOK 2,813 million (positive 2,970). EBIT excluding other losses/(gains) was negative NOK 1,951 million (positive 2,720). Loss before tax (EBT) was negative NOK 980 million (profit 2,203) in the third quarter of 2020.

Included in net finance items are gains following the financial restructuring of NOK 2.6 billion.

FINANCIAL RESTRUCTURING

Since the COVID-19 outbreak forced Norwegian into hibernation, a significant financial restructuring process has been ongoing, reaching several new milestones during the third quarter of 2020. Further conversion of lease liabilities and vendor debt to equity as well as the power-by-the-hour arrangements had a combined positive equity effect of NOK 2.9 billion in the quarter. Year to date, the restructuring improved equity by NOK 18.2 billion, of which NOK 4.9 billion recognized in the income statement.

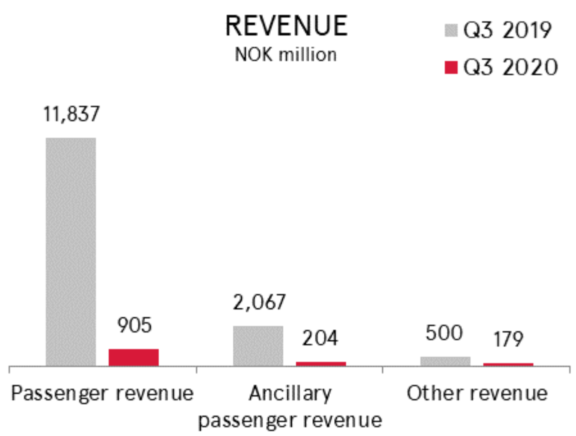
The total equity increase, including zero-coupon perpetual bonds classified as equity, was NOK 3.8 billion following bond debt conversion, NOK 12.5 billion following conversion of lease liabilities into equity, NOK 0.4 billion from the public offering and NOK 1.7 billion from vendor debt converted into equity. Refer to Note 9 for further information.



REVENUE

Total revenue in the third quarter of 2020 was NOK 1,288 million (14,404), a decrease of 91 percent. Unit revenue increased by 28 percent following a yield increase of 92 percent and a decreased load factor by 30.6 percentage points. Average sector length decreased by 55 percent.

Passenger revenue was NOK 905 million (11,837). Ancillary passenger revenue was NOK 204 million (2,067) in the third quarter of 2020, and ancillary revenue per passenger increased by 5 percent to NOK 207 (196). Other revenue of NOK 179 million (500) includes cargo revenue of NOK 6 million (172), 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 74 percent to NOK 2,551 million (9,745) in the third quarter of 2020. Adjusted for other losses/(gains) the decrease was 83 percent from 2019. Operating expenses decreased mainly due to the 94 percent reduction in production compared to the third quarter of 2019 and the company's efforts to reduce costs during the COVID-19 pandemic.

Unit costs are negatively affected by the dramatic decrease in production following the COVID-19 outbreak. Unit cost was NOK 1.90, compared to 0.41 in the third quarter 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 as well as specific restructuring effects. Net losses in the third quarter of 2020 amounted to NOK 862 million and include restructuring costs of NOK 1,085 million, currency gains on working capital of NOK 142 million and fuel hedge gains of NOK 80 million.

FINANCIAL ITEMS

Net financial items were positive by NOK 1,832 million (negative by 800) in the third quarter of 2020. Interest expenses include NOK 368 million (443) in interest expense on lease liabilities recognized according to IFRS 16. Interest on prepayments of NOK 3 million (46) was capitalized during the third quarter of 2020. Other financial income (expenses) includes net currency losses of NOK 196 million in the third quarter of 2020, compared to net currency gains of NOK 46 million in the third quarter 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 90 million during the third quarter of 2020.

Financial restructuring carried out had a positive effect on net financial items by NOK 2,546 million in the third quarter of 2020 and NOK 4,904 million year to date. 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 8.0 percent in the first nine months of 2020.

The company sold ten Boeing 737 aircraft during the first nine months 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 nine months of 2020. The company did not take any new deliveries during the period.

Net interest-bearing debt at the end of the third quarter of 2020 was NOK 48,523 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 25,166 million. At the end of the third quarter of 2020, the equity ratio was 14.3 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 nine months of 2020. The total effect on equity following the financial restructuring is NOK 18.2 billion, including NOK 4.9 billion recognized as Other financial income in the Income Statement.

Total non-current assets amount to NOK 68,291 million at the end of the third quarter of 2020, compared to NOK 70,734 million at the end of 2019. There were no significant new investments during the first nine months of 2020, while ten Boeing 737-800s were sold, five of which classified as held-for-sale assets at the end of 2019. Intangible assets amounted to NOK 2,203 million at the end of the third quarter of 2020, compared to NOK 2,871 million at the end of 2019, including deferred tax assets of NOK 1,997 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 during the first nine months 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 9,660 million at the end of the third quarter of 2020, compared to NOK 14,609 million at the end of 2019. Current assets include assets held for sale of NOK 262 million (1,205) related to one (five) 737-800s that was immediately available for sale at the end of the third quarter of 2020. Receivables have decreased by NOK 4,268 million during the first nine months of 2020, driven by reduced receivables with acquirers following refunds to customers and reduced sales. Cash and cash equivalents have increased by NOK 307 million year to date, ending at NOK 3,402 million.

Total non-current liabilities were NOK 50,756 million at the end of the third quarter of 2020, compared to NOK 57,192 million at the end of 2019. Non-current debt has decreased by NOK 5,982 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 454 million.

Total current liabilities amounted to NOK 16,085 million at the end of the third quarter of 2020, compared to NOK 24,026 million at the end of 2019. Air traffic settlement liabilities decreased by NOK 5,280 million from end of 2019 due to reduced production and reimbursements to customers on cancelled flights. Current debt decreased by NOK 3,101 million during the first nine months of 2020 following the financial restructuring. The most significant effects are decreased short-term lease liabilities following conversion of debt to equity and power-by-the-hour arrangements. Ten 737-800 aircraft were sold, with settlement of the corresponding debt. Other current liabilities increased by NOK 440 million from the end of 2019, including an increase in outstanding cash point balances by NOK 1,493 million and unrealized negative fuel hedge positions of NOK 241 million, offset by lower operational current liabilities due to reduced production.

Equity at the end of the third quarter of 2020 was NOK 11,110 million compared to NOK 4,125 million at the end of 2019. Equity increased by NOK 13.3 billion following the financial restructuring including debt conversion and the public offering in addition to exchange rate gains from subsidiaries of NOK 126 million, offset by a year-to-date loss of NOK 6,412 million. Other effects amounted to positive NOK 2 million.

CASH FLOW

Cash and cash equivalents were NOK 3,402 million at the end of the third quarter of 2020 compared to NOK 3,096 million at the end of 2019.

Cash flow from operating activities in the third quarter of 2020 amounted to negative NOK 1,291 million compared to positive NOK 2,139 million in the third quarter of 2019. Air traffic settlement liabilities decreased by NOK 1,843 million (4,613) while receivables decreased by NOK 1,504 million (1,386) during the third quarter of 2020. Other adjustments amounted to negative NOK 1,503 million (positive 1,512) during the third quarter 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 third quarter of 2020 was negative NOK 78 million, compared to positive NOK 2,776 million in the third quarter of 2019.

Cash flow from financing activities in the third quarter of 2020 was negative by NOK 160 million compared to negative NOK 3,682 million in the third quarter of 2019. Principal repayments were NOK 158 million.

RISK AND UNCERTAINTIES

COVID-19 AND GOING CONCERN

The company has been severely impacted by the current outbreak of the coronavirus disease (COVID-19). In a very short time period, the company has lost most of its revenues. This has adversely and materially affected the company'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 its financial position. 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 18.2 billion during the first nine months 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 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 its 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 nine months 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 restructuring of the company's debt, 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.

On November 9, the government of Norway announced that they declined further financial support. This announcement, combined with newly imposed strict COVID-19 measures, leaves the company in an even more challenging situation. The company is currently evaluating the effects of the current situation with an aim to safeguard the interest of all stakeholders.

Nevertheless, considering the uncertainties and recent developments described above, the directors have concluded that there are realistic alternatives for the company to continue in operational existence. For this reason, 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 is monitoring developments closely and has contingency measures in place should a deal not be agreed.

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 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.

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 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. Due to the uncertain situation, the company has withdrawn its previous financial guiding. 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 was carefully ramped up to approximately 25 short-haul aircraft in the third quarter of 2020.

Following the announcement on 9 November by the government in Norway to decline further financial support while simultaneously imposing travel restrictions, the company decided to furlough additional employees and reduce capacity considerably to only six aircraft in operation.

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.

The company aims to gradually ramp up production through 2021, with a steady further recovery to normalized levels 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. Such assumptions are uncertain and subject to change as the virus situation is continuously developing worldwide.

Norwegian is dependent on additional working capital in order to continue operating through the first quarter of 2021 and beyond. Refer to the Risk and Uncertainties section for further information.

Fornebu, 9 November 2020

Board of Directors
Norwegian Air Shuttle ASA

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(unaudited in NOK million)	*Note*	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full Year 2019
Passenger revenue		904.7	11,837.2	6,045.4	28,036.9	35,216.3
Ancillary passenger revenue		204.3	2,067.4	1,448.8	5,276.1	6,651.5
Other revenue		179.1	499.5	931.7	1,264.5	1,654.1
Total operating revenue		1,288.1	14,404.1	8,425.9	34,577.5	43,521.9
Personnel expenses		374.5	1,700.0	2,460.4	5,122.5	6,817.5
Aviation fuel		162.0	3,600.6	2,011.5	9,885.3	12,607.1
Airport and ATC charges		107.9	1,197.0	735.4	3,198.9	4,140.3
Handling charges		327.1	1,579.7	1,338.2	4,142.0	5,260.2
Technical maintenance expenses		497.7	747.6	1,162.3	2,570.4	3,379.2
Other operating expenses		220.4	1,169.6	1,586.6	3,627.2	4,849.9
Other losses/(gains)		861.7	-249.9	2,007.8	-925.5	-845.8
Total operating expenses excl lease, depr. and amort.		2,551.2	9,744.6	11,302.2	27,620.8	36,208.5
Operating profit excl lease, depr. and amort. (EBITDAR)		-1,263.1	4,659.5	-2,876.3	6,956.7	7,313.5
Aircraft lease, depreciation and amortization		1,549.4	1,689.7	5,011.7	4,822.7	6,457.5
Operating profit (EBIT)		-2,812.6	2,969.8	-7,888.0	2,134.0	856.0
Interest income		19.8	77.2	92.7	161.9	204.5
Interest expense		652.6	801.6	2,155.3	2,296.3	3,074.8
Other financial income (expense)	*9*	2,464.9	-75.7	4,186.1	265.0	340.3
Net financial items		1,832.1	-800.1	2,123.5	-1,869.5	-2,530.0
Profit (loss) from associated companies		0.0	32.9	-7.8	72.1	-13.6
Profit (loss) before tax (EBT)		-980.5	2,202.7	-5,772.3	336.6	-1,687.6
Income tax expense (income)		-0.9	532.4	640.0	72.8	-78.5
Net profit (loss)		-979.6	1,670.3	-6,412.3	263.7	-1,609.1
Net profit (loss) attributable to:						
Owners of the parent company		-1,020.1	1,671.3	-6,423.4	259.7	-1,615.4
Non-controlling interests		40.5	-1.0	11.1	4.0	6.2
Basic earnings per share (NOK)		-0.3	12.3	-3.7	2.1	-12.6
Diluted earnings per share (NOK)		-0.3	12.1	-3.7	1.9	-12.6
Number of shares at the end of the period		3,639,709,148	136,308,377	3,639,709,148	136,308,377	163,558,377
Average number of shares outstanding		3,544,335,176	136,308,377	1,754,129,259	121,504,961	127,901,823
Number of diluted shares at the end of the period		4,426,915,331	137,838,377	4,426,915,331	137,838,377	193,240,377

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(unaudited in NOK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full Year 2019
Net profit (loss) for the period	-979.6	1,670.3	-6,412.3	263.7	-1,609.1
Actuarial gains and losses	0.0	0.0	0.0	0.0	-42.3
Exchange rate differences	-468.2	498.0	126.0	361.4	94.6
Fair value adjustments through OCI	0.0	181.8	0.0	2.7	-7.8
Other	2.0	0.6	7.5	-22.0	-20.5
Total comprehensive income for the period	-1,445.9	2,350.7	-6,278.8	605.8	-1,585.0
Total comprehensive income attributable to:					
Owners of the company	-1,486.4	2,351.7	-6,295.4	601.3	-1,591.5
Non-controlling interests	40.5	-1.0	16.6	4.5	6.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(unaudited in NOK million)	*Note*	30 SEP 2020	30 SEP 2019	31 DEC 2019
ASSETS				
Intangible assets		2,202.8	2,821.3	2,870.6
Tangible fixed assets	*6*	65,008.7	71,936.9	66,378.5
Fixed asset investments		1,079.8	1,410.2	1,485.0
Total non-current assets		68,291.3	76,168.4	70,734.2
Assets held for sale		261.8	0.0	1,204.5
Inventory		131.2	188.6	175.7
Investments		0.0	957.5	0.0
Receivables		5,864.9	11,296.6	10,132.9
Cash and cash equivalents		3,402.3	2,933.9	3,095.6
Total current assets		9,660.2	15,376.6	14,608.7
TOTAL ASSETS		77,951.4	91,545.1	85,342.9
EQUITY AND LIABILITIES				
Shareholder's equity	*8,9*	11,110.2	5,226.8	4,101.1
Non-controlling interests		0.0	21.8	23.8
Total equity		11,110.2	5,248.6	4,124.9
Non-current debt	*7*	46,242.3	56,485.0	52,224.2
Other non-current liabilities		4,513.8	4,741.5	4,967.5
Total non-current liabilities		50,756.0	61,226.5	57,191.7
Air traffic settlement liabilities		826.1	6,759.2	6,106.5
Current debt	*7*	5,683.4	8,165.1	8,784.1
Other current liabilities		9,575.8	10,145.7	9,135.6
Total current liabilities		16,085.2	25,070.0	24,026.2
Total liabilities		66,841.3	86,296.5	81,217.9
TOTAL EQUITY AND LIABILITIES		77,951.4	91,545.1	85,342.9

CONSOLIDATED STATEMENT OF CASH FLOW

(unaudited in NOK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full Year 2019
Profit before tax	-980.5	2,202.7	-5,772.3	336.6	-1,687.6
Paid taxes	0.0	-8.5	-6.1	-20.5	-38.3
Depreciation, amortization and impairment	1,531.1	1,660.4	4,827.2	4,782.6	6,457.5
Changes in air traffic settlement liabilities	-1,843.1	-4,613.4	-5,280.4	-148.1	-800.8
Changes in receivables	1,503.8	1,386.0	4,588.6	-4,544.0	-3,380.3
Other adjustments	-1,502.8	1,511.9	960.8	2,660.7	2,487.3
Net cash flows from operating activities	-1,291.4	2,139.2	-682.2	3,067.3	3,037.8
Purchases, proceeds and prepayment of tangible assets	-14.2	1,016.9	2,760.2	4,580.4	6,039.1
Other investing activities	-63.8	1,759.5	-76.5	1,792.3	2,293.3
Net cash flows from investing activities	-78.0	2,776.4	2,683.7	6,372.7	8,332.4
Loan proceeds	0.0	0.1	3,290.5	532.0	2,408.2
Principal repayments	-158.2	-2,788.0	-4,821.7	-9,402.9	-13,217.7
Financing costs paid	-2.1	-894.0	-383.8	-2,438.1	-3,344.6
Proceeds from issuing new shares	0.0	0.0	328.4	2,907.2	3,961.0
Net cash flows from financing activities	-160.3	-3,681.9	-1,586.6	-8,401.8	-10,193.0
Foreign exchange effect on cash	-43.3	12.0	-108.3	-25.9	-3.3
Net change in cash and cash equivalents	-1,573.1	1,245.7	306.7	1,012.2	1,173.9
Cash and cash equivalents at beginning of period	4,975.4	1,688.3	3,095.6	1,921.7	1,921.7
Cash and cash equivalents at end of period	3,402.3	2,933.9	3,402.3	2,933.9	3,095.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(unaudited in NOK million)	YTD 2020	YTD 2019	Full Year 2019
Equity - Beginning of period	4,124.9	1,704.4	1,704.4
Total comprehensive income for the period	-6,278.8	605.8	-1,585.0
Share issue	11,498.8	2,927.4	3,989.1
Transactions with non-controlling interests	-11.5	0.0	0.0
Perpetual bonds issue	1,771.0	0.0	0.0
Equity change on employee options	5.8	10.9	16.4
Equity - End of period	11,110.2	5,248.6	4,124.9

NOTES TO THE CONDENSED 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 company’s debt and equity capital, weighted accordingly to reflect its capital structure, gives the company’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	-47
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)	Q3 2020	Q3 2019	*Change*	YTD 2020	YTD 2019	*Change*	Full Year 2019
Norway	814.1	2,501.5	*-67 %*	2,890.0	6,722.4	*-57 %*	8,643.8
Spain	104.4	2,116.7	*-95 %*	1,169.7	4,747.5	*-75 %*	6,005.0
US	0.0	2,704.3	*-100 %*	870.3	6,792.4	*-87 %*	8,313.4
UK	12.7	1,583.4	*-99 %*	709.0	3,406.1	*-79 %*	4,458.1
Sweden	72.0	983.0	*-93 %*	559.6	2,658.0	*-79 %*	3,430.4
Denmark	87.6	955.3	*-91 %*	505.0	2,347.2	*-78 %*	2,976.6
France	24.8	778.8	*-97 %*	251.0	1,602.7	*-84 %*	1,949.3
Thailand	0.0	47.9	*-100 %*	257.5	318.4	*-19 %*	422.8
Finland	2.1	292.9	*-99 %*	219.6	896.8	*-76 %*	1,206.0
Argentina	0.0	229.0	*-100 %*	90.1	623.3	*-86 %*	740.5
Other	170.3	2,211.3	*-92 %*	904.1	4,462.7	*-80 %*	5,376.0
Total operating revenue	1,288.1	14,404.1	*-91 %*	8,425.9	34,577.5	*-76 %*	43,521.9
Total outside of Norway	473.9	11,902.6	*-96 %*	5,535.9	27,855.1	*-80 %*	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 third quarter 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 SEP 2020	30 SEP 2019	31 DEC 2019
Prepayment on aircraft	5,271.4	4,667.9	4,946.6
Owned aircraft, parts and installations on leased aircraft	27,044.1	31,264.5	27,392.0
Right of use assets aircraft and parts	31,962.0	35,180.0	33,245.4
Aircraft, parts and installations	59,006.1	66,444.6	60,637.4
Other fixed assets owned	436.7	475.1	461.6
Right of use assets other	294.5	349.3	333.0
Other fixed assets	731.2	824.4	794.5
Total tangible fixed assets	65,008.7	71,936.9	66,378.5
Total right of use assets	32,257.4	35,529.3	33,578.4

NOTE 7 BORROWINGS

(unaudited in NOK million)	30 SEP 2020	30 SEP 2019	31 DEC 2019
Bond issue	1,572.3	3,480.7	4,178.4
Loan with state guarantee	2,989.0	0.0	0.0
Aircraft prepayment financing	307.3	294.5	281.9
Aircraft financing	17,657.2	20,492.6	17,684.1
Lease liabilities	23,383.5	32,217.2	30,079.8
Other non-current debt	333.0	0.0	0.0
Non-current debt	46,242.3	56,485.0	52,224.2
Bond issue	0.0	0.0	249.2
Credit facility	0.0	950.0	0.0
Aircraft prepayment financing	416.0	98.5	578.6
Aircraft financing	3,484.4	2,905.1	3,761.8
Lease liabilities	1,782.9	4,211.5	4,194.5
Current debt	5,683.4	8,165.1	8,784.1
Total borrowings	51,925.6	64,650.1	61,008.3

Current aircraft financing includes financing on one aircraft agreed to be sold during the next twelve months of NOK 127 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 third quarter of 2020.

NOTE 8 SHAREHOLDER INFORMATION

20 largest shareholders at 30 September 2020:

	Shareholder	Country	Number of shares	Per cent
1	AerCap Holdings N.V.	Ireland	487,915,559	13.4 %
2	BOC Aviation Limited	Singapore	363,970,734	10.0 %
3	MG Aviation Limited	United Kingdom	325,745,003	8.9 %
4	OSM Aviation Group	Cyprus	178,122,029	4.9 %
5	Chatsworth Aviation Ltd.	Ireland	168,787,395	4.6 %
6	Avanza Bank AB	Sweden	168,773,058	4.6 %
7	DP Aircraft Ireland Limited	Ireland	154,189,712	4.2 %
8	Nordnet Bank AB.	Norway	128,241,006	3.5 %
9	UBS Financial Services, Inc.	United States	121,577,395	3.3 %
10	Svenska Handelsbanken AB	Sweden	103,698,767	2.8 %
11	Gannet Aircraft 4 Limited	Ireland	40,164,731	1.1 %
12	Clearstream Banking S.A.	Luxembourg	37,704,936	1.0 %
13	M&T Aviation Limited	Ireland	36,713,855	1.0 %
14	Financial Products Group Co., Ltd.	Japan	35,179,013	1.0 %
15	UBS Switzerland AG	Switzerland	33,851,258	0.9 %
16	Saxo Bank A/S	Denmark	33,211,423	0.9 %
17	Sydinvest	Denmark	27,233,606	0.7 %
18	BofA Global Research (UK)	United Kingdom	25,908,904	0.7 %
19	Jyske Bank A/S	Denmark	23,388,008	0.6 %
20	Sensyo & Co. Ltd	Japan	20,976,240	0.6 %
	Top 20 shareholders		2,515,352,632	69.1 %
	Other shareholders		1,124,356,516	30.9 %
	Total number of shares		3,639,709,148	100.0 %

The company issued 3,476,150,771 new shares during the first nine months 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.

During the third quarter, an additional 373,162,043 shares were issued by conversion of NOK 1,554 million in liabilities and NOK 26 million in perpetual bonds classified as equity.

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

Norwegian Air Shuttle ASA had a total of 3,639,709,148 shares outstanding at 30 September 2020. There were 69,146 shareholders at the end of the third quarter 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 nine months 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 18.2 billion, of which NOK 4.9 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 nine months 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,NAS09)	1	1,987.4	831.5	2,818.9
USD convertible	2	1,465.9	-538.8	927.1
Lease liabilities	3	8,309.5	1,917.4	10,227.0
Power by the hour (PBH)	4	0.0	2,274.4	2,274.4
Offering	5	400.0	0.0	400.0
Vendor conversion	6	1,146.6	527.1	1,673.7
Transaction costs	7	-39.6	-107.4	-147.1
TOTAL		13,269.8	4,904.3	18,174.0

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 the third quarter of 2020, with a principal amount of USD 6.3 million remaining at the end of the third quarter.

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 1,674 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 third quarter, 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. An overview of agreements reached from the end of the third quarter 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	Q3 2020	YTD 2020
Passenger revenue	4,979.1	161.6	904.7	6,045.4
Ancillary passenger revenue	1,161.6	83.0	204.3	1,448.8
Other revenue	364.6	388.0	179.1	931.7
Total operating revenue	6,505.3	632.5	1,288.1	8,425.9
Personnel expenses	1,518.2	567.7	374.5	2,460.4
Aviation fuel	1,852.1	-2.5	162.0	2,011.5
Airport and ATC charges	611.3	16.2	107.9	735.4
Handling charges	814.7	196.4	327.1	1,338.2
Technical maintenance expenses	621.5	43.1	497.7	1,162.3
Other operating expenses	1,005.3	360.9	220.4	1,586.6
Other losses/(gains)	495.1	651.1	861.7	2,007.8
Total operating expenses excl lease, depr. and amort.	6,918.1	1,832.9	2,551.2	11,302.2
Operating profit excl lease, depr. and amort. (EBITDAR)	-412.8	-1,200.3	-1,263.1	-2,876.3
Aircraft lease, depreciation and amortization	1,671.3	1,791.0	1,549.4	5,011.7
Operating profit (EBIT)	-2,084.1	-2,991.3	-2,812.6	-7,888.0
Interest income	65.7	7.1	19.8	92.7
Interest expense	858.6	644.1	652.6	2,155.3
Other financial income (expense)	-396.9	2,118.2	2,464.9	4,186.1
Net financial items	-1,189.8	1,481.2	1,832.1	2,123.5
Profit (loss) from associated companies	-7.8	0.0	0.0	-7.8
Profit (loss) before tax (EBT)	-3,281.7	-1,510.1	-980.5	-5,772.3
Income tax expense (income)	-7.4	648.3	-0.9	640.0
Net profit (loss)	-3,274.3	-2,158.3	-979.6	-6,412.3

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 165 million up to 30 September 2020. The maximum potential cost increase would be NOK 902 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 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 this third quarter 2020 financial report.

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 third quarter 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 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.

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

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

On November 9, the government of Norway announced that they declined further financial support. This announcement, combined with newly imposed strict COVID-19 measures, leaves the company in a challenging situation. The company is currently evaluating the effects of the current situation with an aim to safeguard the interest of all stakeholders.

On November 9, the company announced that it would furlough additional employees and reduce capacity considerably following the government's decision to not support the company financially to get through the corona crisis while simultaneously imposing travel restrictions that actively discourage passengers from travelling. The company announced that an additional 1,600 employees will be furloughed, leaving only 600 employees employed. 15 of the 21 aircraft in operation the past months will be parked.

There have been no other material events subsequent to the reporting period that might have a significant effect on the third quarter 2020 financial report.

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, net gain or loss from sale of fixed assets and significant restructuring costs	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 other losses /(gains), depreciation and lease	Total operating expenses not including other gains /(losses) depreciation, amortization, impairment and lease expenses	A measure of operating expenses that includes leasing but is not affected by other gains /(losses) depreciation, amortization, impairment and lease expenses, relevant to monitor the company's ability to reduce operating expenses during the COVID-19 pandemic and disregarding certain highly volatile and certain fixed costs

ALTERNATIVE PERFORMANCE MEASURES – RECONCILIATIONS

(unaudited in NOK million)	Q3 2020	Q3 2019	YTD 2020	YTD 2019	Full Year 2019
Operating profit (EBIT) to EBIT excl other losses/(gains)					
Operating profit (EBIT)	-2,812.6	2,969.8	-7,888.0	2,134.0	856.0
- Other losses/(gains)*	861.7	-249.9	2,007.8	-925.5	-845.8
EBIT excl other losses/(gains)	-1,950.9	2,720.0	-5,880.1	1,208.5	10.2
EBITDAR to EBITDAR excl other losses/(gains)					
EBITDAR	-1,263.1	4,659.5	-2,876.3	6,956.7	7,313.5
- Other losses/(gains)*	861.7	-249.9	2,007.8	-925.5	-845.8
EBITDAR excl other losses/(gains)	-401.4	4,409.7	-868.4	6,031.3	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*. ** 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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BOARD OF DIRECTORS

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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

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Tor-Arne Fosser	EVP Airline Ecosystem
Johan Gauermann	Interim EVP Operations

INVESTOR RELATIONS

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FINANCIAL CALENDAR 2021

18 February	Q4 results (2020)
22 April	Q1 results
11 May	Annual General Meeting
28 August	H1 financial report
28 October	Q3 results