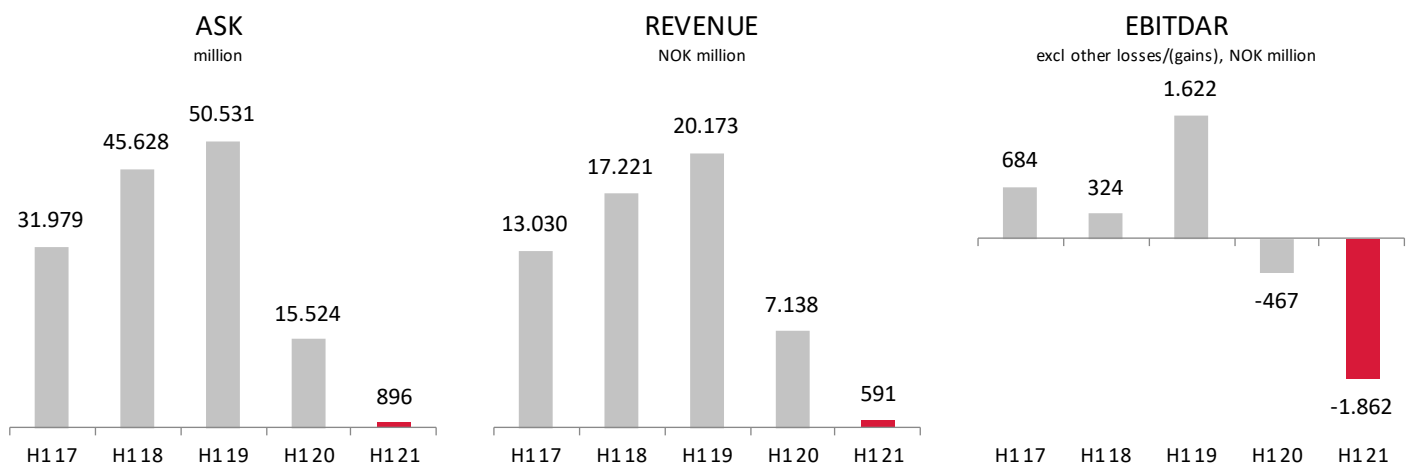


Norwegian Air Shuttle ASA

First half year 2021 financial report



- Successful reconstruction completed with NOK 6 billion equity raise
- Fleet cut to 51 aircraft and aircraft debt reduced by ~90 percent from year end 2020
- Low financial gearing and NOK 7.5 billion in cash at the end of first half year 2021
- Low cash burn with PBH agreements



Norwegian's first half year results show positive influence of successful reconstruction process and steady uplift of demand

Norwegian today reported its result for the first half of 2021. The figures continued to be impacted by travel restrictions across key European markets, though a clear positive booking trend has developed as travel begins to reopen and vaccination programmes take effect. Profit before tax (EBT) was NOK 1,590 million in the first half of 2021, compared with a loss of NOK 4,792 million in the same period in 2020. At the end of first half of 2021, the total fleet comprised 51 aircraft. Up to 32 aircraft were operational during the first half of 2021 due to travel restrictions and lower demand. In the second quarter of 2021, the company successfully exited the examinership and reconstruction process which improved equity by NOK 10.7 billion, reduced net interest-bearing debt to NOK 0.5 billion and rightsized the operation.

The first half of 2021 has marked many milestones for Norwegian as the company sought to rightsize the business and strengthen underlying financial stability. The decision was taken to cease long-haul operations in January and focus on core profitable European destinations while maintain low operating costs across the business. The company successfully exited a reconstruction process in May that dramatically reduced the total debt, liabilities and commitments position. This was followed by an equity raise of NOK 6 billion resulting in a cash position in excess of NOK 7 billion.

Geir Karlsen, CEO, said: "The H1 financial report mark a clear improvement in both the financial situation, due to lower operating costs and the successful completion of the reconstruction process of the company, and the gradual ramp up of our operations in response to increased passenger demand. The results continue to be

heavily impacted by international travel restrictions. However, Norwegian is now in a much stronger financial position and is able to plan for the future with renewed confidence and focus".

0.59 million passengers traveled with Norwegian in the first half of 2021, compared to 5.31 million in the first half of 2020. Production (ASK) decreased by 94 percent and passenger traffic (RPK) decreased by 96 percent compared with the first half in 2020. The load factor was 49.5 percent, a decrease of 28.8p.p. compared to the first half of 2020.

Punctuality, share of flights departing on schedule, was 94.1 percent in first half of 2021, up by seven percentage points from 87.2 percent in the first half of 2020.

A stronger Norwegian in the face of continued uncertainty

As we look ahead Norwegian is cautiously optimistic that the continued easing of travel restrictions and roll out of vaccination programs will have a positive impact of travel demand across our key markets. The company has taken important financial and structural steps to ensure that it is well prepared for the year ahead and beyond. We will continue to ramp up our network as demand returns and build on the strong momentum that we have seen this summer as we look to a successful 2022.

"Forward bookings continue to increase in response to the relaxation of travel restrictions and the roll out of international vaccination programmes. We expect to see this trend continue in the remaining months in 2021 and through 2022," Karlsen said.

CONSOLIDATED FINANCIAL KEY FIGURES

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Change	Full Year 2020
Operating revenue	590.8	7,137.8	-92 %	9,095.7
EBITDAR	-1,651.3	-1,613.2	2 %	-4,755.2
EBITDAR excl other losses/(gains)	-1,861.7	-467.0	299 %	-1,750.5
Operating profit (EBIT)	-2,227.8	-5,075.4	-56 %	-23,768.4
EBIT excl other losses/(gains)	-2,438.1	-3,929.2	-38 %	-20,763.7
Profit (loss) before tax (EBT)	1,589.9	-4,791.8	NM	-22,133.0
Net profit (loss)	1,589.9	-5,432.7	NM	-23,039.8
EBITDAR margin	-279.5 %	-22.6 %		-52.3 %
EBIT margin	-377.1 %	-71.1 %		-261.3 %
EBT margin	269.1 %	-67.1 %		-243.3 %
Net profit margin	269.1 %	-76.1 %		-253.3 %
Book equity per share (NOK)	2.2	375.0	-99 %	-166.6
Equity ratio (%)	8.7 %	14.6 %	-5.9 pp	-13.4 %
Cash and cash equivalents	7,475.4	4,975.4	50 %	2,666.9
Net interest-bearing debt	1,728.0	47,686.5	-96 %	9,454.0

OPERATIONAL REVIEW

CONSOLIDATED TRAFFIC FIGURES AND RATIOS

<i>(unaudited ratios in NOK)</i>	H1 2021	H1 2020	Change	Full Year 2020
Yield	0.82	0.42	93 %	0.47
Unit revenue	0.41	0.33	22 %	0.36
Unit cost	3.38	0.71	374 %	0.94
Unit cost excl fuel	3.22	0.59	443 %	0.83
Ancillary revenue per passenger	186	234	-20 %	223
ASK (million)	896	15,524	-94 %	18,168
RPK (million)	445	12,154	-96 %	13,680
Passengers (million)	0.59	5.31	-89 %	6.87
Load factor	49.5 %	78.3 %	-28.8 pp	75.3 %
Average sector length (km)	623	1,645	-62 %	1,385
Fuel consumption (1,000 mt)	20	308	-93 %	362
CO ₂ per RPK	142	80	78 %	83

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. 0.59 million passengers traveled with Norwegian in the first half of 2021, compared to 5.31 million in the first half of 2020. Production (ASK) decreased by 94 percent and passenger traffic (RPK) decreased by 96 percent compared with the first half in 2020. The load factor was 49.5 percent, a decrease of 28.8 p.p. compared to the first half of 2020.

At the end of first half of 2021, the total fleet comprised 51 aircraft. Up to 32 aircraft were operational during the first half of 2021 (on average nine aircraft) due to travel restrictions and lower demand. The company utilized every operational aircraft on average 5.7 block hours per day, compared to 10.4 in the first half of 2020.

OPERATING PERFORMANCE

Punctuality, share of flights departing on schedule, was 94.1 percent in first half of 2021, up by seven percentage points from 87.2 percent in the first half of 2020.

Regularity, share of scheduled flights taking place, was 98.5 percent in the first half of 2021, compared to 92.6 percent in the same period in 2020.

FINANCIAL REVIEW

These interim financial statements for the first half of 2021 are heavily affected by the COVID-19 pandemic, including the abrupt drop in demand and reduced production and significant effects from the successful exit of the financial restructuring process in the second quarter of 2021.

For the first half of 2021, production (ASK) was reduced by 94 percent compared to the same period last year.

EBITDAR excl other losses/(gains) was negative NOK 1,862 million in the first half of 2021, compared to negative NOK 467 million in the same period last year. Other losses/(gains) amounted to a net gain of NOK 210 million in the first half of 2021, compared to a net loss of NOK 1,146 million in the same period in 2020. In the first half of 2021, Other losses / (gains) includes primarily currency gains on working capital of NOK 197 million.

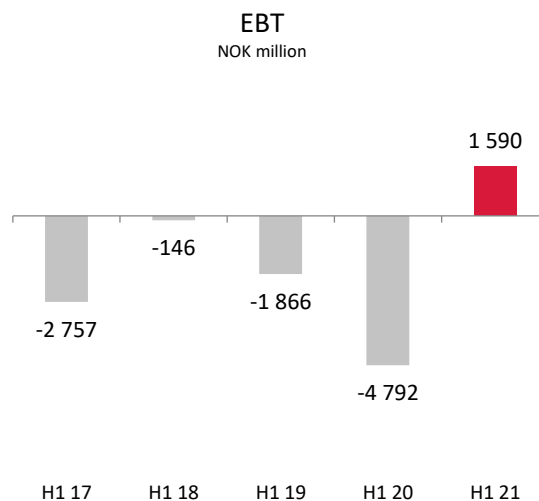
Operating profit (EBIT) for the first half of 2021 was negative by NOK 2,228 million compared with negative NOK 5,075 million in the same period last year. Operating Profit (EBIT) excluding other losses/(gains) was negative NOK 2,438 million in the first half of 2021 compared with negative NOK 3,929 million in the same period last year. Profit before tax (EBT) was NOK 1,590 million in the first half of 2021, compared with a loss of NOK 4,792 million in the same period in 2020.

FINANCIAL RESTRUCTURING IN 2021

In the second quarter of 2021, the company successfully exited the examinership and reconstruction process, and the basis for continuing as a going concern was secured.

In the first half of 2021, the restructuring improved equity by NOK 10,720 million, of which NOK 3,825 million is recognized in the income statement.

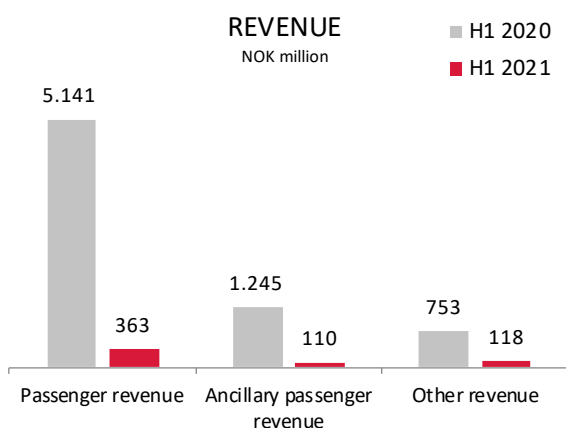
The total equity increase from the financial restructuring of NOK 10,720 million, consists mainly of the private placement and rights issue (net of transaction costs) which increased equity by NOK 4,030 million, whereas dividend claim and cash dividend reduced equity by NOK 1,672 million. The net effect for changes in aircrafts, including reduced maintenance obligations, increased equity by NOK 1,221 million. Extinguishment of vendor debt and related receivables from the same vendors increased equity by NOK 4,004 million. Extinguishment of borrowings not related to aircraft financing or bonds, and issue of perpetual and retained claims bond (net of transaction costs) increased equity with NOK 2,710 million. Finally bonds increased equity net by NOK 427.3 million. Refer to note 9 for further details.



REVENUE

Total revenue in the first half of 2021 was NOK 591 million, compared with NOK 7,138 million in the same period last year, a decrease of 92 percent. Unit revenue increased by 22 percent following a yield increase of 93 percent and a decreased load factor by 28.8 percentage points. Average sector length decreased by 62 percent.

Passenger revenue was NOK 363 million in the first half of 2021, compared with NOK 5,141 million in the same period last year. Ancillary passenger revenue was NOK 110 million in the first half of 2021, compared with NOK 1,245 million in the first half of 2020, and ancillary revenue per passenger decreased by 20 percent from NOK 234 in the first half in 2020 to NOK 186 in the first half of 2021. Other revenue of NOK 118 million in the first half of 2021 primarily includes commissions and revenue from the loyalty program Norwegian Reward.



OPERATING EXPENSES

Total operating expenses excluding depreciation, amortization and aircraft lease decreased by 74 percent to NOK 2,242 million in the first half of 2021, compared with NOK 8,751 million in the same period last year. Adjusted for other losses/(gains) the decrease was 68 percent from the same period in 2020. Operating expenses decreased mainly due to the 94 percent reduction in production compared to the first half in 2020 and the company's efforts to reduce costs during the COVID-19 pandemic and onwards. In the first half of 2021, personnel expenses are negatively impacted by non recurring costs of approximately NOK 300 million mainly related to downsizing activities and severance pay. Other operating expenses are negatively affected by non recurring costs of approximately NOK 130 million related to the financial restructuring.

Unit costs are negatively affected by the dramatic decrease in production following the COVID-19 outbreak. Unit cost in the first half of 2021 was NOK 3.38, compared to NOK 0.71 in the same period last year.

Other losses/(gains) include effects from losses or gains on translation of working capital in foreign currency, net losses or gains on sale of fixed assets and forward fuel contracts. Other losses/(gains) in the first half of 2021 amounted to a net gain of NOK 210 million and include primarily currency/translation gains on working capital of NOK 197 million. In the same period last year, losses from jet fuel hedges of NOK 1,057 million negatively impacted other (losses)/gains.

FINANCIAL ITEMS

Net financial items were positive by NOK 3,818 million in the first half of 2021 compared with a positive result of NOK 291 million in the same period last year. Interest expenses for the first half of 2021 include NOK 114 million in interest expense on lease liabilities recognized according to IFRS 16, compared to NOK 857 million in the same period last year.

Other financial income (expenses) includes net currency gains of NOK 190 million in the first half of 2021, compared to net currency losses of NOK 960 million in the same period last year. Currency gains are mainly related to the revaluation of borrowings denominated in currencies other than functional currencies of the companies in the group.

Financial restructuring carried out in 2021 had a positive effect on net financial items by NOK 3,825 million in the first half of 2021. In 2020, the corresponding number was NOK 2,358 million. 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 financing when translated into NOK.

Net interest-bearing debt at the end of first half of 2021 was NOK 1,728 million compared to NOK 40,222 million at the end of 2020. Included in current year net-interest bearing debt is retained claims bond of NOK 2,409 million and NOK 1,245 million related to the dividend claim. The company assume the majority of the latter to be converted to equity in the third quarter of 2021.

At the end of first half of 2021 the equity ratio was positive 8.7 percent, compared to negative 14.6 percent at the end of 2020. The company significantly strengthened the financial position by successfully exiting the examinership and completing the financial restructuring in May 2021. The total effect on equity following the financial restructuring is NOK 10,720 million, including NOK 3,825 million recognized as Other financial income in the Income Statement.

Total non-current assets amounted to NOK 7,566 million at the end of first half 2021, compared to NOK 11,867 million at the end of 2020.

Tangible assets were NOK 5,393 million at the end of the first half of 2021, compared to NOK 9,553 million at the end of 2020. The decrease is primarily explained by disposal of aircraft as well as the effect from sale leaseback of aircraft.

Intangible assets amounted to NOK 2,084 million at the end of first half of 2021, compared to NOK 2,167 million at the end of 2020, primarily including deferred tax assets of NOK 1,897 million compared to NOK 1,966 million at the end of 2020.

Total current assets amounted to NOK 10,067 million at the end of first half of 2021, compared to NOK 37,687 million at the end of 2020. During 2021, aircraft presented at the end of 2020 as Disposal group assets classified for sale of NOK 30,377 million, has been disposed.

The decrease in Receivables of NOK 2,050 million from the end of 2020, is primarily explained by cram down of receivables as part of the reconstruction process.

Cash and cash equivalents have increased by NOK 4,808 million from the end of 2020, ending at NOK 7,475 million in the second half of 2021.

Total non-current liabilities were NOK 10,317 million at the end of first half of 2021, an increase of NOK 7,638 million compared with the end of 2020. Note that per the end of

2020, most of the company's debt was reclassified to current liabilities due to breach of covenants.

Of the total amount of Non-current debt of NOK 8,844 million per end of first half of 2021, NOK 2,409 million is related to the new zero coupon Retained claims bond and NOK 1,245 million is related to the new dividend claim where the material part of the latter is assumed to be converted to equity in the third quarter of 2021.

The decrease in other non-current liabilities from NOK 2,494 million by the end of 2020 to NOK 1,474 million at the end of first half of 2021 is primarily due to cram down of maintenance accrual as a result of the financial restructuring.

Total current liabilities amounted to NOK 5,781 million at the end of first half of 2021, a decrease of NOK 47,717 million or 89 percent compared to the end of 2020. Note that per end of 2020 most of the company's debt was reclassified from long term to short term due to the breach of covenants.

Air traffic settlement liabilities increased by NOK 721 million from the end of 2020 due to increased bookings.

The decrease in current debt of NOK 11,575 million from year end 2020 is primarily due to reclassification of debt from current as presented per year end 2020, to non-current liabilities by the end of first half of 2021.

Other current liabilities decreased by NOK 6,094 million from the end of 2020, primarily explained by cram down effects from the financial restructuring.

Equity at the end of first half of 2021 was positive NOK 1,533 million compared to negative NOK 6,624 million at the end of 2020. Equity increased by NOK 10,720 million following the financial restructuring including cram down of debt and assets and the capital raise.

CASH FLOW

Cash and cash equivalents were NOK 7,475 million at the end of first half of 2021, an increase of NOK 4,808 million compared with the end of 2020.

Cash flow from operating activities in the first half of 2021 amounted to negative NOK 421 million compared to positive NOK 609 million in the first half of 2020.

Cash flow from investing activities in the first half of 2021 was negative NOK 5 million, compared to positive NOK 2,762 million in the first half of 2020.

Cash flow from financing activities in the first half of 2021 was positive NOK 5,265 million compared to negative NOK 1,426 million in the first half of 2020. In 2021, the company received proceeds from the capital raise in May of NOK 5,863 million, repaid net debt of NOK 351 million and NOK 241 million was paid in relation to the agreed dividend claim cash payment in relation to the financial restructuring.

RISK AND UNCERTAINTIES

COVID-19 AND GOING CONCERN

The company is still severely impacted by the coronavirus disease (COVID-19) and the imposed travel restrictions.

This has, and is expected to continue to have, a significant impact on the company's financial condition and operations. The company's ability to return to normal operations is dependent upon, amongst other things, COVID-19, the development on travel restrictions and the demand for air travels. The COVID-19 situation is continuously changing and new laws and regulations that affects our operations may enter into force.

The company has mitigated the risks and uncertainties by implementing several measures aiming to minimize cash burn, secure funding and improve the financial position.

The necessary additional working capital was obtained mainly through share offerings including the Rights Issue and additional private placement(s), raising gross proceeds of NOK 6 billion.

OTHER RISK FACTORS

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 2020: 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

Given the continuous uncertainty and ongoing impact on overall demand for air travel due to COVID-19, Norwegian does not provide guidance for 2021.

Due to Norwegian's strong financial position and the flexibility of our power-by-the-hour (PBH) lease arrangements we can deploy capacity back into the market at a pace that matches recovery of air travel demand. The company will continue its strict cash- and cost focus to keep operational cash burn at a minimum going forward as the COVID-19 restrictions impede aviation, while taking numerous actions to take the company to an era of profitability.

The company plans to ramp-up operations in a controlled manner, and in line with recovery of our core markets, to a peak of around 50 short-haul aircraft in 2021 and ramp-up to around 70 short-haul aircraft in 2022. When conditions normalise, Norwegian will solidify and develop its position as a market leader in its four core markets of Norway, Denmark, Sweden and Finland with a balance of intra-Nordic and domestic routes and routes to key cities and popular leisure destinations across Europe.

Fornebu, 30 August 2021

Board of Directors
Norwegian Air Shuttle ASA

CONDENSED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Full Year 2020
Passenger revenue	363.2	5,140.7	6,455.3
Ancillary passenger revenue	109.8	1,244.5	1,535.1
Other revenue	117.9	752.6	1,105.3
Total operating revenue	590.8	7,137.8	9,095.7
Personnel expenses	918.9	2,085.9	2,921.2
Aviation fuel	142.5	1,849.5	2,006.7
Airport and ATC charges	189.2	627.5	772.5
Handling charges	191.6	1,011.1	1,392.2
Technical maintenance expenses	390.3	664.6	1,791.8
Other operating expenses	620.1	1,366.2	1,961.9
Other losses/(gains)	-210.3	1,146.2	3,004.7
Total operating expenses excl lease, depr. and amort.	2,242.1	8,751.0	13,850.9
Operating profit excl lease, depr. and amort. (EBITDAR)	-1,651.3	-1,613.2	-4,755.2
Aircraft lease, depreciation and amortization	576.5	3,462.2	6,197.5
Impairment assets held for sale	0.0	0.0	12,815.7
Operating profit (EBIT)	-2,227.8	-5,075.4	-23,768.4
Interest income	0.1	72.9	68.2
Interest expense	417.7	1,502.7	2,690.7
Other financial income (expense)	4,235.4	1,721.3	4,265.7
Net financial items	3,817.7	291.4	1,643.2
Profit (loss) from associated companies	0.0	-7.8	-7.8
Profit (loss) before tax (EBT)	1,589.9	-4,791.8	-22,133.0
Income tax expense (income)	0.0	640.9	906.8
Net profit (loss)	1,589.9	-5,432.7	-23,039.8
Net profit (loss) attributable to:			
Owners of the parent company	1,589.9	-5,403.3	-23,050.9
Non-controlling interests	0.0	-29.4	11.1
Basic earnings per share (NOK)	9.0	-636.3	-1,022.1
Diluted earnings per share (NOK)	1.4	-636.3	-1,022.1
Number of shares at the end of the period	707,335,368	32,665,471	39,749,366
Average number of shares outstanding	176,046,730	8,491,900	22,552,180
Number of diluted shares at the end of the period	1,138,045,158	37,369,440	42,311,936

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Full Year 2020
Net profit (loss) for the period	1,589.9	-5,432.7	-23,039.8
Actuarial gains and losses	0.0	0.0	-42.0
Exchange rate differences	-331.0	592.1	-979.4
Fair value adjustments through OCI	0.0	0.0	0.0
Other	-4.3	11.5	7.5
Total comprehensive income for the period	1,254.6	-4,829.1	-24,053.8
Total comprehensive income attributable to:			
Owners of the company	1,254.6	-4,805.1	-24,070.3
Non-controlling interests	0.0	-24.0	16.6

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(unaudited in NOK million)</i>	30 JUNE 2021	30 JUNE 2020	31 DEC 2020
ASSETS			
Intangible assets	2,084.4	2,229.6	2,167.1
Tangible fixed assets	5,393.8	68,274.3	9,553.3
Fixed asset investments	87.4	1,038.4	146.7
Total non-current assets	7,565.6	71,542.3	11,867.1
Assets included in disposal group classified as held	0.0	268.0	30,377.1
Inventory	62.8	155.0	64.1
Receivables	2,528.5	7,048.1	4,578.8
Cash and cash equivalents	7,475.4	4,975.4	2,666.9
Total current assets	10,066.7	12,446.5	37,686.9
TOTAL ASSETS	17,632.3	83,988.8	49,554.0
EQUITY AND LIABILITIES			
Shareholder's equity	1,533.3	12,261.6	-6,623.9
Non-controlling interests	0.0	-11.1	0.0
Total equity	1,533.3	12,250.5	-6,623.9
Non-current debt	8,843.5	46,555.4	185.7
Other non-current liabilities	1,474.1	4,817.8	2,493.8
Total non-current liabilities	10,317.6	51,373.2	2,679.4
Air traffic settlement liabilities	1,122.0	2,669.2	401.5
Current debt	359.9	6,106.6	11,935.3
Liabilities included in disposal group classified as held for sale	0.0	0.0	30,767.8
Other current liabilities	4,299.6	11,589.3	10,393.8
Total current liabilities	5,781.5	20,365.1	53,498.4
Total liabilities	16,099.1	71,738.3	56,177.9
TOTAL EQUITY AND LIABILITIES	17,632.3	83,988.8	49,554.0

CONSOLIDATED STATEMENT OF CASH FLOW

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Full Year 2020
Profit before tax	1,589.9	-4,791.8	-22,133.0
Paid taxes	0.0	-6.1	-6.6
Depreciation, amortization and impairment	569.2	3,296.0	19,030.9
Reconstruction effects	-3,824.7	0.0	0.0
Changes in air traffic settlement liabilities	720.5	-3,437.3	-5,705.0
Changes in receivables	755.5	3,084.8	5,498.7
Other adjustments	-231.1	2,463.6	1,924.1
Net cash flows from operating activities	-420.8	609.2	-1,390.9
Purchases, proceeds and prepayment of tangible assets	0.0	2,774.4	2,760.2
Other investing activities	-5.1	-12.7	-98.1
Net cash flows from investing activities	-5.1	2,761.8	2,662.1
Loan proceeds	0.0	3,290.5	3,290.5
Principal repayments	-351.3	-4,663.5	-4,831.4
Financing costs paid	-5.3	-381.7	-415.0
Paid dividend to creditors	-241.3	0.0	0.0
Proceeds from issuing new shares and perpetual bond	5,862.9	328.4	328.4
Net cash flows from financing activities	5,265.1	-1,426.2	-1,627.5
Foreign exchange effect on cash	-30.7	-65.0	-72.3
Net change in cash and cash equivalents	4,808.5	1,879.8	-428.7
Cash and cash equivalents at beginning of period	2,666.9	3,095.6	3,095.6
Cash and cash equivalents at end of period	7,475.4	4,975.4	2,666.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Full Year 2020
Equity - Beginning of period	-6,623.9	4,124.9	4,124.9
Total comprehensive income for the period	1,254.6	-4,829.1	-24,053.8
Share issue	4,071.7	11,165.6	12,522.3
Convertible dividend claim issue	980.8	0.0	0.0
Perpetual bonds issue	1,843.3	1,789.5	787.7
Transactions with non-controlling interests	0.0	-3.4	-11.5
Equity change on employee options	6.7	3.0	6.6
Equity - End of period	1,533.3	12,250.5	-6,623.9

Please refer to Note 9 for further details on the financial restructuring in May 2021.

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 2020 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 2020.

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 2020.

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 2020.

The going concern basis of accounting is adopted in preparing these interim financial statements. Refer to the Risks and Uncertainties section of this Interim Report for further information.

IMPAIRMENT TEST

Assets impaired at the end of 2020 have been disposed during the first half of 2021. The Group assess no present impairment indicators at reporting date.

NOTE 2 RISK

SENSITIVITY ANALYSIS

<i>(unaudited in NOK million)</i>	<i>Effect on income</i>
1% decrease in jet fuel price	14
1% depreciation of NOK against USD	-20
1% depreciation of NOK against EURO	-2

The sensitivity analysis reflects the effect on operating costs in 2021 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 consist of revenue not directly related to passengers such as

third-party products 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

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Change	Full Year 2020
Norway	483.6	2,075.9	-77 %	3,316.3
Denmark	35.1	417.4	-92 %	546.6
Sweden	30.8	487.5	-94 %	603.3
Spain	20.2	1,065.3	-98 %	1,218.2
France	2.2	226.2	-99 %	256.8
Finland	1.5	217.6	-99 %	221.8
UK	0.4	696.3	-100 %	720.4
US	0.0	870.3	-100 %	870.3
Thailand	0.0	257.5	-100 %	264.4
Germany	0.0	69.6	-100 %	86.8
Other	17.0	754.2	-98 %	990.8
Total operating revenue	590.8	7,137.8	-92 %	9,095.7
Total outside of Norway	107.2	5,061.9	-98 %	5,779.4

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 2020. There have been no significant transactions with related parties during 2021 apart from recurring agreements such as described in the 2020 Annual Report. All transactions with related parties are considered priced on an arm's-length basis.

NOTE 6 TANGIBLE FIXED ASSETS

<i>(unaudited in NOK million)</i>	30 JUNE 2021	30 JUNE 2020	31 DEC 2020
Prepayment on aircraft	0.0	5,572.2	0.0
Owned aircraft, parts and installations on leased aircraft	1,049.8	27,996.6	6,129.6
Right of use assets aircraft and parts	3,765.2	33,949.5	2,791.4
Aircraft, parts and installations	4,815.0	61,946.2	8,921.0
Other fixed assets owned	392.7	447.3	415.7
Right of use assets other	186.2	308.6	216.6
Other fixed assets	578.8	755.9	632.3
Total tangible fixed assets	5,393.8	68,274.3	9,553.3
Total right of use assets	3,951.4	34,258.5	3,008.0

NOTE 7 BORROWINGS

<i>(unaudited in NOK million)</i>	30 JUNE 2021	30 JUNE 2020	31 DEC 2020
Bond issue	4,354.6	1,417.1	0.0
Loan with state guarantee	0.0	2,989.0	0.0
Aircraft prepayment financing	0.0	314.6	0.0
Aircraft financing	616.3	18,229.2	0.0
Lease liabilities	3,749.6	23,272.5	185.7
Other non-current debt	123.0	333.0	0.0
Non-current debt	8,843.5	46,555.4	185.7
Bond issue	0.0	0.0	1,531.6
Loan with state guarantee	0.0	0.0	2,989.0
Aircraft prepayment financing	0.0	639.7	0.0
Aircraft financing	130.5	3,244.1	3,812.0
Lease liabilities	229.3	2,222.7	3,165.4
Disposal group aircraft financing	0.0	0.0	15,661.2
Disposal group lease liabilities	0.0	0.0	15,106.6
Other current debt	0.0	0.0	437.2
Current debt	359.9	6,106.6	42,703.1
Total borrowings	9,203.4	52,661.9	42,888.8

Per 31 December 2020, most of the company's lease liabilities and all of the company's bond debt and aircraft financing were in default, due to breaches of financial covenants and failure to comply with payment schedules. Consequently, NOK 11.2 billion in debt were reclassified from non-current to current liabilities.

NOTE 8 SHAREHOLDER INFORMATION

20 largest shareholders at 30 June 2021:

Shareholder	Country	Number of shares	Per cent
1 Geveran Trading Company, Ltd.	Cyprus	134,123,801	19.0 %
2 Sundt AS	Norway	123,003,198	17.4 %
3 DNB Asset Management AS	Norway	65,441,050	9.3 %
4 Folketrygdfondet	Norway	35,621,799	5.0 %
5 Ludvig Lorentzen AS	Norway	34,003,326	4.8 %
6 Nordnet Bank AB.	Norway	21,736,097	3.1 %
7 Avanza Bank AB	Sweden	20,313,123	2.9 %
8 Incentive AS	Norway	18,113,172	2.6 %
9 Nordea Funds Oy	Finland	16,198,276	2.3 %
10 Keskinäinen eläkevakuutusyhtiö Varma	Finland	12,500,000	1.8 %
11 Swedbank AB	Sweden	8,015,342	1.1 %
12 Brumm AS	Norway	6,400,054	0.9 %
13 Wells Fargo Securities, LLC	United States	6,068,660	0.9 %
14 HSBC Trinkaus & Burkhardt AG	Germany	4,583,427	0.6 %
15 J.P. Morgan Securities plc	United Kingdom	4,522,614	0.6 %
16 Svenska Handelsbanken AB	Sweden	4,104,302	0.6 %
17 Zetare Holding AS	Norway	3,803,359	0.5 %
18 Arctic Fund Management AS	Norway	3,730,714	0.5 %
19 MG Aviation Limited	United Kingdom	3,257,450	0.5 %
20 Försäkringsaktiebolaget Avanza Pension	Sweden	3,243,443	0.5 %
Top 20 shareholders		528,783,207	74.8 %
Other shareholders		178,552,161	25.2 %
Total number of shares		707,335,368	100.0 %

The company has issued 667,586,002 new shares during first half of 2021.

In the larger restructuring completed in May 2021, 658,945,686 shares were issued in connection with the rights issues and public offering of NOK 6,000 million.

In addition there have been several conversions of debt during the first half year, where a total of NOK 1,049.2 million have been converted. The company have issued total 8,640,316 new shares in these conversions.

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

Norwegian Air Shuttle ASA had a total of 707,335,368 shares outstanding at 30 June 2021. There were 75,563 shareholders at the end of first half 2021.

On 21 June 2021 CEO Geir Karlsen was granted 1,000,000 share options in Norwegian Air Shuttle ASA. The options were granted on the following terms:

- The strike price is NOK 10.10, i.e. close/vwap on date of grant.
- 1/4 of options granted can be exercised at the earliest after 1, 2, 3 and 4 years respectively, and the options shall expire 4 years after they were vested.
- Any calendar year, the CEO's aggregated gross profit from exercise of options under all share option programs shall not exceed 5 years' gross base salary.

NOTE 9 FINANCIAL RESTRUCTURING

The company successfully completed the restructuring process in May 2021. In total, the restructuring improved equity by NOK 10,720 million, of which NOK 3,825 million are recognized in the income statement.

The impact to share and paid-in capital and the income (loss) following the financial restructuring in May 2021 are presented in the table below:

<i>(unaudited in NOK million)</i>	Footnotes	Share and paid in capital	Income (loss)	Total equity
Bonds	1	41.9	385.4	427.3
Trade and other payables and related receivables	2	0.0	4,004.4	4,004.4
Aircraft and related liabilities	3	0.0	1,221.0	1,221.0
Borrowings, Perpetual and Retained claims bond	4	1,843.3	866.8	2,710.1
Private placement/Rights issue	5	4,029.7	0.0	4,029.7
Dividend claim	6	980.8	-2,213.4	-1,232.6
Cash dividend	6	0.0	-439.5	-439.5
TOTAL		6,895.7	3,824.7	10,720.4

- 1) Bonds: These amounts reflect the net effect of the extinguishment of unsecured Bond debt issued prior to 18 November 2020 (NAS07, NAS08 and the US convertible) and the issue of the new Bond NAS13. The effect is a net reduction in debt with a corresponding increase in equity through Income. The portion recognized as increase in Share and paid in capital reflects the conversion of zero-coupon perpetual bonds from debt to equity during the first half year in 2021.
 - 2) Trade and other payables and related receivables: These amounts reflect the extinguishment of vendor debt and related receivables from the same vendors, from the period before 18 November 2020. The effect is a reduction in net debt and increase in other equity through Income.
 - 3) Aircraft and related liabilities: This amount reflect the net effect of replacing old lease contracts with new for 31 aircraft, reduced maintenance obligations, sale-leaseback of 15 aircraft and redelivery of 83 aircraft included in disposal group at year end 2020. The net effect is a reduction in net liabilities with a corresponding increase in other equity through Income.
 - 4) Borrowings, Perpetual and Retained Claim Bond: These amounts reflect extinguishment of the unsecured part of loan with state guarantee and other borrowings, the issue of the new Perpetual Bond classified as equity and the related Retained Claim Bond. The effect is a net reduction in outstanding debt with a corresponding increase in share and paid in capital with NOK 1,843 million and other equity through Income of NOK 867 million.
 - 5) Private placement/Rights issue: This amount reflects the net proceeds from share issue in the private placement and the rights issue in May 2021.
 - 6) Dividend claim: Reflects the issue of the Dividend Claim with conversion rights. The Dividend Claim was granted to unsecured creditors, that did not participate in the rights issue or new capital perpetual bond issue, as a 4% compensation for extinguished debt in addition to the Cash Dividend. The effect is an increase in debt with NOK 1,233 million, and increase in Share and paid in capital with NOK 981 million representing the value of the conversion element and a net corresponding effect on other equity of negative NOK 2,213 million that has to be assessed together with the effect related to Trade and other payables and related receivables.
- Cash dividend: This amount reflects the cash dividend payable to unsecured creditors, that did not participate in the rights issue or new capital perpetual bond issue, as compensation for extinguished debt.

NOTE 10 QUARTERLY DATA

<i>(unaudited in NOK million)</i>	Q1 2021	Q2 2021	H1 2021
Passenger revenue	127.1	236.0	363.2
Ancillary passenger revenue	43.9	65.9	109.8
Other revenue	84.3	33.6	117.9
Total operating revenue	255.3	335.5	590.8
Personnel expenses	307.8	611.0	918.9
Aviation fuel	63.8	78.6	142.5
Airport and ATC charges	115.0	74.3	189.2
Handling charges	103.3	88.2	191.6
Technical maintenance expenses	246.4	143.8	390.3
Other operating expenses	272.2	347.9	620.1
Other losses/(gains)	259.8	-470.1	-210.3
Total operating expenses excl lease, depr. and amort.	1,368.3	873.8	2,242.1
Operating profit excl lease, depr. and amort. (EBITDAR)	-1,113.0	-538.3	-1,651.3
Aircraft lease, depreciation and amortization	348.8	227.7	576.5
Operating profit (EBIT)	-1,461.8	-766.0	-2,227.8
Financial items			
Interest income	0.0	0.0	0.1
Interest expense	335.1	82.6	417.7
Other financial income (expense)	607.9	3,627.5	4,235.4
Net financial items	272.8	3,544.9	3,817.7
Profit (loss) before tax (EBT)	-1,189.0	2,778.9	1,589.9
Income tax expense (income)	0.0	0.0	0.0
Net profit (loss)	-1,189.0	2,778.9	1,589.9

NOTE 11 CONTINGENCIES AND LEGAL CLAIMS

In March 2017 and June 2018, the Norwegian Tax Authorities made a reassessment pertaining to an EEC cross-border restructuring within the Group that took place in 2013 and 2014. The case was tried in Oslo municipality court in April 2021 and on 21 May 2021 the court issued a ruling in favour of the Norwegian Tax Authorities. The case is appealed. There is no assurance that the court case will be won, and there is a risk that the Group will have to comply with the reassessments and incur costs related to the court case. If the appeal ruling is in favour of the Norwegian tax authorities, the Group assess any tax payable to be extinguished due to reconstruction process in Norway. Any outstanding amounts of tax payable have been accrued as a disputed dividend claim.

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 2020.

NOTE 12 EVENTS AFTER THE REPORTING DATE

On 27 July 2021, Norwegian announced conversion of Dividend Claims into 95,961,294 new shares in the company and future conversion of Divided Claims into 125 million shares.

On 19 August 2021, Norwegian published a listing prospectus. The Listing Prospectus was prepared for the purpose of listing of the Bond Loans and the Shares only, and no securities are being offered pursuant to the Listing Prospectus. The listing prospectus also cover the new

shares issued by the company as a result of the conversion of certain Dividend Claims.

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 2021.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the condensed set of financial statements for the first half of 2021 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, 30 August 2021
The Board of Directors of Norwegian Air Shuttle ASA

/s/ Svein Harald Øygard
Chair

/s/ Sondre Gravir
Director

/s/ Ingrid Elvira Leisner
Director

/s/ Chris Browne
Director

/s/ Lars Rahbæk Boilesen
Director

/s/ Geir Olav Øien
Employee representative

/s/ Katrine Gundersen
Employee representative

/s/ Eric Holm
Employee representative

/s/ Geir Karlsen
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 previous financial reports.

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 excl other losses/(gains) and impairment	Earnings before income tax expense (income), adjusted for other gains/(losses) and impairment costs.	Enables comparability of profitability regardless of one-off impairment losses, excluding effects for certain volatile operating expenses
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 losses /(gains) depreciation, amortization, impairment and lease expenses	A measure of operating expenses that includes leasing but is not affected by other losses /(gains) 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

<i>(unaudited in NOK million)</i>	H1 2021	H1 2020	Full Year 2020
<u>Operating profit (EBIT) to EBIT excl other losses/(gains)</u>			
Operating profit (EBIT)	-2,227.8	-5,075.4	-23,768.4
- Other losses/(gains)*	-210.3	1,146.2	3,004.7
EBIT excl other losses/(gains)	-2,438.1	-3,929.2	-20,763.7
<u>EBITDAR to EBITDAR excl other losses/(gains)</u>			
EBITDAR	-1,651.3	-1,613.2	-4,755.2
- Other losses/(gains)*	-210.3	1,146.2	3,004.7
EBITDAR excl other losses/(gains)	-1,861.7	-467.0	-1,750.5
<u>Net profit (EBT) to EBT excl other losses/(gains) and impairment</u>			
Profit (loss) before tax (EBT)	1,589.9	-4,791.8	-22,133.0
- Impairment assets held for sale	0.0	0.0	12,815.7
- Other losses/(gains)*	-210.3	1,146.2	3,004.7
EBT excl other losses/(gains) and impairment	1,379.6	-3,645.6	-6,312.6

*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 <i>Note that blocked mid-seats on domestic routes in Norway following virus containment measures do not count as available seats.</i>
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*. <i>* Note that during the COVID-19 outbreak, no-show passengers are not included.</i>
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

Svein Harald Øygaard	Chair
Sondre Gravir	Director
Ingrid Elvira Leisner	Director
Chris Browne	Director
Lars Rahbæk Boilesen	Director
Geir Olav Øien	Director, employee representative
Eric Holm	Director, employee representative
Katrine Gundersen	Director, employee representative

GROUP MANAGEMENT

Geir Karlsen	Chief Executive Officer
Geir Karlsen	Chief Financial Officer
Andrew Hodges	EVP Airline
Christoffer Sundby	EVP Customer
Guro H. Poulsen	EVP People
Anne-Sissel Skånvik	EVP Communications and Public Affairs
Knut Olav Irgens Høeg	EVP IT and Business services
Tor-Arne Fosser	EVP Airline Ecosystem
Johan Gauermann	Interim EVP Operations

INVESTOR RELATIONS

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norwegian.com/us/about/company/investor-relations/

FINANCIAL CALENDAR 2021

6 October	Monthly traffic data for September
28 October	Q3 results
4 November	Monthly traffic data for October
6 December	Monthly traffic data for November