

INTERIM FINANCIAL REPORT

1st quarter 2021



Content

Main figures - Avinor Group	3
Board of Directors' Report	4
Condensed income statement	9
Condensed statement of comprehensive income	10
Condensed balance sheet	11
Condensed statement of changes in equity	13
Condensed statement of cash flows	14
Notes to the interim financial statements	15

About Avinor

Avinor has two primary business areas, operation of a nationwide network of airports, and the national air navigation services for civil and military aviation. In total, this includes 43 airports as well as control towers, control centres and other technical infrastructure for safe air navigation. In addition to the aviation-operative activities, commercial earnings are facilitated through airport hotels, parking facilities, tax-free stores, restaurants and other services for air passengers.

Avinor is a group where the operational activities are partly organised in divisions and in partly in legal entities (subsidiaries). Financially, the overall operations are run as a single aviation system. The air navigation services finance themselves by pricing the services in accordance with international provisions. The Group has approximately 3,000 employees and usually annual operating revenues of NOK 11 billion.

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications.

The Ministry of Transport and Communications manages the Norwegian state's ownership of Avinor, and stipulates e.g. the tasks imposed on the Group to safeguard the general interests of Norwegian society, the required rate of return and dividends. In addition, the Ministry of Transport and Communications regulates the aviation fees. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and also stipulates the Civil Aviation Authority's regulations, which have consequences for Avinor's operations.

Avinor has issued bonds that are listed on the Oslo and Luxembourg Stock Exchange. The Group's corporate governance must adhere to the Oslo Stock Exchange's recommendations for corporate governance to the extent applicable. The principles complement the government's focus on corporate governance in the management of the Norwegian state's shareholdings.

Avinor's head office is located in Oslo.

Main figures - Avinor Group

Amounts in MNOK

	THREE MONTHS ENDED MARCH		YEAR
	2021	2020	2020
Traffic income	239,2	558,3	1 149,2
Security (cost based)	54,6	227,8	443,8
Sales- and rental income - duty free	46,0	445,9	659,5
Sales- and rental income - parking	48,7	158,2	327,9
Sales- and rental income - other	198,1	387,3	991,6
Inter-group income	22,6	18,9	86,3
Total income airport operations	609,1	1 796,4	3 658,3
En route charges	137,8	258,0	654,5
Inter-group income approach and control tower services	134,9	162,1	627,4
Other income	39,8	43,9	178,0
Total income air navigation services	312,5	464,0	1 459,9
Other group income	1 264,1	216,6	4 434,0
Elimination of inter-group income	-327,9	-350,3	-1 368,9
Total group income	1 857,8	2 126,8	8 183,3
Operating expenses airport operations	-1 148,9	-1 370,3	-4 677,8
Operating expenses air navigation services	-455,7	-451,2	-1 720,8
Other operating expenses	-212,0	-593,5	-1 303,2
Elimination of inter-group expenses	327,9	350,3	1 368,9
Total group expenses	-1 488,6	-2 064,7	-6 332,9
EBITDA airport operations	-539,7	426,2	-1 019,5
EBITDA air navigation services	-143,2	12,8	-260,9
EBITDA others	1 052,1	-376,9	3 130,8
EBITDA group	369,2	62,1	1 850,3
Depreciation, amortisation and impairment charges	-544,8	-544,1	-2 199,5
Operating profit/-loss	-175,6	-482,0	-349,1
Net finance income/-costs	-153,0	-128,8	-576,3
Profit/(loss) before income tax	-328,6	-610,8	-925,5
Income tax expense	72,2	134,4	201,8
Profit/-loss after tax	-256,4	-476,4	-723,6
EBITDA-margin airport operations	-88,6 %	23,7 %	-27,9 %
EBITDA-margin air navigation services	-45,8 %	2,8 %	-17,9 %
EBITDA-margin others	19,9 %	2,9 %	22,6 %
Investments airport operations	332,6	316,6	1 848,8
Investments air navigation services	75,9	88,9	293,1
Investments others	93,2	66,1	427,1
Total investments	501,7	471,6	2 569,0
Distributed dividends	0,0	0,0	0,0
Cash flow before borrowings/repayments	-219,5	-296,7	-1 027,2
Interest - bearing debts	22 700,9	19 347,8	25 285,0
Total assets	45 827,3	45 383,1	49 650,0
Net debt to equity ratio (b)	41,1 %	41,8 %	40,6 %
Number of passengers (in 1000)	2 488,1	9 671,3	20 362,6
Number of aircraft departures (in 1000)	85,6	146,0	428,3
Number of service units (in 1000)	239,2	513,7	1 229,8
Punctuality (a)	94 %	84 %	91 %
Regularity (a)	99 %	98 %	97 %

(a) Past 12 months

(b) Equity as a percentage of total equity and net interest-bearing debt (including interest rate swaps). According to article 5 of the company's Article of Association

Board of Directors' Report

IMPORTANT EVENTS

Air traffic through Avinor's airports, measured by number of passengers and aircraft movements, fell by 74.3 per cent and 41.4 per cent, respectively in the first quarter of 2021 compared to the corresponding period in 2020. Over the last 12 months, average regularity and punctuality were 99 per cent and 94 per cent, respectively.

In the first quarter Avinor's airports handled passenger traffic which in total was around 80 per cent lower than 2019 levels. The downturn was greatest at airports with international traffic. Factors such as the pace of vaccination, measures implemented by the government to limit the spread of the virus, test regime, documentation requirements and travel restrictions, as well as the airlines route planning will determine when traffic again will increase.

Fewer aircraft movements and fewer passengers has resulted in a sharp decline in traffic income and commercial income. More than 700 of the approximately 2,800 employees have been affected by temporary layoffs. At the end of the first quarter 2021 105 employees were partly or completely furloughed.

As part of Avinor's self-financing, work is conducted to secure and develop commercial earnings. Tender for a new tax-free contract was announced in January 2021 and a new parking contract at Oslo airport in April 2021.

A design and build contract have been entered into with Contoso Nord for the construction of a new terminal at Tromsø airport. The new terminal is scheduled to be finished by the turn of the year 2023/2024.

The preliminary project for a new airport in Bodø is completed and submitted to the state for quality assurance and final decision. It is planned that the new airport will be financed through contributions from the state, Bodø municipality and Avinor.

In the revised national budget NOK 3.3 billion is included for the building of a new airport in Mo i Rana, including a local contribution of NOK 600 million. Avinor is in the process of obtaining the necessary licenses and permits for the project, as well as mobilizing the organization for the design and build.

Avinor continues to streamline the operations to ensure the group's financial solvency in the longer term. Avinor's strategic priorities, including the level of costs and investments, will be adjusted to a long-term situation for the aviation.

In the first quarter of 2021 Avinor has received grants of NOK 1,050 million, which has been recognized as government grants. Avinor has an ambition to be self-financed as quickly as possible. There is still great uncertainty regarding the forecasts for air traffic. Although the development in vaccination and infection pressure in Norway is going in a positive direction,

the development in Europe and the rest of the world is still characterized by a high risk with regards to virus mutations and infection pressure. The development of vaccine passports must be anchored with the EU.

Abraham Foss took on the role of CEO on 15 February 2021. He replaced Dag Falk-Petersen who retired.

01.01 – 31.03.2021

KEY FINANCIAL FIGURES, 01.01 - 31.03

MNOK	2021	2020	CHANGE
Operating income	1 857,8	2 126,8	-12,6 %
EBITDA	369,2	62,1	494,5 %
EBIT	-175,6	-482,0	63,6 %
Profit/-loss after tax	-256,4	-476,4	46,2 %
Investments	501,7	471,6	6,4 %

In the first quarter of 2021, the Group had a profit after tax of NOK - 256 million against NOK - 476 million in the first quarter of 2020.

The Group's balance sheet has been reduced by NOK 3.8 billion in the first three months of 2021, ending at NOK 45.8 billion at 31 March 2021. The main part of this reduction is related to repayment of a bond loan of NOK 2.5 billion in March 2021.

Operating income

Operating income in the first quarter of 2021 amounted to NOK 1,858 million, a fall of 12.6 per cent compared to the corresponding period in 2020. Excluding the government grants of NOK 1,050 million the reduction was 62.0 per cent.

OPERATING INCOME PER SEGMENT, 01.01. - 31.03

MNOK	2021	2020	CHANGE
Airport operations	609,1	1 796,4	-66,1 %
Air navigation services	312,5	464,0	-32,7 %
Property development and hotels	26,9	30,0	-10,1 %
Others (excluding Government Grants)	187,2	186,7	0,2 %
Government grants	1 050,0	0,0	N/A
Elimination	-327,9	-350,3	6,4 %
Avinor Group	1 857,8	2 126,7	-12,6 %

Within airport operations, passenger numbers fell by 74.3 per cent in the first quarter compared to the first quarter 2020. Revenues for airport operations ended for the first three months of the year at NOK 609 million, a reduction of 66.1 per cent (NOK 1,187 million) compared to the corresponding period in 2020. Commercial income was reduced with NOK 699 million compared to the corresponding period in 2020.

Within air navigation services, the volume of traffic in the first quarter in terms of service units for en-route navigation services fell by 53.4 per cent and the number of aircraft movements at airports fell by 41.4 per cent compared with first quarter of 2020. Operating income for air navigation services was reduced with 32.7 per cent to NOK 313 million in the first quarter of 2021 compared to the corresponding period in 2020.

Rent income from commercial real estate was reduced with 10 per cent in the first quarter of 2021 compared to the first quarter of 2020. The decline is primarily due to reduced occupancy in the hotels, where large parts of the rental income is turnover based.

As a result of the corona pandemic, at the end of the first quarter of 2021 Avinor received NOK 1,050 million as a taxable government grant from the state.

Operating expenses, depreciation and amortization, and other items

Total operating expenses including the cost of sales, depreciation and amortisation for the first quarter amounted to NOK 2,033 million, compared to NOK 2,609 million for the first quarter in 2020. This decrease relates to lower volume-dependent costs as well as cost-cutting measures, including the furloughing of staff. In addition, the group had provision for losses in the first quarter of 2020.

Within airport operations, total operating expenses for the first three months in 2021 fell by 16.1 per cent to NOK 1,149 million compared to the corresponding period in 2020. Within air navigation services operating expenses for the period ended at NOK 456 million, the same level as first quarter 2020. Operating expenses for commercial real estate was NOK 5.5 million in the first quarter.

Joint Group and unshared costs in the first quarter amounted to NOK 207 million, compared to NOK 593 million in the first quarter 2020. The reduction of NOK 386 million was primarily due to cost-cutting measures and large provisions for losses in the first quarter of 2020.

Total depreciation, amortisation, and write-downs for first quarter in 2021 amounted to NOK 545 million, the same level as the corresponding period in 2020.

EBITDA and EBIT

EBITDA totalled NOK 369 million with an EBITDA margin of 19.9 per cent. In the first quarter of 2020 EBITDA was NOK 62 million and a margin of 2.9 per cent.

EBIT for the first quarter was NOK -176 million, compared to NOK -482 in the first quarter of 2020.

Government grants of NOK 1,050 million received in the first quarter are reflected in the figures.

Investments

Recognised additions to tangible fixed assets in the first quarter of 2021 ended at NOK 502 million, which is an increase of 6.4 per cent compared to the first quarter 2020.

The investments can be broken down into business areas as follows:

ADDITIONS OF ASSETS UNDER CONSTRUCTION, 01.01 - 31.03

MNOK	2021	2020	CHANGE
Airport operations	332,6	316,6	16,0
Air navigation services	75,9	88,9	-13,0
Property development and hotels	57,5	7,7	49,8
Joint items, group	18,0	45,5	-27,5
Consolidated items	17,7	13,0	4,7
Avinor Group	501,7	471,6	30,1

Cash flow, financing, and commitments

In the first quarter, the Group's cash flow before changes for liabilities was NOK -220 million. With a net decrease in debt of NOK 2,501 million, the Group's cash reserves decreased by NOK 2,721 million during the first quarter of 2021. This includes the received and recognised government grants of NOK 1,050 million.

Interest-bearing liabilities (not considering the value of derivatives related to interest rate hedging) and lease commitments as at 31 March 2021 amounted to NOK 23.8 billion, of which NOK 948 million were current interest-bearing liabilities.

The Group's total assets at 31 March 2021 amounted to NOK 45.8 billion. Equity was at NOK 13.5 billion, which gives an equity ratio of 29.6 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of incorporation) amounted to 41.1 per cent. The calculation of equity as stipulated in the articles of association takes into account the Group's bank balances as well as the value of derivatives related to interest rate assurance, but the value of capitalised lease obligations is not included as an interest-bearing liability.

In the first quarter of 2021, the Group's book equity was increased by NOK 374 million. Loss after tax contributed negatively with NOK 256 million, estimate deviations on pension liabilities increased the equity by NOK 553 million, while changes in value of financial hedging instruments accounted for a positive effect of NOK 78 million.

The long-term ripple effect of the virus outbreak means that the pandemic is considered an impairment indicator for the Group's cash-generating units, airport operations and air navigation services. Reference is made to note 6 in the financial statements that address the calculation of the recoverable amount.

At the end of the first quarter in 2021, the Group's cash reserves amounted to NOK 7.9 billion, distributed between NOK 3.3 billion in bank deposits and NOK 4.6 billion in unutilised drawing rights.

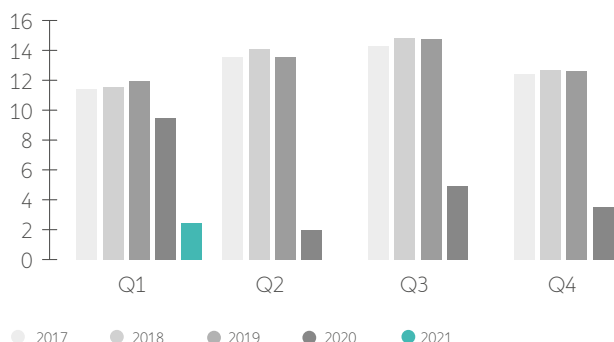
Traffic development and service targets

A total of 2.5 million passengers travelled through Avinor's airports in the first quarter of 2021. This is a decrease of 74.3 per cent compared to the corresponding period in 2020.

The figure below shows the trend in traffic on a quarterly basis for the period 2017 to 2021:

PASSENGERS

Millions



Domestic traffic in the first three months of the year was reduced by 63.9 per cent compared to the corresponding period of 2020, while international traffic fell by 93.5 per cent. Offshore helicopter traffic fell by 5.8 per cent.

Passenger volume was distributed between the airports as follows:

NUMBER OF AIR PASSENGERS, 01.01. - 31.03

PASSENGERS (1000)	2021	2020	CHANGE
Gardermoen	788	4 940	-84,0 %
Flesland	427	1 141	-62,6 %
Sola	228	766	-70,2 %
Værnes	229	807	-71,6 %
Others	816	2 018	-59,6 %
Avinor group	2 488	9 671	-74,3 %

The number of commercial air transport movements in the first quarter of 2021 fell by 40.7 per cent compared to the corresponding period in 2020. Domestic aircraft movements fell by 29.1 per cent, while international aircraft movements fell by 81.8 per cent.

Over the past 12 months, average regularity was recorded at 99 per cent and average punctuality at 94 per cent throughout Avinor's network of airports. The internal targets for regularity and punctuality are 98 per cent and 88 per cent respectively.

AIR SAFETY AND HSE

Subject to investigations that are yet to be completed, in 2021 there were no aviation accidents or serious aviation incidents in which Avinor was instrumental.

The H1 value (frequency of lost-time injuries) for the last 12 months was 4.3 in Avinor AS and 0.6 in Avinor Flysikring AS, while the H2 value (frequency of injuries) was 8.2 in Avinor AS and 1.8 in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months amounted to 4.3 per cent.

Within HSE, the year has been characterised by coronavirus-related issues, including infection control at airports, increased home working, and the furloughing of Avinor's own staff.

RISK

Risks pertaining to air traffic volumes

Avinor's traffic income is affected by changes to route networks, passenger numbers, and other factors outside of the Group's control. No special contracts have been established with the airlines that use Avinor's airports, and so airlines have no obligation to maintain set traffic volume levels. The coronavirus pandemic will affect route networks going forwards.

Three airlines account for a substantial proportion of traffic volumes at Avinor's airports. Significant decisions, financial difficulties, bankruptcies, or the loss of landing rights in relation to these airlines could have a significant financial impact on Avinor.

Avinor has a high proportion of fixed costs that vary to a limited extent with changes in traffic volumes and capacity utilisation. Consequently, the Group's earnings and financial value are affected by changes in traffic volume.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. Changes in traffic volumes will have an impact on the size of these revenues.

The coronavirus pandemic and the uncertainty surrounding its duration and long-term impact will affect the group's income and the value of its assets.

Risks pertaining to investment activities

The Group has an ongoing investment programme for infrastructure maintenance and adaptation. The inherent project risk, changes in the economic situation, and political guidelines may affect the financial basis for these investments and subsequently the Group's financial position.

There are technical, economic, and regulatory risks associated with development projects.

Credit risk

The Group is exposed to credit risk in relation to airlines and related activities. The Group deems that the risk of these parties being unable to meet their obligations is significant. If airlines are unable to meet their obligations, this could have a significant impact on the Group's business, financial position, and operating profit.

The Group has guidelines for minimising losses. The Group has not furnished any third-party obligations.

Financial risk

Foreign exchange risk

The Group is exposed to risk with respect to the value of the Norwegian krone against other currencies through income,

expenses, and financing in foreign currencies, the exposure to euro is the most significant.

Revenues from en-route navigation services are in euros, while some purchasing contracts are concluded in foreign currencies. The groups financing is exposed to foreign exchange risk, a large portion of the long-term financing is in euro.

The groups total foreign exchange risk is partially reduced since the revenues and costs partially is exposed for the same foreign exchange risk, and through hedging of parts of the groups long term debt.

Interest rate risk

The Group is exposed to interest rate risk through its financing activities.

Liquidity and financing risk

Avinor is dependent on the external financing of development plans and projects in order to meet its financial obligations by their due date as well as to refinance existing debt. There is uncertainty regarding the availability and pricing of capital markets. There have been no challenges in this regard yet.

Hedging

Financial hedging instruments are used to curtail risk related to changes in interest, exchange rates, and energy prices. The value of hedging instruments changes in line with prices in the market and may affect profits. When investing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

Regulatory risks

The Group's operations are focused on safe air traffic management, with procedures and measures to minimise the risks and consequences of accidents and serious incidents. Developments regarding national and international regulatory issues may have financial consequences for the Group.

Avinor safeguards national sectoral policy objectives. The Norwegian state sets guidelines for several conditions, including airport structure, emergency preparedness, aviation fees, and corporate social responsibility. The scope and organisation of sectoral policy guidelines may change over time.

New airport in Bodø

Avinor is currently studying the construction of a new airport in Bodø on behalf of the Norwegian Ministry of Transport and Communications with the aim of providing more space for urban development. The preliminary project is completed and submitted to the state for quality assurance and final decision. Its implementation is dependent on the funding being put in place. The National Transport Plan for 2022 to 2032 proposes financing the development based on the state, Bodø municipality and Avinor sharing the costs.

Pensions

Historically, Avinor's employees have been members in the public-sector pension scheme, which is a defined-benefit scheme. The scheme was finally closed on 1 January 2019 and around 45 per cent of employees were transferred to a new private defined-contribution scheme on this date. New employees are enrolled in the new private scheme.

The public-sector pension scheme changed on 1 January 2020 for those born after 1962. The new scheme bears more resemblance

to a private defined-contribution scheme. The transition to the new schemes means that those who have been transferred to the new scheme and those who are still members of the public-sector scheme and who were born after 1962 have been granted a set entitlement based on the rules of the old scheme. There is a financial and regulatory risk associated with the size of the defined-benefit pension obligations.

It is assumed that Avinor's employees follow public-sector rules in terms of special age limits and pensions. The Norwegian parliament passed a new law on public-sector occupational pension schemes on 21 June 2019. The law does not contain provisions for special rules for those born from 1963 onwards with a special age limit. It is intended that the accrual rules that apply from 2020 shall apply to those with a special age limit who were born in 1963 or later. This means that accruals in the current scheme relating to the special age limit were closed at the end of 2019 without any new rules being put in place. Consequently, there is a risk associated with the calculation of special age obligations.

Environmental conditions

Aviation affects the environment both locally and globally. The local environmental impact from aviation is primarily related to aircraft noise, local air quality, and water and ground contamination. The global impact is primarily related to greenhouse gas emissions from aviation, primarily from aircraft.

Greenhouse gas emissions from aviation could affect the reputation of the industry as well as general conditions and fees for the industry both nationally and internationally. This could impact air travel in the future. Reduced traffic volumes, increased costs, and a deterioration in the industry's profitability could in turn have a negative impact on Avinor's financial performance.

The airports have discharge permits that require risk assessments of acute pollution that represents a risk of damage to the external environment. Work is continuing reducing the risk of incidents that harm the environment occurring, at the same time as existing pollution is being surveyed and cleaned up. Environmentally hazardous additives (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airports have been detected. Future clean-up costs are dependent on regulatory requirements. The Norwegian Environment Agency has issued an order for measures at some airports and an overall order for the remaining airports. Accordingly, Avinor has compiled the results from completed PFAS surveys and drawn up a series of prioritised measures. In February 2020, the Norwegian Environment Agency assessed PFAS contamination and provided information on the process for making further progress.

EFSA, the European Food Safety Authority, has issued new stricter limits on PFAS related to human health. The Norwegian authorities (the Norwegian Food Safety Authority and the Norwegian Environment Agency) and the Norwegian Institute of Public Health are now considering the impact of this on the ongoing management of PFAS contaminants in Norway. There is a risk that the Norwegian Environment Agency will impose stricter clean-up requirements at Avinor's airports and that more pollution will need to be addressed than has previously been indicated.

OUTLOOK

The coronavirus pandemic has placed the entire aviation industry into an unprecedented situation. The primary focus at Avinor has

been to provide continuity and ensuring that operations continue throughout the coronavirus pandemic. Operations are being adjusted according to the reduction in traffic volumes.

There are indications that the traffic will increase again going forward, and Avinor have made plans for the possible upscaling of operations from summer and autumn of 2021. There is still great uncertainty regarding the forecasts for air traffic. Although the development in vaccination and infection pressure in Norway is going in a positive direction, the development in Europe and the rest of the world is still characterized by a high risk with regards to virus mutations and infection pressure. Factors such as the pace of vaccination, measures implemented by the government to limit the spread of the virus, test regime, documentation requirements and travel restrictions, as well as the airlines route planning will determine when traffic again will increase.

Avinor continues to streamline the operations to ensure the group's financial solvency in the longer term. Avinor's strategic priorities, including the level of costs and investments, will be adjusted to a long-term situation for the aviation.

The company's profits and solvency are greatly affected by the coronavirus pandemic. Consequently, there will be a need to bolster equity and liquidity beyond what has already been done during the pandemic. Avinor has maintained constant dialogue with its owner in respect of measures to bolster the Group's equity and liquidity.

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. Avinor's social mission means that the group shall facilitate further development and expected growth in air traffic.

Avinor is aware of the challenges the group faces when combining growth and greenhouse gas emissions in sustainable value creation. Aviation shall contribute to development and restructuring within Norwegian society and business. At the same time, the aviation industry is dependent on innovation and technological improvements to reconcile the goals of emission reductions and expected traffic growth.

Oslo, 18 may 2021
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

Amounts in MNOK

		FIRST QUARTER		YEAR
	NOTE	2021	2020	2020
Operating income:				
Traffic income	4	431,6	1 044,1	2 247,4
Government grants	4	1 050,0	0,0	3 600,2
Other operating income	4	376,2	1 082,7	2 335,7
Total operating income		1 857,8	2 126,8	8 183,3
Operating expenses:				
Raw materials and consumables used		23,2	27,3	110,6
Employee benefits expenses		917,3	964,5	3 401,9
Other operating expenses		542,3	1 042,5	2 771,6
Other expenses	5	5,8	30,4	48,9
Total operating expenses		1 488,6	2 064,7	6 333,0
EBITDA		369,2	62,1	1 850,3
Depreciation, amortisation and impairment charges	6	544,8	544,1	2 199,5
Operating profit/-loss		-175,6	-482,0	-349,1
Finance income		6,7	19,7	35,4
Finance expenses		159,7	148,5	611,8
Net finance income/-expenses		-153,0	-128,8	-576,3
Profit/-loss before income tax		-328,6	-610,8	-925,5
Income tax expense	2	-72,2	-134,4	-201,8
Profit/-loss after tax		-256,4	-476,4	-723,6

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	FIRST QUARTER		YEAR
	2021	2020	2020
Profit/(loss) for the period	-256,4	-476,4	-723,6
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gains/(losses) on post employment benefit obligations	708,5	-1 525,8	-1 542,4
Tax effect	-155,6	335,7	338,3
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	99,4	-301,7	-210,5
Tax effect	-21,9	66,4	46,3
Other comprehensive income, net of tax	630,4	-1 425,4	-1 368,3
Total comprehensive income	374,0	-1 901,8	-2 091,9
Attributable to:			
Owner of parent	374,0	-1 901,8	-2 091,9

CONDENSED BALANCE SHEET

Amounts in MNOK

		31 MARCH		YEAR
	NOTE	2021	2020	2020
ASSETS				
Non-current assets				
Intangible assets:				
Deferred tax assets		1 904,4	1 959,9	2 009,7
Other intangible assets	6	407,0	227,7	407,5
Intangible assets under construction	6	618,6	672,6	565,6
Total intangible assets		2 930,0	2 860,2	2 982,8
Property, plant and equipment:				
Property, plant and equipment	6	32 917,6	33 771,4	33 320,8
Assets under construction	6	3 925,5	2 837,5	3 606,1
Right of use assets	6	418,1	471,7	431,5
Total property, plant and equipment		37 261,2	37 080,6	37 358,4
Financial assets:				
Derivative financial instruments	10	1 435,9	2 280,7	1 638,4
Other financial assets		174,5	159,1	169,6
Total financial assets		1 610,4	2 439,8	1 808,0
Total non-current assets		41 801,6	42 380,6	42 149,2
Current assets				
Inventories		33,9	29,2	38,7
Trade and other receivables		688,9	1 251,5	796,0
Derivative financial instruments	10	5,9	970,2	648,2
Cash and cash equivalents	9	3 297,1	751,6	6 017,9
Total current assets		4 025,7	3 002,5	7 500,8
TOTAL ASSETS		45 827,3	45 383,1	49 650,0

CONDENSED BALANCE SHEET

Amounts in MNOK

		31 MARCH		YEAR
	NOTE	2021	2020	2020
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		8 161,0	7 977,1	7 787,0
Total equity		13 561,1	13 377,2	13 187,1
Liabilities				
Provisions:				
Retirement benefit obligations	8,11	4 948,8	5 495,1	5 621,0
Other provisions	11	985,0	1 078,9	1 010,3
Total provisions		5 933,8	6 574,0	6 631,3
Non-current liabilities				
State loan	9,10	1 194,2	1 194,2	1 194,2
Other non-current loans	9,10	21 275,2	16 966,2	22 574,5
Derivative financial instruments	10	775,9	0,0	420,7
Lease liabilities	9,10	380,5	424,8	390,9
Total non-current liabilities		23 625,7	18 585,2	24 580,3
Current liabilities				
Commercial papers	9,10	0,0	600,0	0,0
Trade payables		232,5	505,5	418,2
Tax payable		0,0	27,9	0,0
Public duties payable		155,6	346,4	178,5
Derivative financial instruments	10	5,6	63,4	5,0
First annual installment on long-term liabilities	9,10	891,5	3 831,5	3 381,5
Lease liabilities	9,10	56,9	56,6	57,8
Other current liabilities		1 364,7	1 415,4	1 210,4
Total current liabilities		2 706,7	6 846,7	5 251,3
Total liabilities		32 266,2	32 005,9	36 463,0
Total equity and liabilities		45 827,3	45 383,1	49 650,0

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2020	5 400,1	-886,6	10 765,5	15 279,0
Total comprehensive income		-1 425,4	-476,4	-1 901,8
Balance at 31 March 2020	5 400,1	-2 312,0	10 289,1	13 377,2
Balance at 1 January 2021	5 400,1	-2 254,9	10 041,9	13 187,1
Total comprehensive income		630,4	-256,4	374,0
Balance at 31 March 2021	5 400,1	-1 624,5	9 785,5	13 561,1

CONDENSED STATEMENT OF CASH FLOWS

Amounts in MNOK

			PER 1. KVARTAL		AR
	FOOTNOTE	NOTE	2021	2020	2020
Cash flow from operating activities					
Profit/(loss) before income tax			-328,6	-610,8	-925,5
Depreciation, amortisation and impairment charges			544,8	720,2	2 199,5
(Profit)/loss on disposals of non-current assets			-6,3	-1,7	-1,3
Changes in value and other losses/(gains) - net (unrealised)			-13,4	61,2	11,3
Net finance (income)/costs			153,0	128,8	576,3
Change in inventories, trade receivables and trade payables	1)		18,9	342,9	433,9
Difference between post employment benefit expense and amount paid/received		8	36,4	-3,5	105,8
Change in other working capital items			148,3	83,3	-138,0
Interest received			6,8	9,4	27,8
Income tax paid			0,0	-139,1	-298,8
Net cash flow from operating activities			559,8	590,6	1 991,0
Cash flow from investing activities					
Investments in property, plant and equipment (PPE)			-549,1	-594,0	-2 379,2
Proceeds from sale of PPE, incl assets under construction			8,0	2,4	26,2
Change in other investments			10,1	-57,0	-29,4
Net cash flow from investing activities			-530,9	-648,6	-2 382,5
Cash flow from financing activities					
Proceeds from borrowings		9	0,0	0,0	7 526,6
Repayment of borrowings		9	-2 501,4	-10,8	-940,6
Net proceeds/repayment of short term borrowings (commercial papers)		9	0,0	0,0	-600,0
Interest paid			-248,4	-238,7	-629,8
Other borrowing charges			0,0	0,0	-5,9
Dividends paid to owner			0,0	0,0	0,0
Net cash flow from financing activities			-2 749,7	-249,4	5 350,2
Net increase/-decrease in cash, cash equivalents and bank overdrafts			-2 720,9	-307,4	4 958,7
Cash, cash equivalents and bank overdrafts at the beginning of the period			6 017,9	1 059,1	1 059,1
Cash, cash equivalents and bank overdrafts at the end of the period		9	3 297,1	751,6	6 017,9

1) Changes in inventories, accounts receivable and accounts payable include reversal of provisions for losses on receivables of MNOK 67.3 for the three months ended March 2021 (2020: increased provisions of MNOK 236.1).

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1 General information

Avinor AS and its subsidiaries (together 'the group') own, manage and develop aviation infrastructure and systems by facilitating safe and efficient aviation. The group also renders services within the same areas together with other activities to support the group's main business, including commercial development. The Avinor group's headquarters are located in Oslo.

The interim financial statements for the first quarter of 2021 were approved by the Board of Directors on 18 May 2021. The interim financial information has not been audited.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for the Avinor group for the first quarter 2021, ended 31 March 2021, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompass Avinor AS and all its subsidiaries. The interim financial information has been prepared in accordance with IAS 34 Interim financial reporting. The interim financial information should be read in conjunction with the annual financial statement for the year ended 31 December 2020. The accounting policies are consistent with those of the annual financial statement for the year ended 31 December 2020.

Income tax expense in the interim financial statements

The income tax expense is calculated using the expected annual effective tax rate. Expected annual effective tax rate is 22 %. Since the results for 2020 and 2021 are negative, the income tax expense is booked against deferred tax assets in the balance sheet.

NOTE 3 Segment information

Amounts in MNOK

THREE MONTHS ENDED MARCH 2021:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	93,2	51,3	37,0	23,8	88,5	293,8
Government grants	0,0	0,0	0,0	0,0	0,0	0,0
Other income	159,6	26,4	23,0	19,5	64,3	292,8
Inter-segment income	1,7	0,0	2,0	0,9	18,0	22,6
Total income	254,6	77,6	62,0	44,2	170,7	609,1
Employee benefits expenses	115,1	27,7	23,9	22,0	185,9	374,5
Other operating expenses	158,7	40,1	26,6	25,0	227,9	478,4
Inter-segment expenses	85,2	28,3	23,7	18,6	140,3	296,0
Total expenses	359,0	96,1	74,2	65,5	554,1	1 148,9
EBITDA	-104,4	-18,5	-12,2	-21,3	-383,3	-539,7
Depreciation, amortisation and impairment charges	238,0	75,1	29,9	26,9	107,9	477,8
Operating profit/-loss	-342,4	-93,6	-42,1	-48,3	-491,3	-1 017,6
Assets *	16 670,9	5 328,2	1 709,6	1 650,5	6 154,6	31 513,7

THREE MONTHS ENDED MARCH 2021 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEV. AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	293,8	137,8	0,0	0,0		431,6
Government grants	0,0	0,0	0,0	1 050,0		1 050,0
Other income	292,8	39,8	21,6	22,0		376,2
Inter-segment income	22,6	134,9	5,4	165,1	-327,9	0,0
Total income	609,1	312,5	26,9	1 237,2	-327,9	1 857,8
Employee benefits expenses	374,5	344,9	0,0	197,9		917,3
Other operating expenses ¹⁾	478,4	79,0	4,9	9,0		571,3
Inter-segment expenses	296,0	31,7	0,6	-0,4	-327,9	0,0
Total expenses	1 148,9	455,7	5,5	206,5	-327,9	1 488,6
EBITDA	-539,7	-143,2	21,4	1 030,7		369,2
Depreciation, amortisation and impairment charges	477,8	31,4	8,3	27,2		544,8
Operating profit/-loss	-1 017,6	-174,6	13,1	1 003,5		-175,6
Assets *	31 513,7	701,5	716,7	392,6		33 324,6

* Inclusive other intangible assets, exclusive assets under construction.

1) Other operating expenses includes a reversal of provision of MNOK 67.3 for estimated losses on accounts receivable as of 31 March 2021. The reversal is distributed with MNOK 66.6 in the segment Others and MNOK 0.7 in the segment Air Navigation Services.

THREE MONTHS ENDED MARCH 2020:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	372,7	104,9	78,6	65,3	164,6	786,1
Government grants	0,0	0,0	0,0	0,0	0,0	0,0
Other income	633,7	101,7	73,7	57,7	124,5	991,4
Inter-segment income	0,6	0,0	2,0	0,8	15,4	18,9
Total income	1 007,1	206,6	154,4	123,8	304,6	1 796,4
Employee benefits expenses	128,7	31,0	26,3	24,5	200,5	411,0
Other operating expenses	250,5	48,0	87,6	33,2	231,2	650,6
Inter-segment expenses	93,0	30,6	25,6	19,8	139,8	308,8
Total expenses	472,2	109,7	139,4	77,5	571,5	1 370,3
EBITDA	534,9	97,0	14,9	46,3	-266,9	426,2
Depreciation, amortisation and impairment charges	235,5	77,2	30,7	26,6	105,0	474,9
Operating profit/-loss	299,4	19,8	-15,8	19,7	-371,9	-48,8
Assets *	17 268,4	5 550,7	1 719,7	1 691,6	5 842,3	32 072,6

THREE MONTHS ENDED MARCH 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEV. AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	786,1	258,0	0,0	0,0		1 044,1
Government grants	0,0	0,0	0,0	0,0		0,0
Other income	991,4	43,9	24,3	23,0		1 082,7
Inter-segment income	18,9	162,1	5,7	163,7	-350,3	0,0
Total income	1 796,4	464,0	30,0	186,7	-350,3	2 126,7
Employee benefits expenses	411,0	374,4	0,0	179,1		964,5
Other operating expenses ²⁾	650,6	54,2	0,9	394,6		1 100,1
Inter-segment expenses	308,8	22,5	0,1	19,0	-350,3	0,0
Total expenses	1 370,3	451,2	0,9	592,6	-350,3	2 064,6
EBITDA	426,2	12,8	29,0	-405,9		62,2
Depreciation, amortisation and impairment charges	474,9	30,2	9,0	30,0		544,1
Operating profit/-loss	-48,8	-17,4	20,0	-435,9		-482,0
Assets *	32 072,6	910,4	751,4	264,8		33 999,1

* Inclusive other intangible assets, exclusive assets under construction.

2) Other operating expenses includes a provision of MNOK 236.1 for estimated losses on accounts receivable as of 31 March 2020. The provision is distributed with MNOK 229.3 in the segment Others and MNOK 6.8 in the segment Air Navigation Services.

NOTE 4 Operating income

Amounts in MNOK

Revenue from contract with customers (IFRS 15) include all traffic income and part of other operating income, see specification below.

Traffic income, except for the en route charges, is distributed to the segments under airport operations. The en route charges are allocated in its entirety to the segment Air Navigation Services. See note 3.

Government Grants

Government grants are recognised in accordance with IAS20 (Accounting for Government Grants and Disclosure of Government Assistance). Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

The grants are considered receivable and given for the purpose of providing immediate financial support without future associated expenses or future conditions attached to it.

Government grants are presented separately in the income statement.

SPESIFICATION	FIRST QUARTER		YEAR
	2021	2020	2020
Traffic income			
Takeoff charges	123,9	223,7	423,7
Terminal charges	56,7	217,9	420,5
En route charges	137,8	258,0	654,5
Security charges	54,6	227,8	443,8
Terminal navigation charges	58,6	116,6	305,0
Total traffic income	431,6	1 044,1	2 247,4
Government grants	1 050,0	0,0	3 600,2
Other operating income			
Revenue from contracts with customers:			
Duty free	0,6	16,2	21,4
Parking	0,1	0,0	0,1
Other	133,2	160,7	539,9
Total other operating income from contracts with customers	133,9	177,0	561,4
Rental income:			
Duty free	45,4	429,7	638,1
Parking	48,6	158,2	327,8
Other	148,3	317,8	808,3
Total rental income	242,4	905,7	1 774,3
Total other operating income	376,2	1 082,7	2 335,7
Total income from contracts with customers	565,4	1 221,1	2 808,8
Total rental income	242,4	905,7	1 774,3
Government grants	1 050,0	0,0	3 600,2
Total operating income	1 857,8	2 126,8	8 183,3

NOTE 5 Other expenses

Amounts in MNOK

	FIRST QUARTER		YEAR
	2021	2020	2020
Other expenses			
Change in value and other gains/-losses, net	5,8	30,4	48,9
Total	5,8	30,4	48,9

NOTE 6 Property, plant and equipment and other intangible assets

Amounts in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 31 March 2020					
Opening net book amount	233,7	34 244,6	3 264,8	485,0	38 228,1
Additions	0,0	226,0	471,6	0,0	697,6
Reclassification	0,0	0,0	-224,0	0,0	-224,0
Disposals	0,0	-0,7	0,0	0,0	-0,7
Depreciation charge	-6,0	-698,5	-2,3	-13,3	-720,1
Closing net book amount	227,7	33 771,4	3 510,1	471,7	37 980,9
At 31 March 2021					
Opening net book amount	407,5	33 320,8	4 171,7	431,5	38 331,5
Additions	11,7	117,6	501,7	0,0	631,0
Reclassification	0,0	0,0	-129,3	0,0	-129,3
Disposals	0,0	-1,7	0,0	0,0	-1,7
Depreciation charge	-12,2	-519,2	0,0	-13,4	-544,8
Closing net book amount	407,0	32 917,5	4 544,1	418,1	38 286,6

MNOK 618.6 of assets under construction is classified as intangible as at 31 March 2021 (MNOK 672.6 as at 31 March 2020).

Fixed assets that were damaged as a result of a fire in the parking garage at Stavanger Airport were impaired by MNOK 176.1 in the first quarter of 2020. Avinor has received a preliminary insurance settlement that fully covers the impairment charge. The preliminary insurance settlement is presented as a reduction of depreciation, amortisation and impairment charges for the period in the income statement (net presentation).

Impairment tests - measurement of recoverable amount

The corona pandemic has had major negative effects on Avinor and significantly affected the number of air passengers and the group's revenues in 2020, and continues to have a negative impact in 2021.

The pandemic is already considered an impairment indicator for the group's cash-generating units (airport operations and air navigation services), and consequently management has performed updated impairment tests as at 31 March 2021 that take into account new information and updated forecasts.

Uncertainty of the duration of the pandemic, the extent of financial support and the regulation of Avinor's revenues, increase the sensitivity to the assumptions used in the impairment assessments, and result in less headroom between the recoverable amount and the carrying amount of the group's assets for the cash-generating units

The group, and the two cash-generating units (airport operations and air navigation services), are long-term and regulated infrastructure business where a decrease in traffic in the short / medium term will not entail a need for impairments. However, the current situation and the uncertainty associated with both duration and more long-term consequences are very unusual and could affect the value of the group's assets and lead to impairment of assets in the future.

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK. The future cash flow is then discounted based on a weighted average discount rate relevant for the group's type of operations.

The assessments are subject to particularly high uncertainty related to the effects of the pandemic on future traffic forecasts. Hence, Avinor has relied on different scenarios in determining cash flows in the impairment assessments.

The most important assumptions used in the impairment tests as of 31 March 2021 are described below, and represent updated forecasts, including the managements assumptions of most probable outcome:

KEY ASSUMPTIONS	AIRPORT OPERATIONS	AIR NAVIGATION SERVICES
Key assumptions		
Revenues in 2021 in % of 2019 *	40,5 %	72,9 %
Revenues in 2026 in % of 2019	100,5 %	105,5 %
Operating expenses 2021 in % of 2019	64,5 %	85,6 %
Operating expenses in 2026 in % of 2019	89,6 %	92,8 %
Eternal growth in terminal value	1,5 %	1,5 %
Post-tax rate of return requirement	4,7 %	4,1 %

* Government grants are not included.

Cash flows in the first year in the measurement period is based on management's best estimate, including government grants of MNOK 3,200 for 2021. No estimate for government grants are included in the following years. Cash flows for years 2-6 are calculated based on management approved forecasts, which are based on current regulations and updated forecasts for air traffic volume, related commercial revenues and cost level. Cash flow from year 6 onwards is extrapolated with an eternal growth of 1.5 % based on expectations in future travel activity and inflation. The expectations are based on Avinor's own assessments as well as analysis from reputable industry- and analysis organizations. In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth. At the same time, aviation fees will be regulated based on level of costs. Airport charges are based on current regulations.

Impairment tests – results

The results of the impairment tests show that the value in use exceeds the book value of assets by MNOK 3,950 for airport operations and MNOK 1,000 for air navigation services. Consequently, no impairment loss has been recognized at the end of the first quarter of 2021.

Impairment tests - sensitivity analyses

As the pandemic is still evolving and at the time of approval of the first quarter 2021 statements there are still uncertainty about the time/ effect of large scales of vaccines and how the pandemic will affect future travel activity, it is still too early to predict the full impact the pandemic may have on the group. Should managements current estimates and assumptions not be met, it could lead to significant impairment losses.

Management has carried out sensitivity analyses that represent different scenarios based on changes in the assumptions to which the impairment tests are most sensitive. The analyses have been prepared to illustrate the uncertainty in the management's assessments.

The sensitivity to changes in operating margin, income and terminal growth is summarised in the table below:

IMPAIRMENT TESTS - RESULTS	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Change in assumption				
Operating margin: -1,0 %	38 300	0	1 950	0
Operating margin: - 2,0 %	36 000	250	1 350	200
Income: - 1,0 %	38 050	0	2 000	0
Income: -5,0 %	35 900	350	1 450	100
Terminal growth: -0,5 %	35 400	850	2 050	0
Terminal growht: -1,0 %	31 750	4 500	1 700	0

NOTE 7 Capital structure and equity*Amounts in MNOK*

	31 MARCH		YEAR
	2021	2020	2020
Interest bearing debt (see note 9)	23 798,2	23 073,3	27 598,9
Interest swaps liabilities (see note 10)	775,9	0,0	420,7
Interest rate swaps assets (see note 10)	-1 435,9	-3 244,1	-2 285,9
Lease liabilities	-437,3	-481,4	-448,7
Cash and cash equivalents	-3 297,1	-751,6	-6 017,9
Net interest bearing debt - exclusive lease liabilities	19 403,8	18 596,2	19 267,0
Equity	13 561,1	13 377,2	13 187,1
Total equity and net interest bearing debt - exclusive lease liabilities	32 964,9	31 973,4	32 454,1
Net debt to equity ratio *	41,1 %	41,8 %	40,6 %

* Equity as a percentage of total equity and net interest bearing debt - exclusive lease liabilities (according to article 5 of the company's Article of Association).

Article 5 of the company's Articles of Association lays down the following financial limitation: Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's net long-term interest-bearing debt plus equity.

In addition, there are covenants on some of the debt issued by Avinor. The covenant is a net debt (excluding lease obligations) to equity ratio of at least 30 per cent.

Avinor complies with all equity covenants in loan agreements and the minimum equity ratio according to the Articles of Association as of 31 March 2021.

NOTE 8 Pensions

Amounts in MNOK

Avinor bases its calculation of pension liabilities on updated assumptions for pension obligations published by the Norwegian Accounting Standards Board. The latest update of assumptions for pension obligation were as of 31.12.2020.

The present value of the group's defined benefit pension obligation is calculated by discounting estimated future payments with the interest rate on a bond issued by a company with a high credit rating. Avinor has observed an increase in these interest rates since the end of 2020 and has consequently used updated discount rate at the end of March as a basis for calculation the group's pension obligation. Changes in this assumption that give rise to accounting losses or gains are recognised in equity through other comprehensive income.

The following assumptions have been used to calculate the group's pension liabilities:

	31 MARCH		YEAR
	2021	2020	2020
Discount rate	2,00 %	2,30 %	1,70 %
Future return on plan assets	2,00 %	2,30 %	1,70 %
Future salary increases	2,25 %	2,25 %	2,25 %
Future pension increases	1,25 %	1,25 %	1,25 %
Future increases in the social security base rate (G)	2,00 %	2,00 %	2,00 %

PENSION OBLIGATION

	31 MARCH		YEAR
	2021	2020	2020
Net pension obligation at 1 January	5 621,0	3 972,8	3 972,8
Reclassification incoming balance gift pension	0,0	0,0	18,8
Pension cost (exclusive employee contribution)	100,6	75,6	411,5
Employer/employee contribution	-64,3	-79,1	-324,5
Actuarial gains/losses	-708,5	1 525,8	1 542,4
Net pension obligation at the end of the period	4 948,8	5 495,1	5 621,0

In addition to the pension cost in the table above there is a cost of MNOK 38.7 as at 31 March 2021 related to employees that have transitioned to a defined contribution pension scheme (MNOK 38.9 as at 31 March 2020) and MNOK 6.3 related to the private AFP scheme (early retirement) (MNOK 6.2 as at 31 March 2020).

The new act on public sector occupational pension does not contain regulations related to a new AFP scheme (early retirement) or rules for special retirement pension. As a result, the accounting effect of this is not fully reflected in the accounts as of 31 March 2021.

NOTE 9 Borrowings and lease liabilities

Amounts in MNOK

	FOOTNOTE	31 MARCH		YEAR
		2021	2020	2020
Long term borrowings and lease liabilities		22 849,8	18 585,2	24 159,6
Short term borrowings and lease liabilities		948,3	4 488,1	3 439,3
Total		23 798,2	23 073,3	27 598,9
Movement in borrowings and lease liabilities				
Opening net book amount		27 598,9	21 295,0	21 295,0
Proceeds from borrowings		0,0	0,0	7 526,6
Repayment of borrowings		-2 490,0	0,0	-896,7
Repayment of lease liabilities		-11,4	-10,8	-43,9
Net proceeds/repayment of short term borrowings (commercial papers)		0,0	0,0	-600,0
Net changes in borrowings with cash flow effect		-2 501,4	-10,8	5 986,0
Changes in value	1)	-1 299,3	1 789,1	317,9
Closing net book amount		23 798,2	23 073,3	27 598,9

1) Parts of the loan portfolio is in euros. The strengthening of the Norwegian krone in the first quarter of 2021 results in reduced debt in Norwegian kroner during the period. In the first quarter of 2020 the change in value increased the debt because of the weakening of the Norwegian krone against the euro. The change in debt is offset, Avinor has purchased currency hedging instruments for the entire debt in foreign currency.

LIQUIDITY RESERVES

	31 MARCH		YEAR
	2021	2020	2020
Cash and cash equivalents	3 297,1	751,6	6 017,9
Unused bank overdraft	600,0	600,0	600,0
Unused credit facility	4 000,0	4 000,0	4 000,0
Total	7 897,1	5 351,6	10 617,9

The group has an internal objective of having a liquidity reserve, including drawing facilities, corresponding to at least 12 months' forecasted liquidity requirements, including repayment of borrowings. The internal objective is met at the end of first quarter 2021.

NOTE 10 Financial instruments

Amounts in MNOK

Fair value estimation

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value estimation of all interest rate swaps is collected from the groups treasury system and checked against fair value estimates from the main bank connection.

The carrying amount of cash and bank overdrafts is approximately equal to the fair value due to the short maturity of these instruments. Similarly, the carrying amount of trade payables is approximately equal to fair value as they are entered into under "normal" conditions. This also applies to accounts receivables except for customer relationships where there are significant overdue, unpaid outstanding and where outstanding receivables are valued at fair value. The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk. The fair value of commercial papers equals principal amount.

Below is a comparison of the carrying amounts and fair values of the group's interest-bearing debt.

FAIR VALUE ESTIMATION

	31 MARCH 2021		31 MARCH 2020	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638,6	1 655,9	1 638,6	1 652,5
Bonds	16 949,1	18 230,6	15 133,0	15 528,5
Bank borrowings	4 773,2	5 064,5	5 220,3	5 855,8
Commercial papers	0,0	0,0	600,0	600,0
Lease liabilities	437,3	437,3	481,4	481,4
Total	23 798,2	25 388,3	23 073,3	24 118,3

DERIVATIVE FINANCIAL INSTRUMENTS

	31 MARCH		YEAR
	2021	2020	2020
Assets			
Interest rate swaps	1 435,9	3 244,1	2 285,9
Forward foreign exchange contracts	2,6	6,8	0,8
Forward energy contracts	3,3	0,0	0,0
Total assets	1 441,8	3 250,9	2 286,7
Liabilities			
Interest rate swaps	775,9	0,0	420,7
Forward foreign exchange contracts	5,6	7,4	1,0
Forward energy contracts	0,0	56,0	4,0
Total liabilities	781,5	63,4	425,7

Fair value hierarchy

The table below shows financial instruments at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2021:

AT 31 MARCH 2021	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss	3,3	2,6		5,9
Derivatives used for hedging		1 435,9		1 435,9
Total assets	3,3	1 438,5	0,0	1 441,8
Liabilities				
Financial liabilities at fair value through profit or loss		4 702,9		4 702,9
Derivatives used for hedging		775,9		775,9
Total liabilities	0,0	5 478,8	0,0	5 478,8

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2020:

AT 31 MARCH 2020	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss		6,8		6,8
Derivatives used for hedging		3 244,1		3 244,1
Total assets	0,0	3 250,9	0,0	3 250,9
Liabilities				
Financial liabilities at fair value through profit or loss	56,0	1 783,5		1 839,6
Derivatives used for hedging		7,4		7,4
Total liabilities	56,0	1 790,9	0,0	1 847,0

NOTE 11 Contingencies and estimates

Corona virus

Norway got its first registered corona virus infection on 26 February 2020. On 12 March 2020 the Norwegian government introduced several measures to limit the virus spread among the population, including travel restrictions. The measures included, among other things, that the Norwegian border was closed to foreigners without a residence permit.

The group's profit and financial position is strongly negatively affected by the corona pandemic in 2020, and this continues in 2021. Although the development in vaccination and infection pressure in Norway is going in a positive direction, the development in Europe and the rest of the world is still characterized by a high risk with regards to virus mutations and infection pressure. It is unclear when we are back in an almost normal situation.

Due to reduced demand for national and international flights, the airlines have reduced the route production and initiated layoffs/terminations of employees. The financial situation in the industry is very demanding and considerable restructuring is expected in the future. This also significantly affects Avinor. Due to uncertainty related to airlines and other customers' ability to pay, the estimate of expected losses on accounts receivable are higher in 2020 and 2021 compared to historical levels of losses.

The group has through 2020 and 2021 implemented several measures to secure the financial situation. This includes borrowings and new short-term and long-term debt, government grants and cost-cutting measures including employee layoffs. Furthermore, a critical review of ongoing and planned investment projects is undertaken. Further cost-cutting measures have been an ongoing work through 2020 and continues in 2021.

Government grants

On 11 May 2021, the Norwegian Government presented in the revised national budget a proposal to give Avinor Government grants of up to MNOK 3,800 for 2021.

The Norwegian Ministry of Transportation and Communications and Avinor are in close dialog regarding the size, format and timing of further government grants for the coming years. In the first quarter of 2021 grants of MNOK 1,050 has been received and recognized as government grants.

External environment

According to assignment from the Norwegian Environment Agency a preliminary survey of possible external environment obligation attached to PFOS pollution on all of Avinor's airports (with the exception of Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases) have been carried out. There is established responsibility for clean-up of pollution on 32 localities.

Based on action plans approved by the Norwegian Environment Agency for comparable locations, the clean-up cost is estimated to MNOK 920 on the 32 locations in question in addition to responsibilities on other locations. Based on this, a provision of MNOK 871.2 was made in the second quarter of 2019. The total provision related to external environment clean-up costs as of 31 March 2021 amounts to MNOK 973.9.

Pensions

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 31 March 2021. Regulation related to a new AFP scheme and special retirement pension are not included in the new law. Therefore, the full accounting consequences of the new law cannot be calculated until the final regulation have been adopted.



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