

INTERIM FINANCIAL REPORT

1st quarter 2023



Content

Main figures - Avinor Group	3
Board of Directors' Report	4
Condensed income statement	8
Condensed statement of comprehensive income	9
Condensed statement of financial position	10
Condensed statement of changes in equity	12
Condensed statement of cash flows	13
Notes to the interim financial statements	14
Alternative performance measures	28

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.

Avinor Group – Main Figures

Amounts in MNOK

	THREE MONTHS ENDED MARCH		YEAR
	2023	2022	2022
Operating income airport operations	2 101	1 464	9 007
Operating income air navigation services	504	467	2 122
Other income and eliminations	-149	-171	-710
Total group operating income	2 456	1 760	10 419
EBITDA group *	460	36	3 069
Group profit/loss after tax	-336	-434	427
Total assets	46 826	45 508	45 935
Equity	12 836	11 951	13 358
Equity/total assets *	27,4 %	26,3 %	29,1 %
Net debt to equity ratio *	37,4 %	37,2 %	39,2 %
Number of passengers (in 1000)	10 441	7 417	44 729
Number of aircraft departures (in 1000)	145	127	618
Number of service units (in 1000)	499	436	2 071
Punctuality */**	78 %	86 %	81 %
Regularity */**	99 %	99 %	99 %

* See further description and calculation in the appendix "Alternative performance measures"

** Past 12 months

Board of Directors' Report

IMPORTANT EVENTS

A total of 10.4 million passengers travelled to, from or through Avinor's airports in the first quarter of 2023, an increase of 41 per cent compared to the first quarter of 2022. The number of aircraft movements increased by 15 per cent compared to the corresponding period of 2022. Domestic aircraft movements increased by 11 per cent while international traffic increased by 37 per cent.

Consequences of changes in travel habits, uncertainty due to the war in Ukraine, high price growth and increased interest rates contributes to the fact that traffic levels are still not back at pre pandemic levels. Compared to the first quarter of 2019, the total number of passengers are approximately 15 per cent lower in the first quarter of 2023. The traffic development and travel patterns indicate that the recovery has been strongest for holiday and leisure travels, while business travel is still behind the pre pandemic volumes.

As a result of the outbreak of war in Ukraine, Avinor continues reinforced measures to safeguard critical Norwegian infrastructure. The war has also led to some decrease in overflight traffic in Norwegian airspace.

During the first quarter of 2023, the tower operations at Svolvær, Sogndal and Førde airport were transferred to the Remote Tower Centre in Bodø. A total of 11 towers are now operated from the Remote Tower Centre.

In March agreements were signed by Avinor, Bodø municipality and Forsvarsbygg regarding the new airport in Bodø, and the first ground was broken for the construction of the airport. Avinor and AF Gruppen has signed a part-contract that ensures progress and work at the new airport in Mo i Rana during the summer season 2023.

On 18 April 2023 the new terminal at Tromsø airport was opened in a cord cutting ceremony by the Minister of Transport Jon-Ivar Nygård. The terminal area at Tromsø has been extended by 10,000 square meters, three upgraded aircraft stands and a new baggage handling facility. From start the domestic traffic will use the new terminal area, while international traffic is planned to relocate to the new terminal during 2024.

At the end of March Avinor provided input to the Ministry of Transport and the Ministry of Trade, Industry and Fisheries with Avinor's proposals for resource prioritisation in National Transport Plan for the period 2025-2036. In the proposal, Avinor signals its priorities and ambitions for the period. The input is a response to a concrete assignment from the above mentioned ministries as a result of Avinor being a part of the states sectoral political tool in the aviation area.

Monitoring of the group's financial position is still a prioritised area. The equity ratio according to paragraph 5 of the articles of association is 37.4 per cent at the end of March 2023, and cash flow before changes in borrowings was minus NOK 496 million through the first quarter of 2023. In an extraordinary general meeting, held 12 December 2022, the owner decided to prolong the permit to deviate from the minimum equity ratio of 40 percent according to section 5 in the articles of association up until 31 December 2023. The minimum equity ratio calculated according to the articles of

association is set to 37 per cent for this period. Avinor complies with all equity covenants on external debt.

Adaptation of operations to match the traffic volume is carefully balanced against the operating expenses. The project portfolio is closely assessed and prioritised. Avinor has many large projects, including the development of two new airports, which will tie up the financial capacity for several years to come. Extraordinarily high price increase for building and construction projects represents increased risk for the project portfolio.

JANUARY TO 31 MARCH 2023

KEY FINANCIAL FIGURES, 01.01. - 31.03.

MNOK	2023	2022	CHANGE
Operating income	2 456,2	1 760,4	39,5 %
EBITDA	459,9	36,4	1162,7 %
Profit/-loss after tax	-336,2	-434,4	22,6 %
Investments	605,1	532,9	13,6 %

The group had a loss after tax of NOK 336 million in the first quarter of 2023, compared to a loss of NOK 434 million in the first quarter of 2022.

Operating income

Operating income in the first quarter of 2023 amounted to NOK 2 456 million, an increase of 39.5 per cent compared to the first quarter of 2022.

OPERATING INCOME PER SEGMENT, 01.01. - 31.03.

MNOK	2023	2022	CHANGE
Airport operations	2 101,3	1 464,4	43,5 %
Air navigation services	504,2	467,0	8,0 %
Others	370,6	227,4	63,0 %
Elimination	-519,9	-398,3	
Avinor Group	2 456,2	1 760,4	39,5 %

As a result of increased passenger traffic, the revenues for airport operations increased by 43.5 per cent during the first quarter of 2023. Both traffic income and commercial income has increased, but the growth is highest for commercial income. For the first quarter of 2023, commercial income makes up 56 per cent of operating income for airport operations. The large airports, with a larger portion of international traffic, has had the greatest revenue growth.

The growth in revenues for air navigation services is also a result of increased traffic in the first quarter of 2023 compared to the corresponding period in 2022. However, the growth is not as high as for airport operations, the number of aircraft movements has not increased as much as the number of passengers.

Operating expenses, depreciation and amortization

Total operating expenses for the first quarter of 2023 amounted to NOK 1 996 million compared to NOK 1 724 million in the first quarter of 2022. This is an increase of 15.8 per cent. Increased volume dependent costs for personnel and security are large contributors to the high percentage increase in operating expenses. The cost development must therefore be seen in connection with the significant increase in traffic volume and generally high price growth on several input factors during the period. Unit cost per passenger has decreased by around 18 per cent for the first quarter of 2023 compared to the first quarter of 2022.

Total depreciation, amortisation, and write-downs for the first quarter of 2023 amounted to NOK 559 million, the same level as in the corresponding period of 2022.

EBITDA

EBITDA for the first quarter of 2023 was NOK 460 million with an EBITDA margin of 18.7 per cent. In the first quarter of 2022 EBITDA was NOK 36 million with an EBITDA-margin of 2.1 per cent.

Investments

Recognised additions to tangible fixed assets for the first quarter of 2023 amounted NOK 605 million, which is an increase of NOK 72 million compared to the first quarter of 2022. The investments during the first quarter are primarily related to projects commenced before the corona pandemic in addition to necessary re-investments.

Cash flow, financing, and commitments

In the first quarter of 2023, the group's cash flow before changes in borrowings was NOK – 496 million. With a net increase in borrowings of NOK 738 million, the group's cash reserves increased by NOK 242 million during the first quarter of 2023.

Interest-bearing liabilities as at 31 March 2023 amounted to NOK 24.2 billion, of which NOK 1.8 billion were current interest-bearing liabilities. The quarter has been characterised by increased interests and weakening of the Norwegian krone against euro. The groups loan portfolio is 100 per cent currency hedged, but the interest effect of the fixed rate hedges contributes to a weakening of the equity of NOK 185 million during the first quarter. The classification of forward energy contracts has, with effect from the fourth quarter of 2022, been changed from operating expenses to finance items in the income statement. Comparative figures for the first quarter of 2022 in this report has been restated correspondingly.

Net finance result for the first quarter of 2023 ended at NOK – 332 million, which is NOK 279 million lower than the finance result for the first quarter of 2022. Realised and unrealised losses on forward energy contracts contributes with a negative financial result of NOK 201 million in the first quarter of 2023.

Through the first quarter of 2023 the group's total assets increased by NOK 890 million to NOK 46.8 billion at 31 March 2023. The equity ratio compared to the total capital ended at 27.4 per cent at the end of March 2023 compared to 29.1 per cent at year end 2022. Equity as a percentage of the sum of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of association) amounted to 37.4 per cent.

During the first quarter of 2023, the group's book equity decreased by NOK 522 million. Loss for the period contributed negatively

with NOK 336 million while changes in value of financial hedging instruments accounted for a negative effect of NOK 185 million.

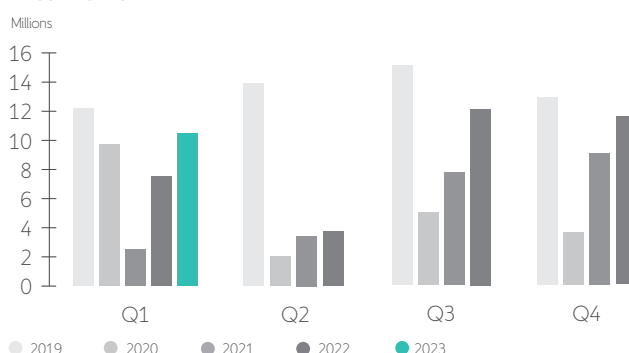
At the end of the first quarter of 2023, the group's cash reserves amounted to NOK 5.7 billion, distributed between NOK 1.4 billion in bank deposits and NOK 4.3 billion in unutilised drawing rights.

Traffic development and service targets

A total of 10.4 million passengers travelled through Avinor's airports during the first quarter of 2023. This is an increase of 41 per cent compared to the corresponding period in 2022.

The figure below shows the trend in traffic on a quarterly basis for the period 2019 to 2023:

PASSENGERS



Domestic traffic in the first quarter of 2023 increased by 31 per cent compared to the first quarter of 2022, while international traffic increased by 66 per cent. Offshore helicopter traffic had an increase of 1 per cent.

Passenger volume was distributed between the airports as follows:

NUMBER OF AIR PASSENGERS, 01.01. - 31.03.

PASSENGERS (1000)	2023	2022	CHANGE
Gardermoen	5 186	3 442	50,7 %
Flesland	1 323	1 023	29,3 %
Sola	843	581	45,3 %
Værnes	899	648	38,6 %
Others	2 189	1 723	27,0 %
Avinor group	10 441	7 417	40,8 %

The number of commercial air transport movements during the first quarter of 2023 increased by 15 per cent compared to the first quarter of 2022. Domestic aircraft movements increased by 11 per cent, while international aircraft movements increased by 37 per cent.

Over the past 12 months, average punctuality was recorded at 78 per cent and average regularity at 99 per cent throughout Avinor's network of airports.

AIR SAFETY AND HSE

So far in 2023 there have been 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 3.3 in Avinor AS (2.7 in the corresponding period last year) and 0.6 in Avinor Flysikring AS (0.0 in the corresponding period of 2022), while the H2 value (frequency of injuries with and without absence) was 5.6 (6.4) in Avinor AS and 1.2 (0.0) in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months amounted to 5.0 per cent (5.3 per cent in the corresponding period last year)

The new HSE-strategy for the group has during the first quarter of 2023 been implemented through roll-out of local action plans. There has also been focus on updating local chemical catalogues and risk assessments for the terminal areas at the airports.

RISK

Risks pertaining to air traffic volumes

Avinor's traffic income is affected by changes in geopolitical conditions, the airlines' route layout, the demand for flights 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.

A few airlines account for a substantial proportion of traffic volumes at Avinor's airports. Significant business decisions or financial difficulties 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 services to passengers at the airports are very important to the financing of the group. Changes in traffic volumes will have an impact on the size of these revenues.

The uncertainty regarding the long-term and permanent changes in travel habits, affects the group's income and the value of its assets. The war in Ukraine further increases the uncertainty in these estimates.

Risks pertaining to investment activities

The group has an ongoing investment programme for infrastructure maintenance and adaptation within the operations of airports and air navigation services. The inherent project risk, changes in the economic situation, increases in prices 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.

Energy price risk

The group has a substantial use of energy and therefore also a risk of increased costs related to the development in the energy prices. To reduce the risk, Avinor has entered into bilateral physical energy contracts with Statkraft Energi AS.

Credit risk

The group is mainly exposed to credit risk in relation to airlines,

commercial tenants and airline related industries. There is a risk of customers being unable to meet their obligations, which could have an impact on the group's business, financial position, and operating profit.

The group has guidelines for minimising losses. No guarantees have been provided for liabilities that do not belong to companies in the group.

Financial risk

The group's activities entail various kinds of financial risks: liquidity risk, interest risk, foreign exchange risk, credit risk, power price risk and refinancing 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 group enters into forward contracts to reduce currency risk in cash flows in foreign currencies. The groups exposure is mainly against euro and US dollars in addition to some exposure against Swedish krone and British pounds.

For revenues, the group is exposed to foreign exchange risk through en-route navigation services which are in euros. The time between revenues recognised and payments received is approximately three months. Revenues in foreign currencies are sold on forward foreign exchange contracts to the extent they are not used for direct currency payments in own cash flow. The group also has currency risk related to purchases made in foreign currency. Forward foreign exchange contracts are not booked as accounting hedges.

The groups bonds debt in euros is secured through the purchase of interest rate and currency swaps. Avinor uses hedge accounting for interest and currency swaps.

Interest rate risk

The group is exposed to interest rate risk through its financing activities. Parts of the interest-bearing debt has floating interest rates, which means that the group is affected by changes in the interest rate level. For debt with floating interest rates, the group uses interest rate swaps in order to secure own cash flow against the interest rate fluctuations.

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. In periods there can be uncertainty regarding the availability and pricing of capital markets. For Avinor, the access to capital has been good through various loan markets.

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.

The level of fee income for several of Avinor's revenue-sources is regulated by Norwegian and European authorities. There is economical and financial risk for Avinor if the regulatory authorities do not take Avinor's plans into account. The same applies if actual costs or the traffic volume deviate from assumptions.

Avinor safeguards defined national sectoral political 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 political guidelines may change over time.

Pensions

From 1 January 2019 the groups public-sector defined-benefit pension scheme was closed. New employees are from this date enrolled in a private defined-contribution pension scheme. Around 45 per cent of employees at 1 January 2019 were transferred to the new 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.

Changes in the pension scheme, with effect from 1 January 2020, does not contain provisions for contractual early retirement pension scheme (AFP) or schemes for employees with special age limits.

Parts of the group's pension funds are directly linked to the Government Pension Fund Global. Returns and exchange rate developments for the Government Pension Fund Global will thus affect the value of the group's pension funds and future premium payments.

There are financial and regulatory risks linked to the calculated pension obligations, where minor changes in the assumptions might have substantial effect on the group equity.

Environmental conditions

Aviation affects the environment both locally and globally. The local environmental impact is primarily related to aircraft noise, air quality, and water and ground contamination (including the spread of PFAS). The global impact is primarily related to greenhouse gas emissions.

Greenhouse gas emissions from aviation affect the reputation of the industry and may impact national and international regulations. Avinor has for a period of time implemented measures in order to reduce greenhouse gas emissions from own operations and is also working to reduce the greenhouse gas emissions from the airline traffic. Assessments are conducted about how government and other stakeholders' expectations related to how Avinor works with and reports on sustainability/esg. This includes assessments on EU taxonomy and new European standards for sustainability-reporting.

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 on reducing the risk of incidents that harm the environment occurring, at the same time as existing pollution is being surveyed and cleaned up. It is discovered

environmentally hazardous additives (PFAS) in fire-extinguishing foam used until 2011 which has led to pollution at and around airports. Future clean-up costs are dependent on regulatory requirements, methods for clean-up, quantities and prices. The Norwegian Environment Agency has issued an order for measures at some airports and an overall expectation regarding further surveys for the remaining airports. See note 12 for further information.

EFSA, the European Food Safety Authority, has issued new stricter limits on PFAS related to human health. The Norwegian authorities 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

Through the input of resource prioritisation to National Transport Plan for the period 2025-2036, Avinor has presented six ambitions that show the groups strategic priorities in the future:

- Prioritise safe and continuous operations with a risk-based approach
- Active contributor for sustainable aviation
- Technology-driven and efficient in all parts of the organisation
- Customer-orientated and innovative through partnerships with others
- Attractive workplace with the right competence and a good working environment
- Financially robust with the right cost base in the future

There is still uncertainty regarding the future levels of traffic, especially related to how increased focus on technology, climate, economy and sustainability might change future travel habits. The war in Ukraine has so far had limited operational consequences but increases the uncertainties in the forecasts for travel activity and income for overflights through the Norwegian air space.

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. New technology might change aviation as we know it today. Avinor's social mission means that the group shall facilitate further development and expected changes 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 in addition contribute to development and restructuring within Norwegian society and business. Together with the airlines, Avinor will work for innovation and technological improvements to reconcile the goals of emission reductions and expected traffic growth.

CONDENSED INCOME STATEMENT

Amounts in MNOK

		FIRST QUARTER		YEAR
	NOTE	2023	2022	2022
Operating income:				
Traffic income		1 177,3	920,7	4 947,8
Other operating income		1 278,9	839,8	5 470,7
Total operating income	4	2 456,2	1 760,4	10 418,5
Operating expenses:				
Raw materials and consumables used		36,8	31,2	214,1
Employee benefits expenses	7	998,5	927,8	3 681,0
Other operating expenses	11	960,9	765,0	3 454,8
Total operating expenses		1 996,3	1 724,0	7 350,0
EBITDA		459,9	36,4	3 068,5
Depreciation, amortisation and impairment charges	5	559,3	540,6	2 258,7
Operating profit/-loss		-99,5	-504,2	809,8
Finance income		36,3	85,2	370,6
Finance expenses		368,1	138,3	628,4
Net finance income/-expenses		-331,9	-53,1	-257,9
Profit/-loss before income tax		-431,3	-557,3	551,9
Income tax expense	2	-95,1	-122,9	125,0
Profit/-loss after tax		-336,2	-434,4	426,9

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	FIRST QUARTER		YEAR
	2023	2022	2022
Profit/-loss for the period	-336,2	-434,4	426,9
Other comprehensive income:			
Items that will not be reclassified to profit or loss in subsequent periods:			
Actuarial gains/-losses on post employment benefit obligations	0,0	-0,6	1 498,6
Tax effect	0,0	-0,6	-330,0
Items that may be subsequently reclassified to profit or loss:			
Cash flow hedges	-237,6	-107,9	-908,8
Tax effect	52,3	23,7	200,0
Other comprehensive income, net of tax	-185,3	-85,4	459,7
Total comprehensive income	-521,5	-519,8	886,7
Attributable to:			
Owner of parent	-521,5	-519,8	886,7

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in MNOK

		31 MARCH		YEAR
	NOTE	2023	2022	2022
ASSETS				
Non-current assets				
Intangible assets:				
Deferred tax assets		2 090,0	2 343,3	1 942,6
Other intangible assets	5,6	591,2	449,1	531,7
Intangible assets under construction	5,6	725,7	716,5	704,8
Total intangible assets		3 406,8	3 508,8	3 179,0
Property, plant and equipment:				
Property, plant and equipment		34 218,8	32 647,2	34 373,9
Assets under construction		3 519,6	4 448,1	3 392,9
Right of use assets		359,4	553,7	504,6
Total property, plant and equipment	5,6	38 097,7	37 649,0	38 271,4
Financial assets:				
Derivative financial instruments	9	2 056,5	1 214,0	1 378,9
Other financial assets		86,9	190,0	86,7
Total financial assets		2 143,3	1 404,0	1 465,6
Total non-current assets		43 647,9	42 561,8	42 916,0
Current assets				
Inventories		60,4	29,5	65,5
Trade and other receivables	10	1 676,0	1 016,8	1 624,3
Derivative financial instruments	9	11,5	101,3	141,0
Cash and cash equivalents	8	1 430,1	1 798,6	1 188,6
Total current assets		3 178,0	2 946,2	3 019,4
TOTAL ASSETS		46 825,8	45 507,9	45 935,4

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in MNOK

	NOTE	31 MARCH		YEAR
		2023	2022	2022
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		7 436,3	6 551,3	7 957,8
Total equity		12 836,4	11 951,4	13 357,9
Liabilities				
Provisions:				
Retirement benefit obligations	7,12	5 341,7	6 941,2	5 313,9
Other provisions	12	1 000,0	941,3	1 010,6
Total provisions		6 341,7	7 882,5	6 324,5
Non-current liabilities				
State loan	8,9	305,5	749,8	305,5
Other non-current loans	8,9	21 785,3	20 231,8	20 447,0
Derivative financial instruments	9	1 156,6	1 310,8	1 587,3
Lease liabilities	8,9	337,1	513,4	472,2
Total non-current liabilities		23 584,5	22 805,8	22 811,9
Current liabilities				
Commercial papers	9,10	750,0	0,0	0,0
Trade payables		428,2	388,9	650,1
Public duties payable		287,3	215,7	285,8
Derivative financial instruments	9	20,5	8,6	2,0
First annual installment on long-term liabilities	8,9	971,5	891,5	971,5
Lease liabilities	8,9	50,4	63,5	62,8
Other current liabilities	10	1 555,4	1 300,1	1 468,9
Total current liabilities		4 063,3	2 868,2	3 441,0
Total liabilities		33 989,5	33 556,5	32 577,5
Total equity and liabilities		46 825,8	45 507,9	45 935,4

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2022	5 400,1	-3 178,8	10 249,9	12 471,2
Total comprehensive income		-85,4	-434,4	-519,8
Balance at 31 March 2022	5 400,1	-3 264,2	9 815,5	11 951,4
Balance at 1 January 2023	5 400,1	-2 719,1	10 676,9	13 357,9
Total comprehensive income		-185,3	-336,2	-521,5
Balance at 31 March 2023	5 400,1	-2 904,4	10 340,6	12 836,4

CONDENSED STATEMENT OF CASH FLOWS

Amount in MNOK

		THREE MONTHS ENDED MARCH		YEAR
	NOTE	2023	2022	2022
Cash flow from operating activities				
Profit/(loss) before income tax		-431,3	-557,3	551,9
Depreciation, amortisation and impairment charges		559,3	540,6	2 258,7
(Profit)/loss on disposals of non-current assets		-0,6	-1,5	0,2
Changes in value and other losses/(gains)		-56,7	29,8	182,3
Net finance income/-expenses		331,9	53,1	257,9
Foreign exchange gain/-loss on operating activities		42,1	-15,2	20,4
Change in inventories, trade receivables and trade payables		-305,2	-37,1	-82,9
Difference between post employment benefit expense and amount paid/received	7	27,8	45,5	-82,6
Change in other working capital items		217,8	-227,0	-302,4
Interest received		12,4	6,4	42,3
Net cash flow from operating activities		397,5	-162,7	2 845,8
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)		-705,3	-517,6	-3 105,0
Investment grants		0,0	0,0	254,0
Proceeds from sale of PPE, incl assets under construction		4,6	2,8	7,4
Change in other investments		-0,2	-3,2	98,1
Net cash flow from investing activities		-700,9	-518,0	-2 745,5
Cash flow from financing activities				
Repayment of borrowings	8	-12,5	-11,9	-939,0
Net proceeds/repayment of short term borrowings (commercial papers)	8	750,0	0,0	0,0
Interest paid		-192,5	-166,2	-630,2
Net cash flow from financing activities		545,0	-178,1	-1 569,2
Net increase/-decrease in cash, cash equivalents and bank overdrafts		241,6	-858,8	-1 468,9
Cash, cash equivalents and bank overdrafts at the beginning of the period		1 188,6	2 657,4	2 657,4
Cash, cash equivalents and bank overdrafts at the end of the period	8	1 430,1	1 798,6	1 188,6

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1 General information

Avinor AS and 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 of the business and airport areas. The Avinor group's headquarters are located in Oslo.

The interim financial statements for the first quarter of 2023 were approved by the Board of Directors on 11 May 2023. 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 of 2023, ended 31 March 2023, has been prepared in accordance with International Financial Reporting Standards (IFRS) and encompass Avinor AS and all 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 2022. The accounting policies are consistent with those of the annual financial statement.

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 per cent.

The group expects that a taxable profit at year end will be netted against tax losses carry forward. The calculated income tax expense for the interim period is therefore booked against deferred tax assets in the statement of financial position.

NOTE 3 Segment information

Amount in MNOK

THREE MONTHS ENDED MARCH 2023:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	PROPERTY DEV. AND HOTELS
Traffic income	420,0	121,5	90,5	75,9	185,1	0,0
Other income	627,7	112,4	203,4	72,7	124,0	36,3
Inter-segment income	0,5	0,1	2,0	0,9	22,6	5,7
Total income	1 048,2	234,0	296,0	149,5	331,6	42,0
Employee benefits expenses	136,0	29,9	24,9	25,3	186,2	0,0
Other operating expenses	328,5	71,4	45,5	43,7	239,0	3,6
Inter-segment expenses	99,2	32,9	27,9	21,3	204,7	0,2
Total expenses	563,7	134,3	98,4	90,2	630,0	3,7
EBITDA	484,5	99,7	197,6	59,3	-298,4	38,3
Depreciation, amortisation and impairment charges	232,8	68,9	31,4	29,1	124,6	10,8
Operating profit/-loss	251,7	30,8	166,2	30,1	-422,9	27,5
Assets*	17 372,4	5 011,5	1 621,3	1 578,8	6 900,7	956,0

THREE MONTHS ENDED MARCH 2023 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	OTHERS	ELIMINATION	TOTAL
Traffic income	893,1	284,2	0,0		1 177,3
Other income	1 176,4	41,9	60,5		1 278,9
Inter-segment income	31,8	178,0	310,1	-519,9	0,0
Total income	2 101,3	504,2	370,6	-519,9	2 456,2
Employee benefits expenses	402,3	355,7	240,6		998,5
Other operating expenses	731,8	59,0	207,0		997,8
Inter-segment expenses	386,2	116,8	16,9	-519,9	0,0
Total expenses	1 520,2	531,5	464,5	-519,9	1 996,3
EBITDA	581,1	-27,3	-93,9		459,9
Depreciation, amortisation and impairment charges	497,6	11,4	50,3		559,3
Operating profit/-loss	83,5	-38,7	-144,2		-99,5
Assets*	33 440,7	350,1	1 019,2		34 810,0

* Inclusive other intangible assets, exclusive assets under construction.

THREE MONTHS ENDED MARCH 2022:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	PROPERTY DEV. AND HOTELS
Traffic income	290,2	97,9	69,1	56,0	152,4	0,0
Other income	454,0	80,1	58,9	48,1	107,7	22,7
Inter-segment income	1,3	0,1	2,1	0,9	17,7	5,4
Total income	745,4	178,1	130,0	104,9	277,8	28,1
Employee benefits expenses	122,6	28,9	23,3	24,5	191,1	0,0
Other operating expenses	259,9	53,2	35,0	25,6	217,6	0,9
Inter-segment expenses	93,5	33,4	28,5	22,4	170,2	0,2
Total expenses	476,0	115,4	86,9	72,6	578,9	1,1
EBITDA	269,4	62,7	43,2	32,4	-301,1	27,0
Depreciation, amortisation and impairment charges	222,9	77,9	31,2	27,6	111,0	9,2
Operating profit/-loss	46,6	-15,2	12,0	4,8	-412,1	17,9
Assets*	16 375,2	5 142,2	1 646,0	1 606,0	6 147,8	962,7

THREE MONTHS ENDED MARCH 2022 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	OTHERS	ELIMINATION	TOTAL
Traffic income	665,6	255,1	0,0		920,7
Other income	771,4	40,5	27,8		839,8
Inter-segment income	27,4	171,4	199,5	-398,3	0,0
Total income	1 464,4	467,0	227,4	-398,3	1 760,4
Employee benefits expenses	390,4	361,9	175,5		927,8
Other operating expenses	592,2	89,5	114,5		796,1
Inter-segment expenses	348,2	31,9	18,2	-398,3	0,0
Total expenses	1 330,8	483,4	308,1	-398,3	1 724,0
EBITDA	133,6	-16,4	-80,8		36,4
Depreciation, amortisation and impairment charges	479,7	35,9	25,1		540,6
Operating profit/-loss	-346,1	-52,2	-105,8		-504,2
Assets*	31 879,9	858,6	357,8		33 096,3

* Inclusive other intangible assets, exclusive assets under construction.

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 assistance

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.

Government grants related to the acquisition of assets are deducted when determining the carrying amount of the asset, while grants related to expenses incurred are presented in the income statement as part of the line "other income". Grants recognised but not yet received are presented in the statement of financial position as part of the line "trade and other receivables". Receivables from government grants beyond incurred expenses eligible for grants are not recognised. Grants received in excess of related expenses eligible for grants are presented in the statement of financial position as part of the line "other current liabilities".

See also note 11 regarding the development of new airports in Bodø and Mo i Rana.

SPECIFICATION	FIRST QUARTER		YEAR
	2023	2022	2022
Traffic income			
Takeoff charges	250,7	203,4	1 023,0
Terminal charges	261,0	176,4	1 066,9
En route charges	284,2	255,1	1 185,0
Security charges	270,5	189,3	1 169,0
Terminal navigation charges	110,8	96,6	503,8
Total traffic income	1 177,3	920,7	4 947,8
Other operating income			
Revenue from contracts with customers:			
Duty free	0,0	9,0	68,3
Parking	0,0	0,0	0,2
Other	294,5	163,3	998,6
Total revenue from contracts with customers	294,6	172,4	1 067,1
Rental income:			
Duty free	408,8	268,0	2 068,8
Parking	228,1	144,5	854,4
Other	347,4	254,9	1 480,4
Total rental income	984,3	667,4	4 403,6
Total other operating income	1 278,9	839,8	5 470,7
Total income from contracts with customers	1 471,9	1 093,0	6 014,9
Total rental income	984,3	667,4	4 403,6
Total operating income	2 456,2	1 760,4	10 418,5

NOTE 5 Property, plant and equipment and other intangible assets*Amount in MNOK*

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 31 March 2022					
Opening net book amount	453,9	32 414,6	5 386,7	568,4	38 823,6
Additions	9,4	745,7	532,9	0,0	1 287,9
Reclassification *	0,0	0,0	-754,9	0,0	-754,9
Disposals	0,0	-1,3	0,0	0,0	-1,3
Depreciation charge	-14,2	-511,7	0,0	-14,7	-540,6
Closing net book amount	449,1	32 647,2	5 164,7	553,7	38 814,5
Classified as intangible	449,1	0,0	716,5	0,0	
At 31 March 2023					
Opening net book amount	531,7	34 373,9	4 097,7	504,6	39 507,9
Additions	75,8	381,8	605,1	0,0	1 062,7
Reclassification *	0,0	0,0	-457,6	0,0	-457,6
Disposals	0,0	-8,4	0,0	-130,7	-139,1
Depreciation charge	-16,3	-528,6	0,0	-14,5	-559,4
Closing net book amount	591,2	34 218,8	4 245,2	359,4	39 414,6
Classified as intangible	591,2	0,0	725,7	0,0	

* Reclassification of assets under construction is related to assets that are completed. The completed assets are presented as additions in the relevant asset categories.

NOTE 6 Impairment tests

Amounts in MNOK

Pressure on restructuring for aviation because of increased focus on climate, environment and sustainability, risk of permanent changes in travel habits and the after-effects of the corona pandemic have been assessed as impairment indicators for the group's two cash-generating units. In addition, the war in Ukraine and its consequences for world markets have contributed to increased uncertainty around expectations of future income.

The negative effects are previously considered as impairment indicators for the group's cash-generating units (cgu), airport operations and air navigation services. Consequently, management has performed updated impairment tests at the end of the first quarter of 2023 that take into account new information and updated forecasts.

Uncertainty regarding the long-term effects of the pandemic, environmental risks, tensions in the world markets as a result of the war in Ukraine and the regulation of Avinor's revenues, increase the sensitivity to the assumptions used in the impairment assessments.

The group's cash-generating units are regulated infrastructure business where a decrease in traffic in the short / medium term normally not will entail need for impairments. However, the uncertainty regarding the long-term changes in travel habits might lead to impairment of assets.

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 uncertainty regarding traffic forecasts is high. 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 2023 are described below, and represent the most updated assessment of probable outcome:

KEY ASSUMPTIONS	AIRPORT OPERATIONS	AIR NAVIGATION SERVICES
Key assumptions		
Operating margin 2024	11,2 %	-5,7 %
Operating margin 2029	23,7 %	11,9 %
Revenues in 2024 in % of 2019 *	83,3 %	107,3 %
Revenues in 2029 in % of 2019 *	99,7 %	139,9 %
Operating expenses 2024 in % of 2019 *	86,7 %	67,7 %
Operating expenses in 2029 in % of 2019 *	89,1 %	71,8 %
Eternal growth in terminal value	2,0 %	2,0 %
Post-tax rate of return requirement	5,3 %	4,8 %

* 2019 the last normal year before the pandemic. Changes includes expected growth in consumer price index.

- Cash flows in the first year in the measurement period is based on the management's best estimate.
- 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.
- In the estimate for charges, an expectation of regulation of the charges in accordance with consumer price index through the entire measurement period is assumed.
- It is assumed that there will be a real increase in the fees that Avinor collects.
 - o For airport charges a cashflow in year 6 that provides a return on invested capital equal the required rate of return is assumed. Airport charges are regulated according to "single till" (cross-subsidisation between airport charges and commercial income for all airports as a whole), which indicates a regulation giving Avinor, over time, a result margin corresponding to the required rate of return.
 - o For charges for en-route services, it is assumed that future benefit plans provide a return equivalent to the required rate of return.
- Cash flow from year 6 onwards is extrapolated with an eternal growth of 2 per cent based on expectations in future travel activity and long-term inflation targets.
- The expectations are based on Avinor's own assessments as well as analysis from reputable industry- and analysis organisations.
- In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth.
- It is expected that climate and sustainability will lead to a lasting change in travel habits. This is considered in the forecasts through the expectation of higher CO2 costs (that will affect both fees and kvota prices for emissions). The estimate is that this will lead to an estimated decrease of 3.2 million passengers during the measurement period. The effects are expected to come gradually in the period from 2023 onwards.
- The required rate of return used for the cash generating units are assessed at the end of the first quarter of 2023 based on:
 - o The market expectations for risk-free interest rates and debt interest rates
 - o The assessments of required rate of return for equity expected for this type of business.

Impairment tests – results

The results of the impairment tests show that the value in use exceeds the book value of assets by NOK 6 200 million for airport operations and NOK 1 250 million for air navigation services. Consequently, no impairment loss has been recognised at the end of the first quarter of 2023.

Impairment tests - sensitivity analyses

At the time of approval of the first quarter 2023 statements there is still uncertainty regarding how increased focus on environment and sustainability, the war in Ukraine and increased turmoil in the world markets will affect future travel activity. Should managements current estimates and assumptions not be met, it could lead to significant impairment losses.

Sensitivity analyses has been carried out 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, terminal growth and post-tax rate of return is summarised in the table below:

RESULTAT AV NEDSKRIVNINGSTESTER	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Change in assumption				
Operating margin: -1,0 %	41 050	0	2 450	0
Operating margin: - 2,0 %	38 300	0	2 000	0
Income: - 1,0 %	41 750	0	2 450	0
Income: -2,0 %	39 500	0	2 000	0
Terminal growth: -0,5 %	38 750	0	1 800	0
Terminal growth: -1,0 %	34 800	2 950	2 250	0
Post-tax rate of return: +0,5 %	37 350	400	2 200	0
Post-tax rate of return: +1,0 %	32 350	5 400	1 700	0

NOTE 7 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 December 2022.

The following assumptions represents the managements best estimate for long term levels of return and salaries, and have been used to calculate the group's pension liabilities:

ASSUMPTIONS USED TO CALCULATE THE GROUP'S PENSION LIABILITIES	31 MARCH		YEAR
	2023	2022	2022
Discount rate and future return on plan assets	3,20 %	1,90 %	3,20 %
Future salary increases	3,50 %	2,75 %	3,50 %
Future pension increases	2,60 %	1,75 %	2,60 %
Future increases in the social security base rate (G)	3,25 %	2,50 %	3,25 %

PENSION OBLIGATION	31 MARCH		YEAR
	2023	2022	2022
Net pension obligation at 1. January	5 313,9	6 895,1	6 895,1
Pension cost	119,4	110,4	290,1
Employer/employee contribution	-91,6	-64,9	-372,7
Actuarial gains/losses	0,0	0,6	-1 498,6
Net pension obligation at the end of the period	5 341,7	6 941,2	5 313,9

In addition to the pension cost in the table above there is a cost of NOK 49.4 million as at 31 March 2023 related to employees that have transitioned to a defined contribution pension scheme (NOK 54.9 million at 31 March 2022) and NOK 5.2 million related to the private AFP scheme (early retirement) (NOK 6.3 million at 31 March 2022).

NOTE 8 Borrowings and lease liabilities

Amount in MNOK

	31 MARCH		YEAR
	2023	2022	2022
Long term borrowings and lease liabilities	22 427,9	21 495,0	21 224,7
Short term borrowings and lease liabilities	1 771,8	954,9	1 034,3
Total	24 199,7	22 449,9	22 259,0
Movement in borrowings and lease liabilities			
Opening net book amount	22 259,0	22 977,3	22 977,3
Repayment of borrowings	0,0	0,0	-891,5
Repayment of lease liabilities	-12,5	-11,9	-47,5
Net proceeds/repayment of short term borrowings (commercial papers)	750,0	0,0	0,0
Net changes in borrowings with cash flow effect	737,5	-11,9	-939,0
Other changes in lease liabilities	-135,0	0,0	-6,1
Changes in value ¹⁾	1 338,2	-515,5	226,8
Closing net book amount	24 199,7	22 449,9	22 259,0

1) The changes in debt because of currency exchange fluctuations eur/nok are offset, Avinor has purchased currency hedging instruments for the entire debt in foreign currency.

LIQUIDITY RESERVES

	31 MARCH		YEAR
	2023	2022	2022
Cash and cash equivalents	1 430,1	1 798,6	1 188,6
Unused bank overdraft	300,0	300,0	300,0
Unused credit facility	4 000,0	4 000,0	4 000,0
Total	5 730,1	6 098,6	5 488,6

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 2023.

NOTE 9 Financial instruments*Amounts in MNOK*

Fair value estimation

The fair value of interest rate swaps, foreign exchange forward contracts and power price derivatives are based on market value at the balance sheet date.

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 2023		31 MARCH 2022	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	749,8	730,0	1 194,2	1 194,6
Bonds	18 433,3	16 817,0	16 352,7	16 483,8
Bank borrowings	3 879,0	3 884,0	4 326,1	4 385,5
Commercial papers	750,0	750,0	0,0	0,0
Lease liabilities	387,5	387,5	576,8	576,8
Total	24 199,7	22 568,5	22 449,9	22 640,7

DERIVATIVE FINANCIAL INSTRUMENTS

	31 MARCH		YEAR
	2023	2022	2022
Assets			
Interest rate swaps	2 051,7	1 214,0	1 377,9
Forward foreign exchange contracts	16,3	6,5	1,2
Forward energy contracts	0,0	94,8	140,8
Total assets	2 068,0	1 315,3	1 519,9
Liabilities			
Interest rate swaps	1 156,6	1 310,8	1 585,8
Forward foreign exchange contracts	7,9	8,6	3,4
Forward energy contracts	12,6	0,0	0,0
Total liabilities	1 177,1	1 319,4	1 589,2

Fair value hierarchy

The tables below show 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 2023:

AT 31 MARCH 2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss		16,3		16,3
Derivatives used for hedging		2 051,7		2 051,7
Total assets	0,0	2 068,0	0,0	2 068,0
Liabilities				
Derivatives at fair value through profit or loss		2 912,5		2 912,5
Derivatives used for hedging		1 156,6		1 156,6
Total liabilities	0,0	4 069,0	0,0	4 069,0

The following table presents the group's assets and liabilities that are measured at fair value at 31 March 2022:

AT 31 MARCH 2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss		101,3		101,3
Derivatives used for hedging		1 214,0		1 214,0
Total assets	0,0	1 315,3	0,0	1 315,3
Liabilities				
Derivatives at fair value through profit or loss		3 466,2		3 466,2
Derivatives used for hedging		1 310,8		1 310,8
Total liabilities	0,0	4 777,0	0,0	4 777,0

NOTE 10 Trade and other receivables & other current liabilities

	31 MARCH		YEAR
	2023	2022	2022
Trade and other receivables			
Trade receivables	1 134,3	787,3	1 045,8
Accrued income	84,4	47,5	114,7
Prepaid expenses	120,9	136,2	132,6
Other short-term receivables	336,4	45,8	331,2
Total trade and other receivables	1 676,0	1 016,8	1 624,3

	31 MARCH		YEAR
	2023	2022	2022
Other current liabilities			
Wages and social security (incl. holiday allowance)	440,1	403,4	372,4
Accrued operating and investment costs	656,7	448,4	513,3
Accrued interest costs	291,5	243,5	293,4
Advance from customers	163,8	181,3	178,2
Other short-term liability	3,1	23,5	111,5
Total other current liabilities	1 555,3	1 300,1	1 468,9

NOTE 11 Significant construction projects

New airport Bodø

In December 2021, the Norwegian Parliament approved the building of a new airport in Bodø. The project involves moving the current airport to free up areas for further development of the city. The new airport is scheduled to be completed in 2029.

The Board of Directors of Avinor approved the project in December 2022 with a maximum cost target ("kostnadsramme") and a management cost target ("styringsmål") of NOK 7 200 million (2022 value) and NOK 6 100 million (2022 value), respectively, excluding purchase of land and financing costs. The adopted maximum cost means that Avinor will contribute NOK 2 600 million (2022 value), while the rest is financed by the state and Bodø municipality.

With the exception of preparatory works, the building of the new airport cannot start until the financing has been approved by EFTA's monitoring body (ESA). The approval is expected to be available during 2023.

Avinor is the builder ("byggherre") and shares the risk equally with the state for any exceeding of the management cost target up to the maximum cost target. Avinor has all the risk of any exceeding of the maximum cost target. The maximum cost target ("P85") corresponds to a limit for total project expenses that Avinor expects to stay within with an 85 percent probability. For the management cost target ("P50"), the corresponding probability level is 50 percent.

On 21 March 2023 Avinor entered into agreements with Forsvarsbygg regarding the purchase of land for the new airport in Bodø as well as the land area where the current airport is located. The expected date for takeover of the land areas for the new airport is 1 January 2024 and the land areas for the current airport is 31 December 2023. The formal execution of the agreements is contingent on, amongst others, that the financing of the new airport is approved by EFTA's monitoring body (ESA).

At the same time agreements have been made regarding the sale of land areas where the current airport is located from Avinor to Bodø municipality. The land areas will be transferred six months after the new airport in Bodø has been opened. The agreements are important parts of the total financing of the project and ensure further work on the construction of the new airport in Bodø.

Financial status

In the National Budget for 2023, NOK 450 million was allocated to cover accrued project expenses in the period 2019 - 2023. The first payment of state grants will take place when the funding of the project has been approved by ESA, while further state grants will be paid out on a monthly basis based on accrued project expenses.

For the period from first quarter 2019 up until first quarter 2023 gross project expenses for the project amount to NOK 255 million, of which NOK 111.7 million is recognised in the

statement of financial position as assets under construction, and NOK 143.3 million is recognised in the income statement as project costs. As a result of accrued project expenses being covered by state grants, as of 31 March 2023, a receivable relating to the incurred project expenses of NOK 255 million has been recognised, of which NOK 111.7 million has been recognised as a reduction of assets under construction, while the remaining NOK 143.3 million has been recognised as other operating income.

New airport Mo i Rana

In June 2021, the Norwegian Parliament approved the building of a new airport in Mo i Rana, which will replace the current airport at Røssvoll.

The project has been approved within a maximum cost target ("kostnadsramme") of NOK 3 320 million (2020 value). The new airport is to be financed by the state as well as a fixed grant/contribution of NOK 600 million from Rana municipality and the local business community. Avinor is the builder ("byggherre") and bears the risk of any maximum cost target being exceeded. The maximum cost target ("P85") corresponds to a limit for total project expenses that Avinor expects to stay within with an 85 percent probability.

EFTA's monitoring body, ESA, approved the financing plan for the project in June 2022 and the contribution from the local business community (NOK 150 million) was received in July 2022. The municipal contribution (NOK 450 million) will be paid in connection with the start of the construction work in the main contract in spring 2023. Subsidy from local business, the municipality and the state are accounted for in accordance with IAS 20 ("Accounting for Government Grants and Disclosure of Government Assistance").

Financial status

The first government grant of NOK 104 million, which applies to incurred expenses up to and including 2022, was paid out in December 2022. Future government grants will be paid out on a monthly basis after the contribution from private business and Rana municipality has been spent and will be based on incurred project expenses.

As of 31 March 2023, before taking into account local and state contributions, the gross project expenditure for the new airport Mo i Rana amounts to NOK 287.8 million, of which NOK 242.5 million is recognised in the statement of financial position as assets under construction and NOK 45.3 million are expensed in the income statement as project costs. Accumulated grants received from local businesses and the state as of 31 March 2023 amounts to NOK 287.8 million, of which NOK 242.5 million is recognised as a reduction of assets under construction and NOK 45.3 is recognised as other operating income. Of the total grants recognised as of 31 March 2023, NOK 33.8 million is presented as a short-term receivable in the statement of financial position.

NOTE 12 Contingencies and estimates

Equity according to the articles 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". Lease liabilities are not included in the net interest bearing debt when the calculating net debt to equity ratio set in the Articles of association.

In an extraordinary general meeting, held 12 December 2022, the group was given a time-limited permit to deviate from the equity ratio set in the articles of association. For the period until 31 December 2023 the equity ratio is adjusted from 40 to 37 per cent. The general meeting resolution applies until 31 December 2023.

The management has already taken measures and is on a running basis considering additional measures to implement to ensure compliance with the equity ratio set in the articles of association. Measures considered includes additional cutting in costs and investments, sale of assets and increased aviation charges.

External environment

In accordance with requirements from the Norwegian Environment Agency, a preliminary survey of possible environmental obligations related to PFAS pollution (fire foam) was carried out in 2019 at Avinor airports (except for Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases).

PFAS are fluorine organic compounds that were previously added to fire foam, and which have spread to the ground at the airports where they are now leaking out to the surrounding natural environment. These pollutants pose a risk of damage to the local natural environment and human health. Norway has committed internationally to reducing emissions and leakage of these compounds. In recent years, Avinor has received several demands from the Norwegian Environment Agency requiring mapping, the preparation of action plans as well as the implementation of clean-up measures at several locations where there is PFAS contamination. Significant supplementary investigations and surveys of soil, water, sediment and biota have been carried out at priority locations.

Experience with the preparation of action plans and completed clean-up projects shows that the work at Avinor's airports can be more extensive than what was originally included in the accounting provision, if the traditional clean-up method of digging, transport and disposal at an approved landfill is chosen. New knowledge and documentation for new measures show that it may be possible to carry out the clean-up at several airports at a lower cost. This requires good documentation and acceptance by the environmental authorities. In addition, there is still uncertainty related to limit values for clean-up, areas and volumes of masses that are contaminated. Avinor works actively to reduce uncertainties by better defining the pollutants, having

a close dialogue with actors who can offer more cost-effective measures and testing new methods, and updates the provisions.

During 2022, action plans have been submitted for clean-up at locations connected to Haugesund, Svalbard, Kirkenes and Stavanger airports, and clean-up has been carried out at Rørvik airport and at one of two fire training fields at Bergen airport. The clean-up work at the second fire training field at Bergen Airport is to be completed by the summer of 2023.

During 2023 action plans for clean-up at the airports in Kristiansund, Ålesund, Alta, Kristiansand and Tromsø are to be submitted. None of the action plans are finalised or submitted during the first quarter of 2023.

The provision is based on an assessment of the clean-up cost at specific locations. The provision is updated as new knowledge about the expected clean-up cost becomes available as a result of further mapping and the preparation of action plans. Estimated provision at year end 2022 was calculated at present value to reflect that the clean-up work will be carried out in the future. It is expected that the price increase for input factors linked to the clean-up of contaminated land will be higher than the discounting effect of the clean-up work being carried out over the next few years.

The provision is during the first quarter of 2023 reduced with NOK 10.6 million related to clean-up work carried out through the first three months. The provision at 31 March 2023 amounts to NOK 996.2 million.

New act on public occupational scheme

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 2023. 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.

War in Ukraine

The conflict between Ukraine and Russia affects the world economy, the aviation industry, and might also affect the Avinor group in the time ahead.

Norway and other countries have imposed multiple sanctions against Russia, amongst others are Russian airlines banned from the countries air spaces. In addition to inability to fly to or over certain countries, the conflict leads to increased prices on several input factors which again might lead to increased prices on air travel (amongst others fuel, insurance prices, costs related to increased security). The conflict might lead to reduced travel activity, which directly affects the revenues for Avinor.

The situation is monitored on a running basis.

Alternative performance measures (APM)

Avinor prepares group accounts in accordance with International Financial Reporting Standards (IFRS) as determined by the EU. Alternative performance measures are target figures that are not defined or specified in IFRS. Avinor uses alternative performance measures to provide supplementary information on operations and financial position. The alternative performance measures are consistently calculated over time and derived from financial figures calculated in accordance with IFRS.

OPERATING PROFIT BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT CHARGES/ EBITDA

The profit target shows profit before financial items, tax, depreciation, amortisations and write-downs.

Avinor uses EBITDA as an alternative performance measure, as this is an approach to calculating free cash flow from operations.

EBITDA can be directly reconciled against and is specified on a separate line in the income statement.

INTEREST-BEARING DEBT

Avinor uses interest-bearing debt as an alternative performance measure to provide information on the level and development of interest-bearing debt in the group.

CALCULATION AND RECONCILIATION OF INTEREST-BEARING DEBT		31 MARCH		YEAR
		2023	2022	2022
Long term interest-bearing debt				
State loan	Statement of financial position	305,5	749,8	305,5
Other non-current loans	Statement of financial position	21 785,3	20 231,8	20 447,0
Lease liabilities	Statement of financial position	337,1	513,4	472,2
Total long term interest-bearing debt		22 427,9	21 495,0	21 224,7
Short term interest-bearing debt				
Commercial papers	Statement of financial position	750,0	0,0	0,0
First annual installment on long-term liabilities	Statement of financial position	971,5	891,5	971,5
Lease liabilities	Statement of financial position	50,4	63,5	62,8
Total short term interest-bearing debt		1 771,8	954,9	1 034,3
Interest-bearing debt		24 199,7	22 449,9	22 259,0

NET INTEREST-BEARING DEBT

Net interest-bearing debt is the starting point for calculating the equity ratio which is the basis for equity covenants in loan agreements and the company's articles of association.

CALCULATION AND RECONCILIATION OF NET INTEREST-BEARING DEBT	SOURCE	31 MARCH		YEAR
		2023	2022	2022
Interest-bearing debt	APM	24 199,7	22 449,9	22 259,0
Interest swaps - liabilities	Note 9	1 156,6	1 310,8	1 585,8
Interest swaps - assets	Note 9	-2 051,7	-1 214,0	-1 377,9
Cash and cash equivalents	Statement of financial position	-1 430,1	-1 798,6	-1 188,6
Net interest-bearing debt		21 874,5	20 748,2	21 278,3

EQUITY COVENANTS LOAN AGREEMENTS

Avinor provides information about the equity ratio related to loan agreements to inform about the company's compliance with covenants that lenders have set in connection with loans granted to Avinor.

Equity covenants are specified in loan agreements with the European Investment Bank, the Nordic Investment Bank and on unused credit facilities. According to the loan agreements, the group must have an equity ratio that does not fall below 30 per cent of total equity and net interest-bearing debt.

CALCULATION AND RECONCILIATION OF EQUITY RATIO LOAN AGREEMENTS	SOURCE	31 MARCH		YEAR
		2023	2022	2022
Equity	Statement of financial position	12 836,4	11 951,4	13 357,9
Net interest-bearing debt	APM	21 874,5	20 748,2	21 278,3
Total equity and interest-bearing debt		34 710,9	32 699,6	34 636,2
Equity ratio loan agreements *		37,0 %	36,5 %	38,6 %

* Equity as a percentage of total equity and net interest-bearing debt

EQUITY RATIO ACCORDING TO THE COMPANY'S ARTICLES OF ASSOCIATION

In paragraph 5 of the articles of association, Avinor has an explicit requirement for an equity ratio, which is referred to throughout as the equity ratio according to the company's articles of association.

Avinor uses the equity ratio according to the company's articles of association as an alternative performance measure as this is a key figure for assessing the group's solidity and external borrowing capacity.

Paragraph 5 of the articles of association: Long-term loans for financing fixed assets can only be entered into within limits that ensures that the group's equity does not fall below 40 per cent of the sum of the group's net interest-bearing debt and equity at any time. When entering into long-term loan agreements, a pledge cannot be placed on certain assets in Avinor AS or subsidiaries that are part of the group's basic operations.

The accounting standard for calculating lease liabilities related to financial leases (IFRS 16) was implemented after paragraph 5 of the articles of association was established. In the management's opinion, implementation of new accounting standards should not affect the equity ratio according to the company's articles of association, and thus rental liabilities are subtracted from net interest-bearing debt when calculating the equity ratio.

CALCULATION AND RECONCILIATION OF EQUITY RATIO ACCORDING TO THE COMPANY'S ARTICLES OF ASSOCIATION	SOURCE	31 MARCH		YEAR
		2023	2022	2022
Net interest-bearing debt	APM	21 874,5	20 748,2	21 278,3
Lease liabilities, long term	Statement of financial position	-337,1	-513,4	-472,2
Lease liabilities, short term	Statement of financial position	-50,4	-63,5	-62,8
Net interest-bearing debt - exclusive lease liabilities		21 487,0	20 171,4	20 743,3
Equity	Statement of financial position	12 836,4	11 951,4	13 357,9
Total equity and net interest-bearing debt - exclusive lease liabilities	Statement of financial position	34 323,4	32 122,8	34 101,2
Equity ratio (according to article 5 of the company's Articles of Association) *		37,4 %	37,2 %	39,2 %

* Equity as a percentage of total equity and net interest-bearing debt - exclusive lease liabilities

EQUITY RATIO

Avinor uses equity ratio as an alternative performance measure to provide information about the company and the group's solvency.

CALCULATION AND RECONCILIATION OF EQUITY RATIO	SOURCE	31 MARCH		YEAR
		2023	2022	2022
Equity	Statement of financial position	12 836,4	11 951,4	13 357,9
Total equity and liabilities	Statement of financial position	46 825,8	45 507,9	45 935,4
Equity ratio		27,4 %	26,3 %	29,1 %

CASH FLOW BEFORE CHANGES IN DEBT

Avinor uses cash flow before changes in debt as an alternative performance measure to provide information on the level of cash flows that are generated excluding the effects of increasing or reducing debt. This provides information on the group's liquidity development before repayments on loans and gives an indication of the need for additional capital through borrowing.

CALCULATION AND RECONCILIATION OF CASH FLOW BEFORE CHANGES IN DEBT	SOURCE	31 MARCH		YEAR
		2023	2022	2022
Net cash flow from operating activities	Statement of cash flows	397,5	-162,7	2 845,8
Net cash flow from investing activities	Statement of cash flows	-700,9	-518,0	-2 745,5
Interest paid	Statement of cash flows	-192,5	-166,2	-630,2
Cash flow before changes in debt		-495,9	-846,9	-529,9

NON-FINANCIAL TARGET FIGURES

Avinor also uses non-financial target figures to provide information on operations. Non-financial target figures are not derived from financial figures calculated in accordance with IFRS. Non-financial target figures are consistently defined over time. Key non-financial target figures are described below.

Regularity

Regularity indicates the proportion of planned flights that are actually carried out.

Punctuality

Punctuality indicates the proportion of flight departures that were on time or less than 15 minutes late.



AVINOR AS
Org.nr. 985 198 292
Dronning Eufemias gate 6
0191 Oslo

Postboks 150
2061 Gardermoen

avinor.no