

INTERIM FINANCIAL REPORT

2nd quarter 2023



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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

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2023	2022	2023	2022	2022
Operating income airport operations	2 630	2 439	4 732	3 903	9 007
Operating income air navigation services	562	552	1 066	1 019	2 122
Other income and eliminations			-294	-326	-710
Total group operating income	3 048	2 836	5 504	4 597	10 419
EBITDA group *	946	933	1 406	969	3 069
Group profit/loss after tax	191	358	-146	-77	427
Total assets			47 359	45 756	45 935
Equity			13 299	13 718	13 358
Equity/total assets *			28,1 %	30,0 %	29,1 %
Net debt to equity ratio *			38,5 %	40,1 %	39,2 %
Number of passengers (in 1000)	12 802	12 532	23 242	19 949	44 729
Number of aircraft departures (in 1000)	163	165	308	292	618
Number of service units (in 1000)	594	531	1 093	967	2 071
Punctuality */**			84 %	82 %	81 %
Regularity */**			98 %	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 23.2 million passengers travelled through Avinor's airports in the first half of 2023, an increase of 16.5 per cent compared to the first half of 2022. The number of aircraft movements increased by 5.6 per cent. Domestic aircraft movements increased by 2.7 per cent while international traffic increased by 18.4 per cent. The traffic levels are still not back at pre pandemic levels. Compared to the first half of 2019, the total number of passengers are 11.0 per cent lower in the first half of 2023. The traffic development and travel patterns indicate that the recovery has been strongest for holiday and leisure travels, while business travel is behind the pre pandemic volumes.

In June 2023 Avinor signed an agreement with AF Gruppen Norge AS regarding the entire contract scope for construction of a new airport in Mo i Rana. Avinor and AF Gruppen Norge AS has been through an interaction phase to optimize technical solutions and prepare plans for the implementation phase and have now started the actual construction of the new airport.

Avinor has in June awarded Pead Anlegg AS the contract to carry out the construction work for the airside facilities at the new airport in Bodø. The contract regarding the building of the terminal building was announced in June 2023. Both contracts are carried out as turnkey contracts with collaboration.

Monitoring of the group's financial position and financial framework conditions is a prioritised area. In an extraordinary general meeting, held 12 December 2022, the state decided to permit to deviate from the minimum equity ratio set in the articles of association up until 31 December 2023. In the ordinary general meeting held 6 June 2023 the need for financially sound framework conditions surrounding Avinor's social mission was brought up. Financial framework conditions are followed up on an ongoing basis with the Ministry of Transportation.

Q2 2023

KEY FINANCIAL FIGURES, SECOND QUARTER

MNOK	2023	2022	CHANGE
Operating income	3 047,9	2 836,4	7,5 %
EBITDA	946,3	932,7	1,5 %
Profit/-loss after tax	190,7	357,6	-46,7 %
Investments	815,2	718,1	13,5 %

In the second quarter of 2023, the group had operating income of NOK 3 048 million, an increase of 7.5 per cent compared to the corresponding reporting period in 2022. Traffic income increased with NOK 67 million while commercial income increased with NOK 144 million.

Operating expenses, including depreciation and amortization, amounted to NOK 2 655 million in the second quarter, compared to NOK 2 460 million in the corresponding quarter of 2022.

1 JANUARY TO 30 JUNE 2023

KEY FINANCIAL FIGURES, 01.01. - 30.06

MNOK	2023	2022	CHANGE
Operating income	5 504,1	4 596,8	19,7 %
EBITDA	1 406,2	969,1	45,1 %
Profit/-loss after tax	-145,6	-76,8	-89,5 %
Investments	1 420,3	1 251,0	13,5 %

The group had a loss after tax of NOK 146 million in the first half of 2023, compared to a loss of NOK 77 million in the first half of 2022.

Operating income

Operating income in the first half of 2023 amounted to NOK 5 504 million, an increase of 19.7 per cent compared to the first half of 2022.

OPERATING INCOME PER SEGMENT, 01.01. - 30.06

MNOK	2023	2022	CHANGE
Airport operations	4 731,5	3 903,1	21,2 %
Air navigation services	1 066,4	1 019,4	4,6 %
Others	746,3	510,5	46,2 %
Elimination	-1 040,2	-836,2	
Avinor Group	5 504,0	4 596,8	19,7 %

As a result of increased passenger traffic, the revenues for airport operations increased by 21.2 per cent during the first half of 2023 compared to the first half of 2022. Both traffic income and commercial income has increased. For the first half of 2023, commercial income makes up 57.0 per cent of operating income for airport operations. The large airports, with a larger portion of international traffic, has had the greatest revenue growth.

Air navigation services has had a growth in revenues of 4.6 per cent compared to the corresponding period in 2022. The lower growth in revenues for air navigation services compared to airport operations is due to the fact that the number of flights has not increased as much as the number of passengers.

Operating expenses, depreciation and amortization

Total operating expenses for the first half of 2023 amounted to NOK 4 098 million compared to NOK 3 628 million in the first half of 2022. This is an increase of NOK 470 million or 13.0 per cent. Increased volume dependent costs for personnel and security are large contributors to the increase in operating expenses, in addition to increased repair and maintenance costs for operating equipment due to increased use as well as higher prices on material and labour. The cost development must be seen in connection with the significant increase in traffic volume and generally high price growth on several input factors. Unit cost per passenger has decreased by around 3 per cent for the first half of 2023 compared to the first half of 2022.

Total depreciation, amortisation, and write-downs for the first half of 2023 amounted to NOK 1 113 million, the same level as in the corresponding period of 2022.

EBITDA

EBITDA for the first half of 2023 was NOK 1 406 million with an EBITDA margin of 25.6 per cent. In the first half of 2022 EBITDA was NOK 969 million with an EBITDA-margin of 21.1 per cent.

Investments

Recognised additions to tangible fixed assets for the first half of 2023 amounted NOK 1 420 million, which is an increase of NOK 169 million compared to the first half 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 half of 2023, the group's cash flow before changes in borrowings was NOK – 535 million. With a net increase in borrowings of NOK 238 million, the group's cash reserves were reduced by NOK 297 million during the first half of 2023.

Interest-bearing liabilities as at 30 June 2023 amounted to NOK 24.1 billion, of which NOK 1.8 billion were current interest-bearing liabilities. The first half of the year has been characterised by increased interests and weakening of the Norwegian krone against euro. The groups loan portfolio is 100 per cent currency hedged, interest effect of the fixed rate hedges contributes to a strengthening of the equity of NOK 29 million during the first six months of 2023.

Net finance result for the first half of 2023 ended at NOK – 481 million, which is NOK 514 million lower than the finance result of NOK 34 million for the first half of 2022. Realised and unrealised losses on forward energy contracts contributes with a negative financial result of NOK 205 million in the first half of 2023 compared to a positive contribution of NOK 281 million for the first half of 2022.

Through the first half of 2023 the group's total assets increased by NOK 1.4 billion to NOK 47.4 billion at 30 June 2023. The equity ratio compared to the total capital ended at 28.1 per cent at the end of June 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 38.5 per cent.

During the first half of 2023, the group's book equity decreased by NOK 59 million. Loss for the period contributed negatively with NOK 146 million, estimate deviations on pension liabilities increased the equity by NOK 59 million and changes in value of financial hedging instruments accounted for a positive effect of NOK 29 million.

At the end of the June 2023, the group's cash reserves amounted to NOK 5.2 billion, distributed between NOK 0.9 billion in bank deposits and NOK 4.3 billion in unutilised drawing rights.

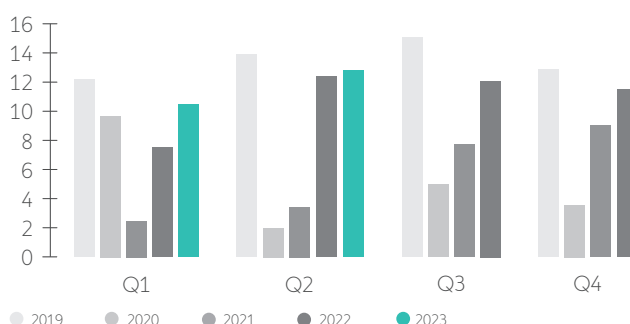
Traffic development and service targets

A total of 23.2 million passengers travelled through Avinor's airports during the first half of 2023. This is an increase of 16.5 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

Millions



Domestic traffic in the first half of 2023 increased by 9.8 per cent compared to the first half of 2022, while international traffic increased by 29.5 per cent. Offshore helicopter traffic had decrease of 3.8 per cent.

Passenger volume was distributed between the airports as follows:

NUMBER OF AIR PASSENGERS, 01.01. - 30.06

PASSENGERS (1000)	2023	2022	CHANGE
Gardermoen	11 792	9 780	20,6 %
Flesland	2 994	2 656	12,7 %
Sola	1 885	1 592	18,4 %
Værnes	1 949	1 715	13,7 %
Others	4 622	4 207	9,9 %
Avinor group	23 242	19 949	16,5 %

The number of commercial air transport movements during the first half of 2023 increased by 5.6 per cent compared to the first half of 2022. Domestic aircraft movements increased by 2.7 per cent, while international aircraft movements increased by 18.4 per cent.

Over the past 12 months, average punctuality was recorded at 84 per cent and average regularity at 98 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) in the group for the last 12 months was 2.9 (1.8 in the corresponding period last year) while the H2 value (frequency of injuries with and without absence) was 4.3 (4.5 in the corresponding period last year).

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).

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 agreements 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. Business decisions or financial difficulties in relation to these airlines could have a 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. 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.

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 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 results.

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. 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 used to calculate the aviation fees.

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. The new scheme bears more resemblance to a private defined-contribution scheme for those born after 1962. 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 of polluted masses 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

There is 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 ripple effects from the war in Ukraine further increases the uncertainties. As described in note 6, there is a need for an increase in the airline fees or changes in other financial framework conditions to defend the accounted values for airport operations and air navigation services. In the interim financial statements for group at 30 June 2023 it is assumed that the state will ensure financial framework conditions that defends the accounted values.

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

		SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	NOTE	2023	2022	2023	2022	2022
Operating income:						
Traffic income		1 413,0	1 345,6	2 590,3	2 266,3	4 947,8
Other operating income		1 634,9	1 490,8	2 913,7	2 330,5	5 470,7
Total operating income	4	3 047,9	2 836,4	5 504,1	4 596,8	10 418,5
Operating expenses:						
Raw materials and consumables used		60,3	46,9	97,1	78,1	214,1
Employee benefits expenses	7	1 104,3	976,7	2 102,9	1 904,5	3 681,0
Other operating expenses	11	937,0	880,2	1 898,0	1 645,1	3 454,8
Total operating expenses		2 101,6	1 903,7	4 097,9	3 627,7	7 350,0
EBITDA		946,3	932,7	1 406,2	969,1	3 068,5
Depreciation, amortisation and impairment charges	5	553,1	556,5	1 112,4	1 097,1	2 258,7
Operating profit/-loss		393,2	376,2	293,8	-128,0	809,8
Finance income		36,4	236,9	72,6	322,0	370,6
Finance expenses		185,1	150,1	553,3	288,4	628,4
Net finance income/-expenses		-148,8	86,8	-480,7	33,7	-257,9
Profit/-loss before income tax		244,4	463,0	-186,9	-94,3	551,9
Income tax expense	2	53,7	105,4	-41,4	-17,5	125,0
Profit/-loss after tax		190,7	357,6	-145,6	-76,8	426,9

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2023	2022	2023	2022	2022
Profit/-loss for the period	190,7	357,6	-145,6	-76,8	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	74,9	2 086,8	74,9	2 086,2	1 498,6
Tax effect	-16,5	-459,1	-16,5	-459,7	-330,0
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	274,1	-280,4	36,5	-388,3	-908,8
Tax effect	-60,3	61,7	-8,0	85,4	200,0
Other comprehensive income, net of tax	272,2	1 409,0	86,9	1 323,6	459,7
Total comprehensive income	462,9	1 766,6	-58,6	1 246,8	886,7
Attributable to:					
Owner of parent	462,9	1 766,6	-58,6	1 246,8	886,7

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in MNOK

		30 JUNE		YEAR
	NOTE	2023	2022	2022
ASSETS				
Non-current assets				
Intangible assets:				
Deferred tax assets		1 959,5	1 841,1	1 942,6
Other intangible assets	5,6	599,0	544,8	531,7
Intangible assets under construction	5,6	1 009,8	693,4	704,8
Total intangible assets		3 568,3	3 079,3	3 179,0
Property, plant and equipment:				
Property, plant and equipment		33 853,9	34 223,5	34 373,9
Assets under construction		3 867,4	2 972,6	3 392,9
Right of use assets		341,4	533,0	504,6
Total property, plant and equipment	5,6	38 062,7	37 729,1	38 271,4
Financial assets:				
Derivative financial instruments	9	2 614,1	1 629,0	1 378,9
Other financial assets		76,7	195,0	86,7
Total financial assets		2 690,8	1 824,0	1 465,6
Total non-current assets		44 321,8	42 632,4	42 916,0
Current assets				
Inventories		53,7	51,3	65,5
Trade and other receivables	10	2 074,6	1 496,9	1 624,3
Derivative financial instruments	9	16,9	267,1	141,0
Cash and cash equivalents	8	891,6	1 308,4	1 188,6
Total current assets		3 036,8	3 123,7	3 019,4
TOTAL ASSETS		47 358,6	45 756,1	45 935,4

CONDENSED STATEMENT OF FINANCIAL POSITION

Amounts in MNOK

	NOTE	30 JUNE		YEAR
		2023	2022	2022
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		7 899,2	8 318,0	7 957,8
Total equity		13 299,3	13 718,1	13 357,9
Liabilities				
Provisions:				
Retirement benefit obligations	7,12	5 347,6	4 918,3	5 313,9
Other provisions	12	1 019,7	1 060,8	1 010,6
Total provisions		6 367,3	5 979,0	6 324,5
Non-current liabilities				
State loan	8,9	83,3	527,7	305,5
Other non-current loans	8,9	21 914,9	20 592,9	20 447,0
Derivative financial instruments	9	1 045,6	1 400,3	1 587,3
Lease liabilities	8,9	322,2	496,9	472,2
Total non-current liabilities		23 365,9	23 017,6	22 811,9
Current liabilities				
Commercial papers	9,10	749,9	0,0	0,0
Trade payables		425,6	301,8	650,1
Public duties payable		383,0	393,0	285,8
Derivative financial instruments	9	3,1	9,8	2,0
First annual installment on long-term liabilities	8,9	971,5	931,5	971,5
Lease liabilities	8,9	48,1	61,4	62,8
Other current liabilities	10	1 744,9	1 343,9	1 468,9
Total current liabilities		4 326,1	3 041,3	3 441,0
Total liabilities		34 059,3	32 038,0	32 577,5
Total equity and liabilities		47 358,6	45 756,1	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		1 323,6	-76,8	1 246,8
Balance at 30 June 2022	5 400,1	-1 855,2	10 173,1	13 718,1
Balance at 1 January 2023	5 400,1	-2 719,1	10 676,9	13 357,9
Total comprehensive income		86,9	-145,6	-58,6
Balance at 30 June 2023	5 400,1	-2 632,2	10 531,3	13 299,3

CONDENSED STATEMENT OF CASH FLOWS

Amount in MNOK

		SIX MONTHS ENDED JUNE		YEAR
	NOTE	2023	2022	2022
Cash flow from operating activities				
Profit/(loss) before income tax		-186,9	-94,3	551,9
Depreciation, amortisation and impairment charges		1 112,4	1 097,1	2 258,7
(Profit)/loss on disposals of non-current assets		-0,2	-1,2	0,2
Changes in value and other losses/(gains)		-85,4	70,9	182,3
Net finance income/-expenses		480,7	-33,7	257,9
Foreign exchange gain/-loss on operating activities		73,3	4,6	20,4
Change in inventories, trade receivables and trade payables		-500,7	-586,5	-82,9
Difference between post employment benefit expense and amount paid/received	7	108,6	109,4	-82,6
Change in other working capital items		261,1	185,3	-302,4
Interest received		27,0	9,5	42,3
Net cash flow from operating activities		1 289,9	761,1	2 845,8
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)		-1 372,2	-1 220,0	-3 105,0
Investment grants		0,0	0,0	254,0
Proceeds from sale of PPE, incl assets under construction		5,5	4,6	7,4
Change in other investments		9,9	-0,5	98,1
Net cash flow from investing activities		-1 356,8	-1 215,9	-2 745,5
Cash flow from financing activities				
Repayment of borrowings	8	-511,5	-469,4	-939,0
Net proceeds/repayment of short term borrowings (commercial papers)	8	749,9	0,0	0,0
Interest paid		-468,4	-424,9	-630,2
Net cash flow from financing activities		-230,0	-894,3	-1 569,2
Net increase/-decrease in cash, cash equivalents and bank overdrafts		-297,0	-1 349,1	-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	891,6	1 308,4	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 second quarter of 2023 were approved by the Board of Directors on 29 August 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 second quarter of 2023, ended 30 June 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.

Adjustments of comparable figures for 2022

Forward energy contracts

The realized and unrealized gains/losses from forward energy contracts have with effect from Q4 2022 been reclassified from operating expenses to finance income income/expenses in the income statement. Comparable figures for 2022 are restated in this report.

The effect from the reclassification is the following changes compared to the published report for Q2 2022: an increase in other operating expenses and finance income of NOK 209.3 for second quarter 2022 and an increase in other operating expenses and finance income of 280.7 million for the first half of 2022. The restatement has not had any effect of profit/loss for the period or equity at 30 June 2022.

Actuarial gains and losses

In the interim financial report published for second quarter 2022 estimated effects of the social security settlement 2022 was booked both through the income statement and through other comprehensive income. Comparable figures for 2022 are restated showing the social security settlement only through other comprehensive income.

The adjustment leads to the following changes in comparable figures compared to the published report for Q2 2022: in the income statement employee benefits expenses are reduced with NOK 214.5 million (for both second quarter 2022 and six months ended June 2022), in the balance sheet at 30 June 2022 retirement benefit obligations are reduced with NOK 214.5 million and the equity is increased with NOK 167.4 million.

NOTE 3 Segment information

Amount in MNOK

SIX MONTHS ENDED JUNE 2023:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	PROPERTY DEV. AND HOTELS
Traffic income	945,8	272,1	197,9	164,9	389,3	0,0
Other income 1)	1 517,1	262,5	394,1	164,5	282,7	76,2
Inter-segment income	1,1	0,3	4,0	1,7	45,7	11,5
Total income	2 464,0	534,9	596,0	331,2	717,7	87,7
Employee benefits expenses	283,0	64,4	53,5	52,9	395,1	0,0
Other operating expenses	614,3	136,5	87,4	79,1	462,2	7,4
Inter-segment expenses	198,5	66,3	55,3	42,5	409,5	0,4
Total expenses	1 095,7	267,2	196,2	174,5	1 266,7	7,9
EBITDA	1 368,2	267,7	399,9	156,7	-549,0	79,8
Depreciation, amortisation and impairment charges	465,2	135,8	62,4	57,9	249,1	21,6
Operating profit/-loss	903,0	131,9	337,5	98,9	-798,1	58,3
Assets*	17 231,7	4 959,3	1 594,4	1 559,3	6 807,6	945,1

SIX MONTHS ENDED JUNE 2023 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	OTHERS	ELIMINATION	TOTAL
Traffic income	1 970,1	620,3	0,0		2 590,3
Other income	2 697,2	92,5	124,0		2 913,7
Inter-segment income	64,3	353,6	622,3	-1 040,2	0,0
Total income	4 731,5	1 066,4	746,3	-1 040,2	5 504,0
Employee benefits expenses	848,8	736,1	518,0		2 102,9
Other operating expenses	1 386,9	122,5	485,6		1 995,0
Inter-segment expenses	772,5	234,3	33,4	-1 040,2	0,0
Total expenses	3 008,2	1 092,8	1 037,0	-1 040,2	4 097,9
EBITDA	1 723,3	-26,5	-290,7		1 406,2
Depreciation, amortisation and impairment charges	992,0	22,9	97,5		1 112,4
Operating profit/-loss	731,4	-49,4	-388,3		293,8
Assets*	33 097,3	347,8	1 007,9		34 452,9

* Inclusive other intangible assets, exclusive assets under construction.

1) Other income for Stavanger airport, included in the segment airport operations, includes for the period six months ended June 2023 an insurance settlement of NOK 188,5 million. This insurance settlement is related to the building of a new parking garage replacing the garage that was damaged in a fire in January 2020. The new parking garage was opened 15 June 2023.

SIX MONTHS ENDED JUNE 2022:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	PROPERTY DEV. AND HOTELS
Traffic income	793,3	243,1	174,2	145,0	358,0	0,0
Other income	1 268,4	212,3	193,9	128,4	269,9	59,6
Inter-segment income	2,4	0,3	4,1	1,7	37,7	10,7
Total income	2 064,1	455,6	372,2	275,1	665,6	70,4
Employee benefits expenses	240,3	60,3	49,9	51,2	376,6	0,0
Other operating expenses	540,8	108,5	45,5	56,6	506,0	3,1
Inter-segment expenses	185,1	67,2	57,2	45,0	365,1	0,3
Total expenses	966,1	235,9	152,6	152,9	1 247,6	3,4
EBITDA	1 098,0	219,7	219,7	122,3	-582,0	67,0
Depreciation, amortisation and impairment charges	452,9	151,8	68,3	58,2	223,6	19,7
Operating profit/-loss	645,1	67,9	151,4	64,1	-805,6	47,3
Assets*	17 691,3	5 079,0	1 665,4	1 608,2	6 138,8	979,6

SIX MONTHS ENDED JUNE 2022 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	OTHERS	ELIMINATION	TOTAL
Traffic income	1 713,6	552,7	0,0		2 266,3
Other income	2 132,5	88,7	109,3		2 330,5
Inter-segment income	57,0	378,0	401,2	-836,2	0,0
Total income	3 903,1	1 019,4	510,5	-836,2	4 596,8
Employee benefits expenses	778,3	778,9	347,3		1 904,5
Other operating expenses	1 260,4	151,2	311,7		1 723,2
Inter-segment expenses	719,8	66,1	50,3	-836,2	0,0
Total expenses	2 758,5	996,1	709,3	-836,2	3 627,7
EBITDA	1 144,6	23,3	-198,8		969,1
Depreciation, amortisation and impairment charges	974,4	72,9	49,8		1 097,1
Operating profit/-loss	170,2	-49,6	-248,6		-128,0
Assets*	33 162,4	1 266,2	339,8		34 768,4

* 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	SECOND QUARTER		SIX MONTHS ENDED JUNE		YEAR
	2023	2022	2023	2022	2022
Traffic income					
Takeoff charges	292,2	278,0	542,9	481,4	1 023,0
Terminal charges	320,2	302,6	581,2	479,0	1 066,9
En route charges	336,0	297,7	620,3	552,7	1 185,0
Security charges	335,5	330,6	606,0	519,9	1 169,0
Terminal navigation charges	129,2	136,7	240,0	233,3	503,8
Total traffic income	1 413,0	1 345,6	2 590,3	2 266,3	4 947,8
Other operating income					
Revenue from contracts with customers:					
Duty free	0,0	14,8	0,0	23,8	68,3
Parking	0,0	0,0	0,0	0,1	0,2
Other	349,7	293,1	644,2	456,5	998,6
Total revenue from contracts with customers	349,7	307,9	644,2	480,3	1 067,1
Rental income:					
Duty free	633,0	574,2	1 041,8	842,2	2 068,8
Parking	263,0	237,3	491,1	381,8	854,4
Other	389,1	371,3	736,6	626,2	1 480,4
Total rental income	1 285,1	1 182,8	2 269,5	1 850,2	4 403,6
Total other operating income	1 634,8	1 490,8	2 913,7	2 330,5	5 470,7
Total income from contracts with customers	1 762,7	1 653,6	3 234,6	2 746,6	6 014,9
Total rental income	1 285,1	1 182,8	2 269,5	1 850,2	4 403,6
Total operating income	3 047,9	2 836,4	5 504,1	4 596,8	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 30 June 2022					
Opening net book amount	453,8	32 414,6	5 386,7	568,4	38 823,5
Additions	119,6	2 852,1	1 251,0	0,0	4 222,7
Reclassification *	0,0	0,0	-2 971,7	0,0	-2 971,7
Disposals	0,0	-4,0	0,0	-6,2	-10,2
Depreciation charge	-28,6	-1 039,2	0,0	-29,2	-1 097,1
Closing net book amount	544,8	34 223,5	3 666,0	533,0	38 967,3
Classified as intangible	544,8	0,0	693,4	0,0	
At 30 June 2023					
Opening net book amount	531,7	34 373,9	4 097,7	504,6	39 507,9
Additions	101,1	539,7	1 420,3	0,0	2 061,1
Reclassification *	0,0	0,0	-640,8	0,0	-640,8
Disposals	-0,4	-9,8	0,0	-134,2	-144,3
Depreciation charge	-33,5	-1 049,9	0,0	-29,0	-1 112,4
Closing net book amount	599,0	33 854,0	4 877,1	341,4	39 671,4
Classified as intangible	599,0	0,0	1 009,8	0,0	1 608,8

* 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 and the risk of permanent changes in travel habits because of increased focus on climate, environment and sustainability have been assessed as possible 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 before mentioned uncertainties increase the sensitivity to the assumptions used in the impairment assessments.

The impairment tests are updated at the end of the second quarter of 2023 to take into account new information and updated forecasts. The forecasts used as basis for the impairment test assumes that the state ensures Avinor financial framework conditions defending the accounted values. This was addressed in the ordinary general meeting 6 June 2023 and a dialogue with the Ministry of Transportation has been initiated.

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 30 June 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	8,2 %	-6,8 %
Operating margin 2028	29,6 %	13,5 %
Revenues in 2024 in % of 2019 *	81,0 %	104,8 %
Revenues in 2028 in % of 2019 *	93,8 %	136,6 %
Operating expenses 2024 in % of 2019 *	87,8 %	65,4 %
Operating expenses in 2028 in % of 2019 *	73,5 %	68,6 %
Eternal growth in terminal value	2,0 %	2,0 %
Post-tax rate of return requirement	5,8 %	5,4 %

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

- Cash flows for the prognosis period of 6 years 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 prognosis period a growth in traffic of in average 2.3 per cent is assumed. Given the forecasts, a real increase in the fees that Avinor collects an/or changes in other financial framework conditions to defend the accounted values is needed:
 - o Airport charges should in principle be regulated according to "single till principle" (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. For airport charges a cashflow in the terminal year that provides a return on invested capital equal the required rate of return is assumed.
 - 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.
- Increased focus on climate and sustainability might lead to lasting changes in travel habits. In addition, increased costs can impact the demand for airline travel.
- The required rate of return used for the cash generating units are assessed at the end of the second quarter of 2023 based on the market expectations for risk-free interest rates and debt interest rates in addition to 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 3 100 million for airport operations and NOK 500 million for air navigation services. Consequently, no impairment loss has been recognised at the end of the second quarter of 2023.

Impairment tests - sensitivity analyses

At the time of approval of the second quarter 2023 statements there is still uncertainty regarding how the future travel activity will develop. 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 post-tax rate of return and traffic development 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 %	38 550	0	1 900	0
Operating margin: - 2,0 %	36 150	1 800	1 600	150
Income: - 1,0 %	39 300	0	1 900	0
Income: -2,0 %	37 500	450	1 550	200
Terminal growth: -0,5 %	35 650	2 300	1 800	0
Terminal growth: -1,0 %	31 400	6 550	1 400	350
Post-tax rate of return: +0,5 %	35 100	2 850	1 750	0
Post-tax rate of return: +1,0 %	30 450	7 500	1 300	450
Traffic development: -1,0 %	32 650	5 300	1 350	400
Traffic development: -2,0 %	24 600	13 350	950	800

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	30 JUNE		YEAR
	2023	2022	2022
Discount rate and future return on plan assets	3,20 %	3,50 %	3,20 %
Future salary increases	3,50 %	3,50 %	3,50 %
Future pension increases	2,60 %	2,50 %	2,60 %
Future increases in the social security base rate (G)	3,25 %	3,25 %	3,25 %

PENSION OBLIGATION	30 JUNE		YEAR
	2023	2022	2022
Net pension obligation at 1. January	5 313,9	6 895,1	6 895,1
Pension cost	208,6	201,2	290,1
Employer/employee contribution	-100,1	-91,8	-372,7
Actuarial gains/losses	-74,9	-2 086,2	-1 498,6
Net pension obligation at the end of the period	5 347,6	4 918,3	5 313,9

Actuarial gains/losses for 2023 includes positive effects from deviation between actual and estimated return on pension funds and estimated negative effects from the social security settlement for 2023. The social security settlement for 2023 was carried out with a higher regulation than assumed when calculating the group's pension obligations at year end 2022.

In addition to the pension cost in the table above there is a cost of NOK 89.7 million as at 30 June 2023 related to employees that have transitioned to a defined contribution pension scheme (NOK 78.3 million at 30 June 2022) and NOK 12.7 million related to the private AFP scheme (early retirement) (NOK 13.2 million at 30 June 2022).

NOTE 8 Borrowings and lease liabilities

Amount in MNOK

	30 JUNE		YEAR
	2023	2022	2022
Long term borrowings and lease liabilities	22 320,3	21 617,4	21 224,7
Short term borrowings and lease liabilities	1 769,6	992,9	1 034,3
Total	24 089,9	22 610,3	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	-485,8	-445,7	-891,5
Repayment of lease liabilities	-25,7	-23,7	-47,5
Net proceeds/repayment of short term borrowings (commercial papers)	749,9	0,0	0,0
Net changes in borrowings with cash flow effect	238,4	-469,4	-939,0
Other changes in lease liabilities	-139,0	-6,7	-6,1
Changes in value ¹⁾	1 731,5	109,1	226,8
Closing net book amount	24 089,9	22 610,3	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

	30 JUNE		YEAR
	2023	2022	2022
Cash and cash equivalents	891,6	1 308,4	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	5 191,6	5 608,4	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 second 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

	30 JUNE 2023		30 JUNE 2022	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	527,7	511,9	972,0	944,8
Bonds	18 826,4	17 043,1	16 977,4	16 074,2
Bank borrowings	3 615,5	3 581,3	4 102,6	4 108,5
Commercial papers	750,0	750,0	0,0	0,0
Lease liabilities	370,3	370,3	558,3	558,3
Total	24 089,9	22 256,6	22 610,3	21 685,7

DERIVATIVE FINANCIAL INSTRUMENTS

	30 JUNE		YEAR
	2023	2022	2022
Assets			
Interest rate swaps	2 607,2	1 628,6	1 377,9
Forward foreign exchange contracts	23,8	2,7	1,2
Forward energy contracts	0,0	264,7	140,8
Total assets	2 631,0	1 896,0	1 519,9
Liabilities			
Interest rate swaps	1 045,6	1 400,2	1 585,8
Forward foreign exchange contracts	1,5	9,8	3,4
Forward energy contracts	1,5	0,0	0,0
Total liabilities	1 048,7	1 410,0	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 30 June 2023:

AT 30 JUNE 2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss		23,8		23,8
Derivatives used for hedging		2 607,2		2 607,2
Total assets	0,0	2 631,0	0,0	2 631,0
Liabilities				
Derivatives at fair value through profit or loss		2 963,6		2 963,6
Derivatives used for hedging		1 045,6		1 045,6
Total liabilities	0,0	4 009,1	0,0	4 009,1

The following table presents the group's assets and liabilities that are measured at fair value at 30 June 2022:

AT 30 JUNE 2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss		267,4		267,4
Derivatives used for hedging		1 628,6		1 628,6
Total assets	0,0	1 896,0	0,0	1 896,0
Liabilities				
Derivatives at fair value through profit or loss		3 510,3		3 510,3
Derivatives used for hedging		1 400,2		1 400,2
Total liabilities	0,0	4 910,6	0,0	4 910,6

NOTE 10 Trade and other receivables & other current liabilities

	30 JUNE		YEAR
	2023	2022	2022
Trade and other receivables			
Trade receivables	1 332,7	1 250,9	1 045,8
Accrued income	83,3	55,1	114,7
Prepaid expenses	150,3	140,4	132,6
Receivables grants new airports (note 11)	461,1	0,0	229,4
Other short-term receivables	47,2	50,6	101,8
Total trade and other receivables	2 074,6	1 496,9	1 624,3

	30 JUNE		YEAR
	2023	2022	2022
Other current liabilities			
Wages and social security (incl. holiday allowance)	511,7	436,5	372,4
Accrued operating and investment costs	870,2	548,2	513,3
Accrued interest costs	213,1	165,8	293,4
Advance from customers	146,2	174,0	178,2
Liabilities grants new airports (note 11)	0,0	0,0	64,0
Other short-term liability	3,8	19,3	47,5
Total other current liabilities	1 744,9	1 343,9	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 put into operation in 2029 - 2030.

The Board of Directors of Avinor approved the project in December 2022 with a maximum cost target (P85) and a management cost target (P50) 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) and there is a license from the Ministry of Transport. Both approvals are expected to be available during 2023.

Avinor is the builder 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 corresponds to a limit for total project expenses that Avinor expects to stay within with an 85 percent probability. For the management cost target, 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 as well as the land where the current airport is located. At the same time, an agreement was entered into for the sale of the property where today's airport is located from Avinor to Bodø municipality after the new airport is completed. The agreements are an important part of the total financing of the project and ensure the further work on the construction of new airport in Bodø.

The construction of the new airport is carried out by two turnkey contracts with collaboration: airside facility and terminal building. In phase 1 (the development phase) of the contracts, Avinor and the contractor will collaborate to uncover opportunities and risks in the project, negotiate a target price and prepare plans for phase 2 (the implementation phase). The contract for airside facility was awarded to Peab Anlegg AS in June 2023 and signed at the beginning of July 2023. The contract for terminal building was announced in June 2023. Award and start of phase 1 of the contract is expected to take place in the first half of 2024.

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.

Subsidies from the state are accounted for in accordance with IAS 20 ("Accounting for Government Grants and Disclosure of Government Assistance").

For the period Q1 2019 to Q2 2023, and before considering state contributions, gross project expenses amount to NOK 302.1 million, of which NOK 156.6 million is recognized in the balance sheet as assets under construction and NOK 145.5 million is recognized as project costs. As a result of accrued project expenses first being covered by state grants, a receivable relating to the incurred project expenses of NOK 302.1 million has been recognized as of 30 June 2023, of which NOK 156.6 million has been recognized as a reduction of assets under construction, while the remaining NOK 145.5 million has been recognized 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 a maximum cost target (P85) and management cost target (P50) of NOK 4 890 million (2023 value) and 4 582 respectively after increased state grants were given in the revised national budget for 2023, including financing of increased runway length from 2 200 meters to 2 400 metres. The new airport is to be financed by the state as well as a fixed grant/contribution of NOK 666 million from Rana municipality and the local business community. EFTA's monitoring body, ESA, approved the financing plan for the project in June 2022.

Avinor is the builder and bears the risk of any management cost target being exceeded. The management cost target corresponds to a limit for total project expenses that Avinor expects to stay within with a 50 percent probability.

The project is carried out as a turnkey contract in collaboration. The contractor is AF Gruppen Norge AS. In phase 1 (the development phase) of the collaboration, Avinor and the contractor collaborated to uncover opportunities and risks in the project, negotiated a target price and drew up plans for phase 2 (the implementation phase). An agreement with AF Gruppen Norge AS for phase 2 has been concluded and construction work began in the second quarter of 2023.

Financial status

The subsidy from local business (NOK 150 million) was received in July 2022, while the first government subsidy of NOK 104 million, which applies to incurred expenses up to and including 2022, was paid out in December 2022. Future government subsidies will be paid out on a monthly basis after the contribution from local business and Rana municipality of NOK 600 million has been used and will be based on incurred project expenses. Parts of the municipal contribution (NOK 450 million) was paid in July 2023 in connection with the start of construction in accordance with the turnkey contract with AF Gruppen Norge AS.

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").

As of 30 June 2023, and before considering local and state contributions, the gross project expenditure for the new airport Mo i Rana amounts to NOK 413.0 million, of which NOK 365.9 million is recognized in the balance sheet as assets under

NOTE 11 Significant construction projects (cont.)

construction and NOK 47.1 million are expensed as project costs. Accumulated grants recognised on 30 June 2023 amount to NOK 413.0 million, of which NOK 365.9 million is recognized as a reduction of assets under construction and 47.1 million

is recognised as other operating income. Of the total grants recognized as of 30 June 2023, NOK 159.0 million is presented as a short-term receivable in the balance sheet.

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 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.

As mentioned in note 6, Avinor is in dialogue with the Ministry of Transportation regarding the financial framework conditions for the group.

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. These pollutants pose a risk of damage to the local natural environment and human health. In recent years, Avinor has received demands from the Norwegian Environment Agency requiring mapping, the preparation of action plans as well as the implementation of clean-up measures. 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. 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 acceptance by the environmental authorities. In addition, there is 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.

The provision for future clean-up costs 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. 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 half of 2023 reduced with NOK 37.3 million related to clean-up work carried out through the first six months, while new knowledge has led to an increase in the provision of NOK 43.5 million. This gives a net increase in the provision of NOK 6.2 million through the first six months of 2023, giving a provision amounting to NOK 1 013.1 million at 30 June 2023.

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 30 June 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 continuously.

Responsibility statement from the Board of Directors and the CEO

We confirm, to the best of our knowledge, that the interim financial report for the period 1 January to 30 June 2023 has been prepared in accordance with IAS 34 Interim Reporting and that the information in the report fairly reflects the Group's assets, liabilities, financial position and result.

We also confirm that the interim financial report provides a fair summary of important events during the accounting period and their influence of the half-year account, as well as the most important risk and uncertainty factors the organisation will be facing in the coming accounting period.

Oslo, 29 August 2023
The Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the board

Ola H. Strand
Vice Chair

Rolf G. Roverud

Inger Lise Strøm

Linda B. Silseth

Mari H. Sundgot

Heidi Anette Sørum

Sverre Ivar Elsbak

Abraham Foss
CEO

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		30 JUNE		YEAR
		2023	2022	2022
Long term interest-bearing debt				
State loan	Statement of financial position	83,3	527,7	305,5
Other non-current loans	Statement of financial position	21 914,9	20 592,9	20 447,0
Lease liabilities	Statement of financial position	322,2	496,9	472,2
Total long term interest-bearing debt		22 320,3	21 617,4	21 224,7
Short term interest-bearing debt				
Commercial papers	Statement of financial position	749,9	0,0	0,0
First annual installment on long-term liabilities	Statement of financial position	971,5	931,5	971,5
Lease liabilities	Statement of financial position	48,1	61,4	62,8
Total short term interest-bearing debt		1 769,6	992,9	1 034,3
Interest-bearing debt		24 089,9	22 610,3	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	30 JUNE		YEAR
		2023	2022	2022
Interest-bearing debt	APM	24 089,9	22 610,3	22 259,0
Interest swaps - liabilities	Note 9	1 045,6	1 400,2	1 585,8
Interest swaps - assets	Note 9	-2 607,2	-1 628,6	-1 377,9
Cash and cash equivalents	Statement of financial position	-891,6	-1 308,4	-1 188,6
Net interest-bearing debt		21 636,7	21 073,5	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	30 JUNE		YEAR
		2023	2022	2022
Equity	Statement of financial position	13 299,3	13 718,1	13 357,9
Net interest-bearing debt	APM	21 636,7	21 073,5	21 278,3
Total equity and interest-bearing debt		34 935,9	34 791,6	34 636,2
Equity ratio loan agreements *		38,1 %	39,4 %	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	30 JUNE		YEAR
		2023	2022	2022
Net interest-bearing debt	APM	21 636,7	21 073,5	21 278,3
Lease liabilities, long term	Statement of financial position	-322,2	-496,9	-472,2
Lease liabilities, short term	Statement of financial position	-48,1	-61,4	-62,8
Net interest-bearing debt - exclusive lease liabilities		21 266,4	20 515,3	20 743,3
Equity	Statement of financial position	13 299,3	13 718,1	13 357,9
Total equity and net interest-bearing debt - exclusive lease liabilities	Statement of financial position	34 565,6	34 233,3	34 101,2
Equity ratio (according to article 5 of the company's Articles of Association) *		38,5 %	40,1 %	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 group's solvency.

CALCULATION AND RECONCILIATION OF EQUITY RATIO	SOURCE	30 JUNE		YEAR
		2023	2022	2022
Equity	Statement of financial position	13 299,3	13 718,1	13 357,9
Total equity and liabilities	Statement of financial position	47 358,6	45 756,1	45 935,4
Equity ratio		28,1 %	30,0 %	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	30 JUNE		YEAR
		2023	2022	2022
Net cash flow from operating activities	Statement of cash flows	1 289,9	761,1	2 845,8
Net cash flow from investing activities	Statement of cash flows	-1 356,8	-1 215,9	-2 745,5
Interest paid	Statement of cash flows	-468,4	-424,9	-630,2
Cash flow before changes in debt		-535,4	-879,7	-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.



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