

INTERIM FINANCIAL REPORT

3rd quarter 2022



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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

	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	2022	2021	2022	2021	2021
Traffic income	732,3	476,9	1 925,9	984,7	1 544,2
Security (cost based)	348,5	192,8	868,4	335,7	565,1
Sales- and rental income - duty free	698,0	180,1	1 564,0	273,9	606,5
Sales- and rental income - parking	247,0	135,6	628,9	257,5	436,4
Sales- and rental income - other	501,5	318,6	1 326,5	761,9	1 155,8
Inter-group income	21,9	21,2	68,1	66,0	87,6
Total income airport operations	2 549,1	1 325,0	6 381,8	2 679,8	4 395,6
En route charges	329,5	247,0	882,3	543,1	813,6
Inter-group income approach and control tower services	211,1	147,3	589,1	429,3	588,2
Other income	49,3	43,4	138,0	127,8	173,8
Total income air navigation services	589,9	437,8	1 609,3	1 100,2	1 575,6
Other group income	270,6	1 466,4	851,5	4 407,3	4 717,0
Elimination of inter-group income	-442,7	-281,7	-1 278,9	-958,4	-1 374,0
Total group income	2 966,9	2 947,5	7 563,7	7 228,9	9 314,1
Operating expenses airport operations	-1 265,5	-1 083,0	-4 090,1	-3 367,3	-4 730,9
Operating expenses air navigation services	-361,6	-399,7	-1 466,8	-1 307,3	-1 823,6
Other operating expenses	-388,8	-153,2	-856,7	-608,9	-1 108,3
Elimination of inter-group expenses	442,7	281,7	1 278,9	958,4	1 374,0
Total group expenses	-1 573,2	-1 354,2	-5 134,7	-4 325,1	-6 288,8
EBITDA airport operations	1 283,6	242,1	2 291,8	-687,5	-335,3
EBITDA air navigation services	228,3	38,0	142,5	-207,1	-248,1
EBITDA others	-118,2	1 313,1	-5,2	3 798,4	3 608,7
EBITDA group	1 393,8	1 593,2	2 429,0	2 903,8	3 025,3
Depreciation, amortisation and impairment charges	-550,1	-545,7	-1 647,2	-1 645,1	-2 196,6
Operating profit/-loss	843,6	1 047,5	781,8	1 258,8	828,7
Net finance income/-costs	256,9	-126,5	9,8	-428,3	-560,6
Profit/(loss) before income tax	1 100,5	921,0	791,6	830,4	268,2
Income tax expense	241,9	188,2	177,2	182,8	60,1
Profit/-loss after tax	858,6	732,9	614,4	647,6	208,1
EBITDA-margin airport operations	50,4 %	18,3 %	35,9 %	-25,7 %	-7,6 %
EBITDA-margin air navigation services	38,7 %	8,7 %	8,9 %	-18,8 %	-15,7 %
EBITDA-margin others	47,0 %	54,1 %	32,1 %	40,2 %	32,5 %
Investments airport operations	923,4	506,6	1 806,1	1 307,1	1 803,2
Investments air navigation services	89,5	94,8	327,2	291,8	426,6
Investments others	-13,0	67,2	117,5	295,9	343,7
Total investments	999,9	668,6	2 250,8	1 894,8	2 573,5
Distributed dividends	0,0	0,0	0,0	0,0	0,0
Cash flow before borrowings/repayments	429,5	1 009,5	-450,1	477,3	67,3
Interest - bearing debts (exclusive lease liabilities)			22 228,1	22 247,5	21 858,4
Total assets			46 499,6	47 019,8	46 376,7
Net debt to equity ratio (b)			40,4 %	40,0 %	39,4 %
Number of passengers (in 1000)	13 229	7 594	33 178	13 492	22 440
Number of aircraft departures (in 1000)	168	133	460	314	463
Number of service units (in 1000)	576	438	1 543	954	1 445
Punctuality (a)			80 %	92 %	88 %
Regularity (a)			99 %	98 %	98 %

(a) Past 12 months

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

Board of Directors' Report

IMPORTANT EVENTS

Air traffic through Avinor's airports was nearly two and a half times higher in the first nine months of 2022 compared to the corresponding period of 2021. The number of aircraft movements for the same period increased by 47 per cent. The summer season has led to increased traffic and Avinor has scaled up the operations at the airports to adapt operations to the increased traffic volumes. Punctuality has been lower than internal targets for the first nine months of 2022. This is amongst other things due to the challenges with limited capacity through European air space, lack of ground personnel and strikes in the aviation industry which also has affected Avinor. The SAS pilot strike in the period 4 - 17 July 2022 led to an assumed loss of traffic at the level of 411,000 passengers.

Consequences of changed travel habits, uncertainty due to the war in Ukraine, high price growth, long delivery time for Norwegian passports, increased interest rates, strikes and capacity challenges within the airline industry contributes to the fact that traffic levels are still not back at pre pandemic levels. For the period January to September 2022 the total number of passengers were approximately 20 per cent lower compared to the corresponding period of 2019. 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.

Increased attention to security around critical Norwegian infrastructure increases the attention on illegal drone activity. There have been several observations of illegal drone use around Avinor's airports, which has led to some airports being closed for shorter periods. Avinor continues reinforced measures to monitor the situation. Beyond this, as well as reduced overflight traffic in Norwegian airspace, the outbreak of war in Ukraine has not had major operational consequences.

In the proposal for state budget for 2023, which was presented in the beginning of October, the financing of new airports in Bodø and Mo i Rana is continued. For 2023 it is proposed that Avinor is granted in total NOK 1.66 billion for the construction of a new airport in Mo i Rana and for further planning of a new airport in Bodø, including funds to buy the current airport site from Forsvarsbygg. For the new airport in Bodø contracts with the municipality and Forsvarsbygg regarding financing and purchase of land remains to be concluded. In mid-august, the general contract for the building of the new airport in Mo i Rana was awarded AF Gruppen. The first physical preparatory work at the new airport started in September. Avinor has not been given full access to the building site and work is ongoing with local authorities and rights holders to get this in place before the initial works are completed in the first quarter of 2023.

In the proposed state budget for 2023 it is also proposed to halve the permitted tax-free quota for tobacco products. It is estimated that the annual loss of income for Avinor will be around NOK 270 million.

Avinor is still in a challenging financial situation, with an equity ratio according to paragraph 5 of the articles of association of 40.4 per cent. Cash flow before changes in borrowings was minus NOK 450 million for the first nine months of the year. Upscaling

of the activities to adapt to increased traffic volumes is closely monitored against increased operating expenses. The project portfolio is closely assessed and prioritized. Extraordinarily high price increase for building and construction projects represents increased risk for the project portfolio.

Q3 2022

KEY FINANCIAL FIGURES, THIRD QUARTER

MNOK	2022	2021	CHANGE
Operating income	2 966,9	2 947,5	0,7 %
EBITDA	1 393,7	1 593,1	-12,5 %
EBIT	843,6	1 047,4	-19,5 %
Profit/-loss after tax	858,6	732,8	17,2 %
Investments	999,9	668,6	49,5 %

In the third quarter of 2022, the group had operating income of NOK 2,967 million, an increase of 0.7 per cent compared to the corresponding period in 2021. Traffic income increased with NOK 494 million while commercial income increased with NOK 826 million. Avinor received government grants of NOK 1,300 million in the third quarter of 2021, which explains the modest increase in operating income despite large increases in traffic and commercial income.

Operating expenses, including depreciation and amortization, amounted to NOK 2,123 million for third quarter compared to NOK 1,900 million in the corresponding quarter of 2021.

1 JANUARY TO 30 SEPTEMBER 2022

KEY FINANCIAL FIGURES, 01.01. - 30.09.

MNOK	2022	2021	CHANGE
Operating income	7 563,7	7 228,9	4,6 %
EBITDA	2 429,0	2 903,8	-16,4 %
EBIT	781,8	1 258,7	-37,9 %
Profit/-loss after tax	614,4	647,6	-5,1 %
Investments	2 250,8	1 894,8	18,8 %

The group had a profit after tax of NOK 614 million in the first nine months of 2022, compared to NOK 648 million in the corresponding period of 2021. The result for 2021 included Government grants of NOK 3,800 million before taxes.

The Group's balance sheet increased by NOK 123 million during the nine first months of 2022, ending at NOK 46.5 billion at 30 September 2022. The equity ratio at 30 September 2022 was 29.8 per cent, compared to 26.9 per cent at the end of 2021.

Operating income

Operating income in the first nine months of 2022 amounted to NOK 7,564 million, an increase of 4.6 per cent compared to the first nine months of 2021. Excluding Government grants of NOK 3,800 million in 2021, operating income increased by NOK 4,135 million.

OPERATING INCOME PER SEGMENT, 01.01. - 30.09.

MNOK	2022	2021	CHANGE
Airport operations	6 381,8	2 679,8	138,1 %
Air navigation services	1 609,3	1 100,2	46,3 %
Property development and hotels	110,9	84,6	31,1 %
Others (excluding Government Grants)	740,6	522,6	41,7 %
Government grants	0,0	3 800,0	-100,0 %
Elimination	-1 278,9	-958,4	-33,4 %
Avinor Group	7 563,7	7 228,9	4,6 %

Revenues for airport operations ended at NOK 6,382 million, compared to NOK 2,680 million for the first nine months of 2021, while operating income for air navigation services ended at NOK 1,609 million in the first nine months of 2022 compared to NOK 1,100 million in the corresponding period of 2021.

Avinor received NOK 3,800 million as a taxable government grant from the state in the first nine months of 2021. No government grant was received in 2022.

The substantial increase in revenues for airport operations and air navigation services is mainly a result of limitations in travel activities due to the corona virus pandemic through 2021.

Operating expenses, depreciation and amortization, and other items

Total operating expenses for the first nine months of 2022 amounted to NOK 5,135 million, an increase of 18.7 per cent compared to NOK 4,325 million in the corresponding period of 2021. The cost development must be seen in connection with the significant increase in traffic volume within both airport operations and air navigation services.

Total depreciation, amortisation, and write-downs for the period January – September 2022 amounted to NOK 1,647 million, the same level as the corresponding period in 2021.

EBITDA and EBIT

EBITDA for the nine first months totalled NOK 2,429 million with an EBITDA margin of 32.1 per cent. In the first nine months of 2021 EBITDA was NOK 2,904 million with an EBITDA-margin of 40.2 per cent.

EBIT for the first nine months of 2022 ended at NOK 782 million compared to NOK 1,259 million for the corresponding period of 2021.

Due to Government grants in 2021 and significant variations in traffic volume, quarterly comparisons are of little relevance.

Investments

Recognised additions to tangible fixed assets for the first nine months of 2022 amounted NOK 2,251 million, which is an increase of NOK 356 million compared to the corresponding

period in 2021. The investments in 2022 are primarily related to projects commenced before the corona pandemic in addition to necessary re-investments.

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

ADDITIONS OF ASSETS UNDER CONSTRUCTION, 01.01 - 30.09.

MNOK	2022	2021	CHANGE
Airport operations	1 806,1	1 307,1	499,0
Air navigation services	327,2	291,8	35,4
Property development and hotels	8,0	158,7	-150,7
Joint items, group	110,2	95,0	15,2
Consolidated items	-0,7	42,2	-42,9
Avinor Group	2 250,8	1 894,8	356,0

Cash flow, financing, and commitments

In the first nine months of 2022, the Group's cash flow before changes in borrowings was NOK – 450 million. With a net decrease in borrowings of NOK 481 million, the Group's cash reserves decreased by NOK 931 million through the first nine months of 2022.

Interest-bearing liabilities as at the end of the third quarter of 2022 amounted to NOK 22.8 billion, of which NOK 1 billion were current interest-bearing liabilities.

Net finance income for the first nine months of 2022 ended at NOK 10 million, which is NOK 438 million better than the corresponding period in 2021. Net financial result for the first nine months of 2022 includes NOK 404 million in unrealized gains on fixed priced agreements for power.

The Group's total assets at 30 September 2022 amounted to NOK 46.5 billion. Equity was at NOK 13.9 billion, which gives an equity ratio of 29.8 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of association) amounted to 40.4 per cent. In an extraordinary general meeting, held 29 March 2022, the group has been granted a time-limited permit to deviate from paragraph 5 of the articles of association, down from minimum 40 per cent to a minimum of 35 per cent. The permit from the general meeting is valid until 31 December 2022.

In the first nine months of 2022, the Group's book equity increased with NOK 1,404 million. Profit after tax contributed with NOK 614 million, estimate deviations on pension liabilities increased the equity by NOK 1,401 million, while changes in value of financial hedging instruments accounted for a negative effect of NOK 611 million. The positive contribution from changes in pension liabilities is linked to changes in assumptions used to calculate the groups pension liabilities. See note 7 for the most significant assumptions used to calculate the liabilities.

At the end of the third quarter of 2022, the Group's cash reserves amounted to NOK 6.0 billion, distributed between NOK 1.7 billion in bank deposits and NOK 4.3 billion in unutilised drawing rights.

Traffic development and service targets

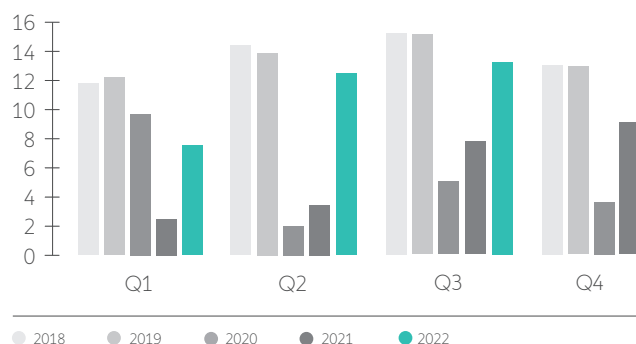
A total of 33.2 million passengers travelled through Avinor's airports in the first nine months of 2022. This is an increase of

146 per cent compared to the corresponding period of 2021. The increase is mainly due to travel restrictions in 2021, a consequence of the corona virus pandemic.

The figure below shows the trend in traffic on a quarterly basis for the period 2018 to 2022:

PASSENGERS

Millions



Domestic traffic in the first nine months of 2022 increased by 83 per cent compared to the corresponding period of 2021, while international traffic increased by 481 per cent. Offshore helicopter traffic had an increase of 3 per cent.

Passenger volume was distributed between the airports as follows:

NUMBER OF AIR PASSENGERS, 01.01. - 30.09.

PASSENGERS (1000)	2022	2021	CHANGE
Gardermoen	16 683	5 226	219,2 %
Flesland	4 416	1 987	122,2 %
Sola	2 633	1 103	138,7 %
Værnes	2 765	1 193	131,7 %
Others	6 681	3 983	67,7 %
Avinor group	33 178	13 492	145,9 %

The number of commercial air transport movements in the first nine months of 2022 increased by 47 per cent compared to the corresponding period of 2021. Domestic aircraft movements increased by 27 per cent, while international aircraft movements increased by 221 per cent.

Over the past 12 months, average punctuality was recorded at 80 per cent and average regularity at 99 per cent throughout Avinor's network of airports. The internal targets for punctuality and regularity are 88 per cent and 98 per cent respectively.

AIR SAFETY AND HSE

Subject to investigations that are yet to be completed, in 2022 there were no aviation accidents or serious aviation incidents in which Avinor was instrumental.

The H1 value (frequency of lost-time injuries) for the last 12 months was 2.4 in Avinor AS and 0.6 in Avinor Flysikring AS, while the H2 value (frequency of injuries with and without absence) was 5.5 in Avinor AS and 1.2 in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months amounted to 5.5 per cent.

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

The uncertainty regarding the long-term and lasting 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.

Power price risk

The group has a substantial use of power and therefore also a risk of increased costs related to the development in the power prices. To reduce the risk, Avinor has entered into bilateral physical power contracts with Statkraft Energi AS. This means that parts of the groups expected future power consumption is secured at fixed prices.

Credit risk

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

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

*Financial risk**Foreign exchange risk*

The Group is exposed to risk with respect to the value of the Norwegian krone against other currencies through income, expenses, and financing in foreign currencies. The exposure to euro is the most significant.

Revenues from en-route navigation services are in euros, while some purchasing contracts are concluded in foreign currencies. The groups financing is exposed to foreign exchange risk, a large portion of the long-term financing is in euro. The foreign exchange risk for borrowings in euro is 100 per cent hedged back to Norwegian kroner.

The group seeks to reduce currency risk by entering into hedging instruments through its banking group in accordance with the group's finance policy.

Interest rate risk

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

Liquidity and financing risk

Avinor is dependent on the external financing of development plans and projects in order to meet its financial obligations by their due date as well as to refinance existing debt. 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.

Hedging

Avinor enters into fixed price agreements with Statkraft to limit the risk for changes in power prices. For risks related to interest and exchange rates Avinor uses hedging instruments. The value of hedging instruments changes in line with prices in the market and may, to the extent that hedge accounting is not used, affect profit and loss. When investing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

Regulatory risks

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

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

New airport in Bodø

In connection with the processing of the state budget for 2022 management targets and cost framework for a new airport in Bodø, to provide more space for urban development, were adopted. The new airport will not be financially profitable for Avinor. The airport will be financed by the Avinor, the state and municipality. In the revised national budget for 2022, it was decided that the state and Avinor shares the risk of cost overruns above management targets limited up until the cost framework.

In the proposed state budget for 2023 grants for further planning of a new airport in Bodø and funds to buy the current airport site from Forsvarsbygg is included.

It remains to clarify the consequences of environmental cleanup, adjustments for the Armed Forces, and enter into contracts between Bodø Municipality and Avinor related to the financing and Forsvarsbygg and Avinor regarding purchase of land. Both the development of the airport and payment of government grants are dependent on the approval by EFTA's supervisory body ESA. Final approval from ESA is expected during 2023.

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 are on Avinors 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 order for the remaining airports. See note 11 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

The primary focus at Avinor through the coronavirus pandemic was to ensure continuity and continuous operations. Operations thereafter has been adapted to expected levels of future traffic volumes. There is still great uncertainty regarding the future levels of traffic, especially related to how increased focus on climate and sustainability and changes in especially business travel might change future travel habits. The war in Ukraine increases the uncertainties in the forecasts for travel activity and income for overflights through the Norwegian air space.

The group's strategic priorities, including the level of costs and investments, will be adjusted to a long-term situation for the aviation. Through the updated group strategy work is conducted to clarify which goals and ambitions to work towards in the period 2022 to 2025. One of several aims is to ensure the group's financial

solvency in the short and long term. Close monitoring of the equity and liquidity is still a central part of Avinor's priorities. The proposals in the state budget for 2023 on reduced tax-free quotas for tobacco put further pressure on the group's equity situation and ability to self-finance.

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 will 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 contribute to development and restructuring within Norwegian society and business. At the same time, the aviation industry is dependent on innovation and technological improvements to reconcile the goals of emission reductions and expected traffic growth.

The war in Ukraine has so far had limited operational consequences for Avinor. A combination of unsafety, reduced purchase power, energy crisis and economic downturn might in the future lead to reduced traffic and income.

Oslo, 28 November 2022
Board of Directors of Avinor AS

CONDENSED INCOME STATEMENT

Amounts in MNOK

	NOTE	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
		2022	2021	2022	2021	2021
Operating income:						
Traffic income		1 410,3	916,7	3 676,6	1 863,5	2 922,9
Government grants		0,0	1 300,0	0,0	3 800,0	3 800,0
Other operating income		1 556,6	730,8	3 887,1	1 565,4	2 591,3
Total operating income	4	2 966,9	2 947,5	7 563,7	7 228,9	9 314,1
Operating expenses:						
Raw materials and consumables used		66,3	64,7	144,4	125,5	204,8
Employee benefits expenses	7	604,0	709,8	2 723,0	2 517,7	3 562,7
Other operating expenses	11	902,9	579,9	2 267,3	1 681,9	2 521,3
Total operating expenses		1 573,2	1 354,4	5 134,7	4 325,1	6 288,8
EBITDA		1 393,7	1 593,1	2 429,0	2 903,8	3 025,3
Depreciation, amortisation and impairment charges	5	550,1	545,7	1 647,2	1 645,1	2 196,6
Operating profit/-loss		843,6	1 047,4	781,8	1 258,7	828,7
Finance income		419,6	9,7	460,9	22,2	29,7
Finance expenses		162,7	136,2	451,1	450,6	590,3
Net finance income/-expenses		256,9	-126,5	9,8	-428,3	-560,6
Profit/-loss before income tax		1 100,5	920,9	791,6	830,4	268,2
Income tax expense	2	241,9	188,2	177,2	182,8	60,1
Profit/-loss after tax		858,6	732,8	614,4	647,6	208,1

CONDENSED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	2022	2021	2022	2021	2021
Profit/-loss for the period	858,6	732,8	614,4	647,6	208,1
Other comprehensive income:					
Items that will not be reclassified to profit or loss in subsequent periods:					
Actuarial gains/-losses on post employment benefit obligations	-288,8	-2 033,2	1 796,8	-1 852,8	-1 245,1
Tax effect	63,5	446,7	-395,5	407,2	274,0
Items that may be subsequently reclassified to profit or loss:					
Cash flow hedges	-395,4	66,8	-783,7	110,6	60,6
Tax effect	87,0	-14,7	172,4	-24,3	-13,3
Other comprehensive income, net of tax	-533,6	-1 534,4	790,0	-1 359,4	-923,9
Total comprehensive income	325,0	-801,6	1 404,4	-711,7	-715,8
Attributable to:					
Owner of parent	325,0	-801,6	1 404,4	-711,7	-715,8

CONDENSED BALANCE SHEET

Amounts in MNOK

		30 SEPTEMBER		YEAR
	NOTE	2022	2021	2021
ASSETS				
Non-current assets				
Intangible assets:				
Deferred tax assets		1 796,9	2 196,6	2 197,0
Other intangible assets	5	529,0	459,5	453,9
Intangible assets under construction	5	735,6	694,7	724,0
Total intangible assets		3 061,6	3 350,8	3 374,9
Property, plant and equipment:				
Property, plant and equipment	5	33 888,4	32 407,3	32 414,6
Assets under construction	5	3 568,5	4 620,0	4 662,7
Right of use assets	5	519,1	398,2	568,4
Total property, plant and equipment		37 976,0	37 425,5	37 645,7
Financial assets:				
Derivative financial instruments	9	1 629,8	1 509,5	1 381,3
Other financial assets		159,9	179,0	184,7
Total financial assets		1 789,8	1 688,6	1 566,1
Total non-current assets		42 827,3	42 464,9	42 586,6
Current assets				
Inventories		40,6	30,6	32,9
Trade and other receivables	10	1 446,3	966,0	1 043,9
Derivative financial instruments	9	459,5	33,2	56,0
Cash and cash equivalents	8	1 726,0	3 525,2	2 657,4
Total current assets		3 672,3	4 555,0	3 790,1
Total assets		46 499,6	47 019,8	46 376,7

CONDENSED BALANCE SHEET

Amounts in MNOK

		30 SEPTEMBER		YEAR
	NOTE	2022	2021	2021
EQUITY AND LIABILITIES				
Equity				
Share capital		5 400,1	5 400,1	5 400,1
Other equity		8 475,5	7 075,2	7 071,1
Total equity		13 875,6	12 475,3	12 471,2
Liabilities				
Provisions:				
Retirement benefit obligations	7,11	5 074,7	7 496,3	6 895,1
Other provisions	11	1 027,9	935,5	945,8
Total provisions		6 102,5	8 431,7	7 840,9
Non-current liabilities				
State loan	8,9	527,7	972,0	749,8
Other non-current loans	8,9	20 855,6	21 146,4	20 747,3
Derivative financial instruments	9	1 542,3	747,1	851,1
Lease liabilities	8,9	486,9	366,4	525,3
Total non-current liabilities		23 412,5	23 231,9	22 873,6
Current liabilities				
Trade payables		357,6	386,0	500,4
Public duties payable		315,8	197,5	296,9
Derivative financial instruments	9	8,5	9,6	12,5
First annual installment on long-term liabilities	8,9	931,5	891,5	891,5
Lease liabilities	8,9	60,2	54,7	63,4
Other current liabilities	10	1 435,5	1 341,6	1 426,3
Total current liabilities		3 109,0	2 880,9	3 191,0
Total liabilities		32 624,0	34 544,5	33 905,4
Total equity and liabilities		46 499,6	47 019,8	46 376,7

CONDENSED STATEMENT OF CHANGES IN EQUITY

Amounts in MNOK

	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2021	5 400,1	-2 254,9	10 041,9	13 187,1
Total comprehensive income		-1 359,4	647,6	-711,7
Balance at 30 September 2021	5 400,1	-3 614,3	10 689,5	12 475,3
Balance at 1 January 2022	5 400,1	-3 178,8	10 249,9	12 471,2
Total comprehensive income		790,0	614,4	1 404,4
Balance at 30 September 2022	5 400,1	-2 388,8	10 864,3	13 875,6

CONDENSED STATEMENT OF CASH FLOWS

Amount in MNOK

		NINE MONTHS ENDED SEPTEMBER		YEAR
	NOTE	2022	2021	2021
Cash flow from operating activities				
Profit/(loss) before income tax		791,6	830,4	268,2
Depreciation, amortisation and impairment charges		1 647,2	1 645,1	2 196,6
(Profit)/loss on disposals of non-current assets		-0,6	4,1	6,2
Changes in value and other losses/(gains)		-12,4	-53,6	-88,7
Net finance (income)/costs		-9,8	428,3	560,5
Change in inventories, trade receivables and trade payables		-490,2	-155,9	-111,9
Difference between post employment benefit expense and amount paid/received	7	-23,0	22,4	27,6
Change in other working capital items		110,9	15,3	356,6
Interest received		24,2	12,7	26,1
Income tax paid		0,0	0,0	14,7
Net cash flow from operating activities		2 037,9	2 748,8	3 255,9
Cash flow from investing activities				
Investments in property, plant and equipment (PPE)		-2 067,9	-1 788,1	-2 543,1
Proceeds from sale of PPE, incl assets under construction		5,1	19,6	21,8
Change in other investments		24,8	25,8	21,3
Net cash flow from investing activities		-2 038,0	-1 742,7	-2 500,0
Cash flow from financing activities				
Repayment of borrowings	8	-481,3	-2 970,0	-3 427,8
Interest paid		-450,0	-528,8	-688,6
Net cash flow from financing activities		-931,3	-3 498,8	-4 116,4
Net increase/-decrease in cash, cash equivalents and bank overdrafts		-931,4	-2 492,7	-3 360,5
Cash, cash equivalents and bank overdrafts at the beginning of the period		2 657,4	6 017,9	6 017,9
Cash, cash equivalents and bank overdrafts at the end of the period	8	1 726,0	3 525,2	2 657,4

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 third quarter of 2022 were approved by the Board of Directors on 28 November 2022. 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 third quarter of 2022, ended 30 September 2022, 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 2021. 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 balance sheet.

NOTE 3 Segment information

Amount in MNOK

NINE MONTHS ENDED SEPTEMBER 2022:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 328,7	395,6	278,8	229,7	561,6	2 794,3
Government grants	0,0	0,0	0,0	0,0	0,0	0,0
Other income	2 197,8	368,4	304,7	212,1	436,4	3 519,4
Inter-segment income	3,6	0,4	6,2	2,6	55,4	68,1
Total income	3 530,0	764,4	589,6	444,4	1 053,4	6 381,8
Employee benefits expenses	343,1	81,5	70,3	69,1	530,3	1 094,2
Other operating expenses	841,6	168,9	87,8	87,0	717,4	1 902,8
Inter-segment expenses	276,8	101,8	86,2	67,3	561,1	1 093,2
Total expenses	1 461,4	352,1	244,4	223,3	1 808,8	4 090,1
EBITDA	2 068,6	412,3	345,3	221,0	-755,4	2 291,8
Depreciation, amortisation and impairment charges	682,7	218,5	101,6	87,4	336,5	1 426,7
Operating profit/-loss	1 385,9	193,8	243,7	133,7	-1 092,0	865,1
Assets*	17 440,8	5 033,0	1 655,8	1 597,9	6 288,9	32 016,4

NINE MONTHS ENDED SEPTEMBER 2022 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEV. AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 794,3	882,3	0,0	0,0		3 676,6
Government grants	0,0	0,0	0,0	0,0		0,0
Other income	3 519,4	138,0	94,8	134,9		3 887,1
Inter-segment income	68,1	589,1	16,1	605,6	-1 278,9	0,0
Total income	6 381,8	1 609,3	110,9	740,6	-1 278,9	7 563,7
Employee benefits expenses	1 094,2	1 132,8	0,0	496,1		2 723,0
Other operating expenses	1 902,8	235,1	4,8	269,0		2 411,7
Inter-segment expenses	1 093,2	98,9	0,4	86,5	-1 278,9	0,0
Total expenses	4 090,1	1 466,8	5,2	851,5	-1 278,9	5 134,7
EBITDA	2 291,8	142,5	105,7	-110,9		2 429,0
Depreciation, amortisation and impairment charges	1 426,7	114,2	30,4	76,0		1 647,2
Operating profit/-loss	865,1	28,3	75,3	-186,9		781,8
Assets*	32 016,4	1 114,5	968,9	317,6		34 417,4

* Inclusive other intangible assets, exclusive assets under construction.

NINE MONTHS ENDED SEPTEMBER 2021:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	490,9	205,1	148,8	108,8	366,9	1 320,4
Government grants	0,0	0,0	0,0	0,0	0,0	0,0
Other income	747,1	123,2	96,8	81,3	245,0	1 293,4
Inter-segment income	2,9	0,4	6,3	2,6	53,9	66,0
Total income	1 240,8	328,6	251,8	192,7	665,9	2 679,8
Employee benefits expenses	316,2	78,1	69,4	63,5	549,7	1 076,7
Other operating expenses	528,6	114,7	86,3	65,5	598,0	1 393,0
Inter-segment expenses	258,7	85,9	71,0	55,5	426,6	897,6
Total expenses	1 103,5	278,6	226,6	184,5	1 574,2	3 367,3
EBITDA	137,4	50,0	25,2	8,2	-908,3	-687,5
Depreciation, amortisation and impairment charges	715,0	226,4	90,9	82,1	325,5	1 440,0
Operating profit/-loss	-577,6	-176,4	-65,7	-73,9	-1 233,8	-2 127,5
Assets*	16 401,0	5 228,1	1 679,0	1 637,1	6 044,6	30 989,8

NINE MONTHS ENDED SEPTEMBER 2021 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEV. AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	1 320,4	543,1	0,0	0,0		1 863,5
Government grants	0,0	0,0	0,0	3 800,0		3 800,0
Other income	1 293,4	127,8	68,9	75,3		1 565,4
Inter-segment income	66,0	429,3	15,7	447,3	-958,4	0,0
Total income	2 679,8	1 100,2	84,6	4 322,6	-958,4	7 228,9
Employee benefits expenses	1 076,7	984,5	0,0	456,5		2 517,7
Other operating expenses	1 393,0	244,2	5,3	165,0		1 807,4
Inter-segment expenses	897,6	78,6	0,8	-18,7	-958,4	0,0
Total expenses	3 367,3	1 307,3	6,1	602,8	-958,4	4 325,1
EBITDA	-687,5	-207,1	78,6	3 719,9		2 903,8
Depreciation, amortisation and impairment charges	1 440,0	101,0	25,0	79,1		1 645,1
Operating profit/-loss	-2 127,5	-308,1	53,6	3 640,7		1 258,7
Assets*	30 989,8	803,7	700,3	373,0		32 866,8

* 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 Grants

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

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

Government grants are presented on a separate line in the income statement.

SPECIFICATION	THIRD QUARTER		NINE MONTHS ENDED SEPTEMBER		YEAR
	2022	2021	2022	2021	2021
Traffic income					
Takeoff charges	280,0	201,8	761,4	459,7	692,8
Terminal charges	313,0	178,0	792,0	314,3	525,1
En route charges	329,5	247,0	882,3	543,1	813,6
Security charges	348,5	192,8	868,4	335,7	565,1
Terminal navigation charges	139,3	97,1	372,6	210,8	326,4
Total traffic income	1 410,3	916,7	3 676,6	1 863,5	2 922,9
Government grants	0,0	1 300,0	0,0	3 800,0	3 800,0
Other operating income					
Revenue from contracts with customers:					
Duty free	22,5	3,2	46,3	4,4	12,1
Parking	0,0	0,0	0,1	0,1	0,2
Other	154,9	151,6	611,3	477,1	709,6
Total revenue from contracts with customers	177,4	154,8	657,8	481,7	721,9
Rental income:					
Duty free	675,4	176,9	1 517,7	269,5	594,4
Parking	247,0	135,5	628,8	257,4	436,2
Other	456,7	263,5	1 082,9	556,8	838,8
Total rental income	1 379,2	575,9	3 229,4	1 083,7	1 869,3
Total other operating income	1 556,6	730,8	3 887,1	1 565,4	2 591,3
Total income from contracts with customers	1 587,8	1 071,6	4 334,4	2 345,2	3 644,8
Total rental income	1 379,2	575,9	3 229,4	1 083,7	1 869,3
Government grants	0,0	1 300,0	0,0	3 800,0	3 800,0
Total operating income	2 966,9	2 947,5	7 563,7	7 228,9	9 314,1

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 September 2021					
Opening net book amount	407,5	33 320,8	4 171,7	431,5	38 331,5
Additions	91,1	660,7	1 894,8	6,9	2 653,5
Reclassification*	0,0	0,0	-751,8	0,0	-751,8
Disposals	0,0	-8,4	0,0	0,0	-8,4
Depreciation charge	-39,1	-1 565,8	0,0	-40,2	-1 645,1
Closing net book amount	459,5	32 407,3	5 314,7	398,2	38 579,7
At 30 September 2022					
Opening net book amount	453,8	32 414,6	5 386,7	568,4	38 823,5
Additions	229,0	3 104,4	2 250,8	0,6	5 584,8
Reclassification*	0,0	0,0	-3 333,4	0,0	-3 333,4
Disposals	-110,2	-70,7	0,0	-6,2	-187,1
Depreciation charge	-43,6	-1 559,9	0,0	-43,7	-1 647,2
Closing net book amount	529,0	33 888,4	4 304,1	519,1	39 240,6

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

NOK 735.6 million of assets under construction is classified as intangible as at 30 September 2022 (NOK 694.7 million as at 30 September 2021).

Impairment tests - measurement of recoverable amount

The corona pandemic has had major negative effects on Avinor and significantly affected the number of air passengers and the group's revenues in 2020 and 2021. The outbreak of war in Ukraine and the consequences it has in the world markets increases the uncertainties regarding expectations for future income.

The negative effects are already considered as impairment indicators for the group's cash-generating units (airport operations and air navigation services). Consequently, management has performed updated impairment tests at the end of the third quarter of 2022 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 (airport operations and air navigation services) 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 30 September 2022 are described below, and represent the most updated assessment of probable outcome:

KEY ASSUMPTIONS	AIRPORT OPERATIONS	AIR NAVIGATION SERVICES
Key assumptions		
Operating margin 2023	6,2 %	0,9 %
Operating margin 2027	21,5 %	8,3 %
Revenues in 2023 in % of 2019 *	85,9 %	112,7 %
Revenues in 2027 in % of 2019 *	104,7 %	134,5 %
Operating expenses 2023 in % of 2019 *	89,3 %	108,0 %
Operating expenses in 2027 in % of 2019 *	92,8 %	117,0 %
Eternal growth in terminal value	2,0 %	2,0 %
Post-tax rate of return requirement	5,5 %	5,1 %

* 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. Effects of proposed changes in tax-free quotas for tobacco products are incorporated into future cash flows. 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. Furthermore, 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-subsidization 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 charges for air navigation services, it is assumed that future benefit plans provide a return equivalent to the return requirement. 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 organizations. In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth.

The required rate of return used for the cash generating units are assessed at the end of the third quarter of 2022 based on the market expectations for risk-free interest rates, debt interest rates as well as assessments of required rate of return for equity 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 2,000 million for airport operations and NOK 750 million for air navigation services. Consequently, no impairment loss has been recognized at the end of the third quarter of 2022.

Impairment tests - sensitivity analyses

At the time of approval of the third quarter 2022 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:

	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Change in assumption				
Operating margin: -1,0 %	35 300	800	2 100	0
Operating margin: - 2,0 %	33 200	2 900	1 500	400
Income: - 1,0 %	36 050	50	2 000	0
Income: -2,0 %	33 950	2 150	1 350	550
Terminal growth: -0,5 %	33 200	2 900	2 100	0
Terminal growth: -1,0 %	29 350	6 750	1 650	250
Post-tax rate of return: +0,5 %	32 850	3 250	2 050	0
Post-tax rate of return: +1,0 %	28 800	7 300	1 550	350

NOTE 6 Capital structure and equity

Amount in MNOK

	30 SEPTEMBER		YEAR
	2022	2021	2021
Interest bearing debt (see note 8)	22 861,8	23 431,0	22 977,3
Interest swaps liabilities (see note 9)	1 542,3	747,1	851,1
Interest rate swaps assets (see note 9)	-1 628,9	-1 509,5	-1 381,3
Lease liabilities	-547,0	-421,1	-588,7
Cash and cash equivalents	-1 726,0	-3 525,2	-2 657,4
Net interest bearing debt - exclusive lease liabilities	20 502,2	18 722,3	19 201,0
Equity	13 875,6	12 475,3	12 471,2
Total equity and net interest bearing debt - exclusive lease liabilities	34 377,8	31 197,7	31 672,2
Net debt to equity ratio*	40,4 %	40,0 %	39,4 %

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

Article 5 of the company's Articles of association lays down the following financial limitation: "Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's net long-term interest-bearing debt plus equity". 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 29 March 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 2022 the equity ratio is adjusted from 40 to 35 per cent. See note 11 for further information.

In addition, there are covenants on some of the debt issued by Avinor. The covenant is a net debt to equity ratio of at least 30 per cent. Lease liabilities are included in the net interest-bearing debt in this calculation of the net debt to equity ratio.

At the time of approval of the third quarter 2022 report, Avinor complies with all equity covenants.

NOTE 7 Pensions

Amount 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 30 September 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:

	30 SEPTEMBER		YEAR
	2022	2021	2021
Discount rate	3,40 %	1,50 %	1,90 %
Future salary increases	3,75 %	2,50 %	2,75 %
Future pension increases	2,75 %	1,50 %	1,75 %
Future increases in the social security base rate (G)	3,50 %	2,25 %	2,50 %

PENSION OBLIGATION

	30 SEPTEMBER		YEAR
	2022	2021	2021
Net pension obligation at 1 January	6 895,1	5 621,0	5 621,0
Pension cost	276,5	226,8	393,5
Employer/employee contribution	-299,5	-204,4	-364,6
Actuarial gains/losses	-1 797,4	1 852,8	1 245,1
Net pension obligation at the end of the period	5 074,7	7 496,3	6 895,1

The estimated actuarial gain is related to changes in assumptions for calculating the group's pension obligation. For the third quarter in isolation, a negative estimate deviation of NOK 288.8 million has been booked. There is in particular the change in the parameters discount rate and expectation of pension adjustment that contribute to the estimate deviation booked in the group during 2022.

Parts of the group's pension assets are through Statens Pensjonskasse invested so that they follow the return of the Government Pension Fund Global. Deviations between estimated and actual returns in Norwegian kroner will affect the group's pension funds. The accounting consequences of this are not continuously recorded in the quarterly accounts as the value is only calculated annually.

In addition to the pension cost in the table above there is a cost of NOK 112.7 million as at 30 September 2022 related to employees that have transitioned to a defined contribution pension scheme (NOK 89.2 million as at 30 September 2021) and NOK 27.3 million related to the private AFP scheme (early retirement) (NOK 19.2 as at 30 September 2021).

NOTE 8 Borrowings and lease liabilities

Amount in MNOK

	30 SEPTEMBER		YEAR
	2022	2021	2021
Long term borrowings and lease liabilities	21 870,2	22 484,8	22 022,5
Short term borrowings and lease liabilities	991,6	946,2	954,8
Total	22 861,8	23 431,0	22 977,3
Movement in borrowings and lease liabilities			
Opening net book amount	22 977,3	27 598,9	27 598,9
Repayment of borrowings	-445,7	-2 935,7	-3 381,5
Repayment of lease liabilities	-35,6	-34,3	-46,2
Net changes in borrowings with cash flow effect	-481,3	-2 970,0	-3 427,7
Other changes in lease liabilities	-6,7	0,0	186,3
Change in value ¹⁾	372,5	-1 197,9	-1 380,1
Closing net book amount	22 861,8	23 431,0	22 977,3

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 SEPTEMBER		YEAR
	2022	2021	2021
Cash and cash equivalents	1 726,0	3 525,2	2 657,4
Unused bank overdraft	300,0	300,0	300,0
Unused credit facility	4 000,0	4 000,0	4 000,0
Total	6 026,0	7 825,2	6 957,4

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 the third quarter of 2022.

NOTE 9 Financial instruments

Amounts in MNOK

Fair value estimation

The fair value of interest forward contracts, foreign exchange forward contracts and financial power forward contracts is 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.

	30 SEPTEMBER 2022		30 SEPTEMBER 2021	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	972,0	942,4	1 416,4	1 439,5
Bonds	17 240,1	15 473,3	17 043,9	18 163,2
Bank borrowings	4 102,6	4 085,2	4 549,7	4 805,7
Lease liabilities	547,0	547,0	421,1	421,1
Total	22 861,8	21 048,0	23 431,0	24 829,6

DERIVATIVE FINANCIAL INSTRUMENTS

	30 SEPTEMBER		YEAR
	2022	2021	2021
Assets			
Interest rate swaps	1 628,9	1 509,5	1 381,3
Forward foreign exchange contracts	2,7	3,3	2,8
Forward energy contracts	457,7	29,9	53,2
Total assets	2 089,3	1 542,7	1 437,4
Liabilities			
Interest rate swaps	1 542,3	747,1	851,1
Forward foreign exchange contracts	8,5	9,6	12,5
Total liabilities	1 550,8	756,6	863,5

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 September 2022:

AT 30 SEPTEMBER 2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss	457,7	2,7		460,4
Derivatives used for hedging		1 628,9		1 628,9
Total assets	457,7	1 631,6	0,0	2 089,3
Liabilities				
Derivatives at fair value through profit or loss		3 480,1		3 480,1
Derivatives used for hedging		1 542,3		1 542,3
Total liabilities	0,0	5 022,5	0,0	5 022,5

The following table presents the group's assets and liabilities that are measured at fair value at 30 September 2021:

AT 30 SEPTEMBER 2021	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss	29,9	3,3		33,2
Derivatives used for hedging		1 509,5		1 509,5
Total assets	29,9	1 512,8	0,0	1 542,7
Liabilities				
Derivatives at fair value through profit or loss		4 722,3		4 722,3
Derivatives used for hedging		747,1		747,1
Total assets	0,0	5 469,3	0,0	5 469,3

NOTE 10 Trade and other receivables, other current liabilities

	30 SEPTEMBER		YEAR
	2022	2021	2021
Trade and other receivables			
Trade receivables	1 185,5	775,4	845,9
Accrued income	61,6	35,0	36,1
Prepaid expenses	123,4	120,0	121,8
Other short-term receivables	75,7	35,7	40,0
Total trade and other receivables	1 446,2	966,0	1 043,9
Other current liabilities			
Wages and social security (incl. holiday allowance)	354,5	302,6	377,3
Påløpte drifts- og investeringskostnader	525,7	585,7	492,3
Accrued interest costs	293,6	269,9	262,8
Advance from customers	137,6	145,6	207,6
Other short-term liability	124,2	37,8	86,3
Total other current liabilities	1 435,5	1 341,6	1 426,3

NOTE 11 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 29 March 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 2022 the equity ratio is adjusted from 40 to 35 per cent.

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

According to assignment from the Norwegian Environment Agency a preliminary survey of possible external environment obligation attached to PFOS pollution on all of Avinor's airports (with the exception of Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases) have been carried out in 2019.

Experiences from the clean-up at Evenes Airport and the preparation of action plans for clean-up at Bergen Airport and Rørvik Airport shows that the clean-up at the Avinor airports might be more costly than previously estimated, if traditional clean-up methods consisting of excavation, transport and disposal at approved landfills are used. New knowledge and documentation for alternative methods shows that it is possible to clean up several airports at lower costs. This requires solid documentation and acceptance by the environmental authorities. In addition, there are still uncertainties related to limit values for clean-up in addition to areas and volumes of soil that is contaminated. Avinor works actively to reduce the uncertainties by better defining the pollutants, maintaining a close dialogue with actors who can offer more cost-effective methods and piloting new methods. There is dialogue with the Norwegian Environment Agency about the further handling of the clean-up.

At the moment there is not enough data to quantify the uncertainty in terms of amounts for all airports. The provision related to external environment clean-up will be updated in future accounting periods when more information is available.

Through 2022 the provision has increased with NOK 101.3 million as a result of new information for individual airports, while work conducted has decreased the provision with NOK 22 million. Net increase in provision through the year is NOK 79.3, and total provision related to external environment clean-up costs as of 30 September 2022 amounts to NOK 1,024 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 30 September 2022. 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.

Insurance settlement parking garage Stavanger Airport

The parking garage at Stavanger Airport was damaged in a fire on 7 January 2020. In 2020 and 2022 Avinor has received preliminary insurance settlements. The payout in 2020 of NOK 200 million was presented as a reduction of the impairment charge and demolition expenses of the assets that were considered lost as a result of the fire. Subsequent insurance payouts are recognized in the income statement as other operation income to the extent the payments are not clearly identified as coverage of incurred operating expenses. During 2022 Avinor has received in total NOK 60 million, of which around half have been recognized as other operating income and the rest has been treated as coverage of incurred operating expenses.

The parking garage was fully insured, and the insurance covers the cost of rebuilding a similar building in accordance with current regulations. The building of a new parking garage started in January 2022. Expected completion of the parking garage is in the summer of 2023.

The final financial and accounting consequences of the fire will not be known until the insurance settlement is fully completed.

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.



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