

INTERIM FINANCIAL REPORT

4th 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 2,700 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

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2023	2022	2023	2022
Operating income airport operations	2 395	2 514	9 896	9 007
Operating income air navigation services	547	512	2 214	2 122
Other income and eliminations	-145	-172	-596	-710
Total group operating income	2 797	2 855	11 514	10 418
EBITDA group *	640	778	3 559	3 069
Group profit/loss after tax	-43	-187	304	427
Total assets			47 814	45 935
Equity			13 461	13 358
Equity/total assets *			28,2 %	29,1 %
Net debt to equity ratio *			39,2 %	39,2 %
Number of passengers (in 1000)	11 790	11 552	49 015	44 729
Number of aircraft departures (in 1000)	151	159	624	619
Number of service units (in 1000)	575	528	2 329	2 071
Punctuality */**			83 %	81 %
Regularity */**			99 %	97 %

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

** Past 12 months

Board of Directors' Report

IMPORTANT EVENTS

A total of 49 million passengers travelled through Avinor's airports in 2023, an increase of 9.6 per cent compared to 2022. Increased international traffic is the driver for the passenger growth. The number of aircraft movements did only increase 0.8 per cent, which reflects a significantly greater degree of filling on completed flights. In 2023 the number of passengers are at 90 per cent of pre pandemic levels (2019), while the number of aircraft movements are at 92 per cent. With reduced traffic volume and decreased revenue per passenger, in large parts due to reduced tax-free allowance, Avinor's main challenge lies on the income side. Avinor continuously works on optimizing costs. At the same time, a significant portion of the group's cost base is relatively fixed, and affected by increased inflation, to maintain the required level of safety and stable operations in its societal mission. Total operating revenue per passenger increased by 0.8 per cent from 2022 to 2023, while total operating costs per passenger were reduced by 1.2 per cent.

The groups operating margin was strengthened in 2023, but Avinor's overall financial framework is not adequately aligned with the social mission and sector policy tasks that the company is entrusted to fulfil. In a letter dated 16 November 2023, the government confirms that the Avinor model will be continued and strengthened, the current airport structure will be maintained and Avinor will be ensured sustainable financial framework conditions. The board takes this into account for the consolidated financial statements as of 31 December 2023, as further described in the impairment assessments in note 6. In an extraordinary general meeting on 18 December 2023, the group was granted a temporary permission until 31 December 2024, to deviate from the articles of association's minimum equity requirement of 40.0 percent.

In December 2023, the Surveillance Authority of the European Free Trade Association (ESA) approved the funding for a new airport in Bodø, and Avinor can now proceed with the planned construction work for the new airport. Following the approval, Avinor took over the areas from the Norwegian Defence Estates Agency (Forsvarsbygg) in accordance with the agreements made in March 2023. The areas associated with the existing airport were taken over in December 2023, while the areas for the new airport were taken over in January 2024. Further information is given in note 11.

Q4 2023

KEY FINANCIAL FIGURES, FOURTH QUARTER

MNOK	2023	2022	CHANGE
Operating income	2 797	2 855	-2,0 %
EBITDA*	640	778	-17,7 %
Profit/-loss after tax	-43	-187	
Investments**	884	706	25,3 %

*Earnings before interests, taxes, depreciation and amortisation. See further description and calculation in the appendix "Alternative performance measures"

** Additions for assets under construction

The group had operating income of NOK 2 797 million in the fourth quarter of 2023, a decrease of 2.0 per cent compared to the corresponding reporting period in 2022. Traffic income increased with NOK 31 million while commercial income had a decrease of NOK 89 million.

Operating expenses, including depreciation and amortization, amounted to NOK 2 736 million in the fourth quarter of 2023, an increase of 1.8 per cent compared to the corresponding quarter of 2022.

1 JANUARY TO 31 DECEMBER 2023

KEY FINANCIAL FIGURES, 01.01 - 31.12.

MNOK	2023	2022	CHANGE
Operating income	11 514	10 418	10,5 %
EBITDA*	3 559	3 069	16,0 %
Profit/-loss after tax	304	427	
Investments**	2 980	2 956	0,8 %

*Earnings before interests, taxes, depreciation and amortisation. See further description and calculation in the appendix "Alternative performance measures"

** Additions for assets under construction

The group ended with a profit after tax of NOK 304 million in 2023, compared to a profit of NOK 427 million in 2022. Profit after tax in 2023 is influenced by realized and unrealized losses on forward energy contracts, while in 2022 there were substantial realized and unrealized gains. The group has had an underlying result improvement in 2023 compared to 2022. This is a result of both increased income and improved operating margin.

Operating income

Operating income in 2023 amounted to NOK 11 514 million, an increase of 10.5 per cent compared to 2022.

OPERATING INCOME PER SEGMENT, 01.01. - 31.12.

MNOK	2023	2022	CHANGE
Airport operations	9 896	9 007	9,9 %
Air navigation services	2 214	2 122	4,3 %
Others	1 509	1 048	44,0 %
Elimination	-2 105	-1 758	
Avinor Group	11 514	10 418	10,5 %

As a result of increased passenger traffic, the revenues for airport operations increased by 9.9 per cent in 2023 compared to 2022. Traffic income had a weaker development compared to the growth

in traffic, with a reduction in passenger income per passenger of 0.8 per cent, while commercial income increased by 1 per cent. In 2023, commercial income accounted for 57.3 percent of operating income, compared to 56.9 percent in 2022. The large airports, with a larger portion of international traffic, has had the greatest revenue growth.

Air navigation services shows a revenue growth of 4.3 per cent in 2023 compared to 2022. During 2022, there were some internal reorganizations in air navigation services, where some of the revenues in 2023 are included in the segment others. Adjusted for this, the revenue growth for air navigation services in 2023 compared to 2022 is estimated to 11.7 per cent.

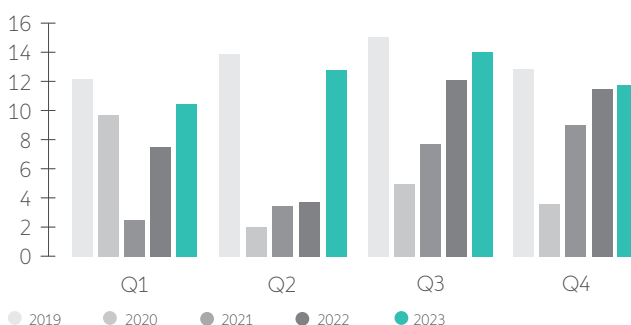
Traffic development and service targets

A total of 49 million passengers travelled through Avinor's airports during 2023. This is an increase of 9.6 per cent compared to 2022.

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

PASSENGERS

Millions



Domestic traffic in 2023 increased by 5.1 per cent compared to 2022, while international traffic increased by 17.1 per cent. Offshore helicopter traffic had decrease of 5.0 per cent.

Passenger volume was distributed between the airports as follows:

NUMBER OF AIR PASSENGERS, 01.01. - 31.12.

PASSENGERS (1000)	2023	2022	CHANGE
Gardermoen	25 141	22 460	11,9 %
Flesland	6 352	5 927	7,2 %
Sola	3 951	3 575	10,5 %
Værnes	3 992	3 780	5,6 %
Others	9 579	8 988	6,6 %
Avinor group	49 015	44 729	9,6 %

The number of commercial air transport movements during 2023 increased by 0.9 per cent compared to 2022. Domestic aircraft movements decreased by 2.2 per cent, while international aircraft movements increased by 11.6 per cent.

Over the past 12 months, average punctuality was recorded at 83 per cent and average regularity at 99 per cent throughout Avinor's network of airports.

OPERATING EXPENSES, DEPRECIATION AND AMORTISATION

Total operating expenses, including depreciation and amortisation, in 2023 amounted to NOK 10 211 million compared to NOK 9 609 million in 2022. This is an increase of NOK 603 million or 6.3 per cent. Increased volume dependent costs for personnel and security are large contributors to the increase in operating expenses. Avinor continuously works on optimizing costs. At the same time, a significant portion of the group's cost base is relatively fixed, and affected by increased inflation, to maintain the required level of safety and stable operations in its societal mission. Additionally, repair costs for operational equipment were higher in 2023 due to increased operational activity. The efforts towards transitioning to a more sustainable aviation industry also incur increased costs for Avinor. The cost development in relation to the increase in traffic volume indicates that the unit cost per passenger decreased by approximately 3 percent in 2023 compared to 2022.

Total depreciation, amortisation, and write-downs for 2023 amounted to NOK 2 257 million. This is the same level as for 2022.

EBITDA

EBITDA in 2023 was NOK 3 559 million with an EBITDA margin of 30.9 per cent. In 2022 EBITDA was NOK 3 069 million with an EBITDA-margin of 29.5 per cent.

INVESTMENTS

Recognised additions to tangible fixed during 2023 amounted NOK 2 980 million, which is an increase of NOK 23 million compared to 2022. The group has several major projects to maintain and adapt the infrastructure at airports. In Tromsø, a new terminal is being built to handle increased traffic. At Oslo Airport Gardermoen, the baggage handling system is being replaced, as the existing system had become technologically outdated after 25 years of operation. Additionally, significant investments are being made in mandated tasks such as upgrading air traffic management systems, which is a pan-European project. Strict prioritization of projects is being carried out, while there is also technological development and increased focus on sustainable development in aviation, which necessitates a continued high level of investment.

CASH FLOW, FINANCING, AND COMMITMENTS

Through 2023, the group's cash flow before changes in borrowings was NOK – 235 million. With a net increase in borrowings of NOK 470 million, the group's cash reserves were increased with NOK 235 million during 2023.

Interest-bearing liabilities as at 31 December 2023 amounted to NOK 24.6 billion, of which NOK 2.4 billion were current interest-bearing liabilities. 2023 was 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 126 million during 2023.

Net finance result for 2023 ended at NOK – 904 million, which is NOK 647 million lower than the net finance result of NOK – 258 million in 2022. Realised and unrealised losses on forward energy contracts contributes with a negative financial result of NOK 281 million during 2023 compared to a positive contribution of NOK 288 million during 2022.

The group's total assets increased by NOK 1.9 billion to NOK 47.8 billion at 31 December 2023 compared to 31 December 2022. The equity ratio compared to the total capital ended at 28.2 per cent at year end 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 39.2 per cent. In an extraordinary general meeting held 18 December 2023 the group was given a time limited permit to deviate from the articles of association, from a minimum equity ratio of 40.0 percent to 35.0 percent. The permit is valid up until 31 December 2024.

During 2023, the group's book equity increased by NOK 104 million. Profit after tax contributed with NOK 304 million, estimate deviations on pension liabilities decreased the equity by NOK 326 million and changes in value of financial hedging instruments accounted for a positive effect of NOK 126 million.

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

AIR SAFETY AND HSE

A close encounter between a Norwegian aircraft on approach to Sola and a small aircraft near the airport on 28 October 2023, is being assessed as a serious aviation incident. An extensive investigation and analysis are underway. 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 2.2 (2.0 last year) while the H2 value (frequency of injuries with and without absence) was 4.2 (3.6 last year). N-value (frequency of reported nearly accidents) has during the third quarter increased from 39.3 to 50.5. This can be attributed to an increased focus on reporting procedures.

RISK

Risks pertaining to air traffic volumes

With pressure on restructuring for aviation and the risk of permanent changes in travel habits because of increased focus on climate, environment and sustainability, there is a risk of fewer travellers and decreased air traffic volumes. Geopolitical and financial changes in the world contributes additionally to uncertainty regarding development of air traffic volumes.

Avinor's traffic income is affected by the airlines' route layout and the demand for flights. 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.

Geopolitical risk

All of Avinor's assets and business activities are located in Norway, however with a key role in the Norwegian aviation sector, Avinor is exposed to international sectors such as a transportation and tourism. Political, economic or social instability in international regions with significant traffic volumes to or from Avinor's airports could adversely affect Avinor's business, causing Avinor financial loss.

Political instability, civil disorder, strikes, insurrections, acts of terrorism, acts of war, sanctions, trade disputes or other forms of instability and unrest may increase the risk of hostile actions against other regions' aviation infrastructure, airport staff, digital aviation infrastructure and may result in limited or no traffic between the regions subject to these activities and Avinor's airports which may disrupt or curtail Avinor's operations, business opportunities and may cause negative financial implications for Avinor.

Russia's invasion of Ukraine in February 2022 has affected the world economy and the aviation industry. So far, the consequences for Avinor are considered limited, but may potentially escalate and adversely affect Avinor as the conflict continues. Avinor will continue to monitor the situation.

Norway and other major economies including the US, the UK, and the EU have imposed multiple sanctions against Russia, as well as certain Russian individuals and companies. Russian airlines are banned from Norwegian and other countries' air spaces. In addition to not being able to fly to, or over, certain countries, the conflict has contributed to increased prices on Avinor's input factors such as fuel, insurance prices, and increased security which ultimately leads to increased prices on air travel. Hence, the conflict might lead to reduced travel activity as a result of the increased cost of air travel, and this will impact the revenues of Avinor.

Risks pertaining to investment activities

The group has an ongoing investment programme to maintain and adapt the necessary infrastructure for operations of airports and air navigation services. The inherent project risk, changes in the economic situation, increases in prices, political guidelines and future demands for sustainable transition 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.

Financial risk

The group's activities entail various kinds of financial risks: liquidity and financing risk, interest rate risk, foreign exchange risk, credit risk and power price risk.

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.

Breach of loan covenants or negative changes in the groups equity situation can affect loan conditions and the possibility to establish new external financing.

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. According to the group's financial policy, a minimum of 60 per cent should be hedged against interest rate risks. For debt with floating interest rates, the group uses interest rate swaps in order to secure own cash flow against the interest rate fluctuations. The secured level is above minimum group financial policy.

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.

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.

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.

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.

The ministry of Transport, as owner, has in a letter to Avinor dated 16 November 2023 established that the airport structure and the Avinor model, which entails Avinor being primarily self-financed, remains unchanged. The owner has also given positive signals for Avinor to increase airport charges in order to be self-financed. In addition, they are considering if parts of the financing responsibility for society-imposed tasks should be transferred to the state. It is a risk that actual adjustment of airport charges or the level of compensation for society-imposed tasks is not adjusted to fully cover Avinor's actual need for improved financial framework conditions. The group's impairment calculation of assets is sensitive to changes in key economic assumptions. Please refer to note 6 for further details.

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.

There are occupational groups in Avinor that have agreements on special retirement age limits and agreements on contractual pension.

Work is underway to make changes to public pension schemes for occupational groups with special retirement age limits and contractual pensions. Complete regulations for such schemes in the public sector have not been adopted. Therefore, it is not possible to calculate the accounting consequences for the the group as a result of any changes that may also apply to Avinor's pension schemes.

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

(including from the Norwegian Armed Forces' fighter aircraft readiness activity at Evenes Air Station), 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 geopolitical and economic development in the world in general further increases the uncertainties.

In the work on the National Transport Plan 2025-2036, Avinor has responded to the task of zero- and low-emission technology in aviation and the need for facilitation at airports for the introduction of zero- and low-emission aircraft. Avinor recommends an approach with measures in both the short and long term. The short-term measures are important to support the Norwegian market as a testing area and the first market for the introduction of zero- and low-emission aircraft, in line with the government's ambitions. When asked about financing investments at airports during the transition phase, Avinor has been clear that this will require access to financial instruments outside of Avinor's financing model.

The financial statements at 31 December 2023 it is prepared based on the conclusion that accounted asset values are defended. As described in the impairment assessments in note 6, this conclusion is based on assumptions including a combination of real increase in airport charges, improved commercial framework conditions, payment for services that Avinor delivers to other government players in addition to improvement in operating efficiency. In a letter from The Ministry of Transport dated 16 November 2023 possible means from the government to support the suggested actions from Avinor are described. Realization of significant parts of these means are of central importance to ensure Avinor financially sustainable framework conditions.

CONDENSED CONSOLIDATED INCOME STATEMENT

Amounts in MNOK

		FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	NOTE	2023	2022	2023	2022
Operating income:					
Traffic income		1 302,5	1 271,2	5 400,8	4 947,8
Other operating income		1 494,2	1 583,6	6 112,9	5 470,7
Total operating income	4	2 796,6	2 854,8	11 513,7	10 418,5
Operating expenses:					
Raw materials and consumables used		65,2	69,7	191,7	214,1
Employee benefits expenses	7	1 073,8	958,0	3 996,5	3 681,0
Other operating expenses	11	1 017,5	1 049,0	3 766,0	3 454,8
Total operating expenses		2 156,5	2 076,7	7 954,3	7 350,0
EBITDA*		640,2	778,0	3 559,5	3 068,5
Depreciation, amortisation and impairment charges	5	579,4	611,5	2 256,9	2 258,7
Operating profit/-loss		60,7	166,5	1 302,5	809,8
Finance income		31,1	88,1	116,7	370,6
Finance expenses		137,9	494,2	1 021,0	628,4
Net finance income/-expenses		-106,8	-406,2	-904,3	-257,9
Profit/-loss before income tax		-46,1	-239,7	398,2	551,9
Income tax expense	2	-3,4	-52,2	94,1	125,0
Profit/-loss after tax		-42,7	-187,5	304,1	426,9
Attributable to:					
Owner of parent		-42,7	-187,5	304,1	426,9

* Earnings before interests, taxes, depreciation and amortisation

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in MNOK

	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2023	2022	2023	2022
Profit/-loss for the period	-42,7	-187,5	304,1	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	-758,0	-298,2	-417,4	1 498,6
Tax effect	166,6	65,6	91,2	-330,0
Items that may be subsequently reclassified to profit or loss:				
Cash flow hedges	44,6	-125,1	161,0	-908,8
Tax effect	-9,8	27,5	-35,4	200,0
Other comprehensive income, net of tax	-556,6	-330,3	-200,6	459,7
Total comprehensive income	-599,3	-517,7	103,5	886,7
Attributable to:				
Owner of parent	-599,3	-517,7	103,5	886,7

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in MNOK

		31 DECEMBER	
	NOTE	2023	2022
ASSETS			
Non-current assets			
Intangible assets:			
Deferred tax assets		1 904,3	1 942,6
Other intangible assets	5,6	607,7	531,7
Intangible assets under construction	5,6	1 113,6	704,8
Total intangible assets		3 625,6	3 179,0
Property, plant and equipment:			
Property, plant and equipment		34 468,4	34 373,9
Assets under construction		3 580,2	3 392,9
Right of use assets		327,6	504,6
Total property, plant and equipment	5,6	38 376,2	38 271,4
Financial assets:			
Derivative financial instruments	9	2 624,8	1 378,9
Other financial assets		39,2	86,7
Total financial assets		2 664,0	1 465,6
Total non-current assets		44 665,8	42 916,0
Current assets			
Inventories		61,6	65,5
Trade and other receivables	10	1 640,8	1 624,3
Derivative financial instruments	9	23,1	141,0
Cash and cash equivalents	8	1 423,3	1 188,6
Total current assets		3 148,7	3 019,4
TOTAL ASSETS		47 814,5	45 935,4

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in MNOK

		31 DECEMBER	
	NOTE	2023	2022
EQUITY AND LIABILITIES			
Equity			
Share capital		5 400,1	5 400,1
Other equity		8 061,3	7 957,8
Total equity		13 461,4	13 357,9
Liabilities			
Provisions:			
Retirement benefit obligations	7,12	5 207,7	5 313,9
Other provisions	12	852,3	1 010,6
Total provisions		6 060,0	6 324,5
Non-current liabilities			
State loan	8,9	0,0	305,5
Other non-current loans	8,9	21 865,0	20 447,0
Derivative financial instruments	9	734,5	1 587,3
Lease liabilities	8,9	316,2	472,2
Total non-current liabilities		22 915,7	22 811,9
Current liabilities			
Commercial papers	8,9	1 499,9	0,0
Trade payables		767,5	650,1
Public duties payable		331,0	285,8
Derivative financial instruments	9	25,5	2,0
First annual installment on long-term liabilities	8,9	832,6	971,5
Lease liabilities	8,9	42,1	62,8
Other current liabilities	10	1 878,8	1 468,9
Total current liabilities		5 377,4	3 441,0
Total liabilities		34 353,1	32 577,5
Total equity and liabilities		47 814,5	45 935,4

CONDENSED CONSOLIDATED 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		459,7	426,9	886,7
Balance at 31 December 2022	5 400,1	-2 719,1	10 676,9	13 357,9
Balance at 1 January 2023	5 400,1	-2 719,1	10 676,9	13 357,9
Total comprehensive income		-200,6	304,1	103,5
Balance at 31 December 2023	5 400,1	-2 919,7	10 981,0	13 461,4

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Amount in MNOK

		TWELVE MONTHS ENDED DECEMBER	
	NOTE	2023	2022
Cash flow from operating activities			
Profit/(loss) before income tax		398,2	551,9
Depreciation, amortisation and impairment charges		2 256,9	2 258,7
(Profit)/loss on disposals of non-current assets		0,1	0,2
Changes in value and other losses/(gains)		-114,4	182,3
Net finance income/-expenses		904,3	257,9
Foreign exchange gain/-loss on operating activities		9,4	20,4
Change in inventories, trade receivables and trade payables		-110,9	-82,9
Difference between post employment benefit expense and amount paid/received	7	-523,7	-82,6
Change in other working capital items		467,0	-302,4
Interest received		66,8	42,3
Net cash flow from operating activities		3 353,8	2 845,8
Cash flow from investing activities			
Investments in property, plant and equipment (PPE)		-4 327,4	-3 105,0
Investment grants		1 525,0	254,0
Proceeds from sale of PPE, incl assets under construction		10,5	7,4
Change in other investments		-8,4	98,1
Net cash flow from investing activities		-2 800,4	-2 745,5
Cash flow from financing activities			
Repayment of borrowings	8	-1 029,7	-939,0
Net proceeds/repayment of short term borrowings (commercial papers)	8	1 499,9	0,0
Interest paid		-788,9	-630,2
Net cash flow from financing activities		-318,7	-1 569,2
Net change in cash and cash equivalents			
Net change in cash and cash equivalents		234,7	-1 468,9
Cash and cash equivalents 1.1.		1 188,6	2 657,4
Cash and cash equivalents 31.12.	8	1 423,3	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 headquarter for Avinor is located in Oslo.

The interim financial statements for the fourth quarter of 2023 were approved by the Board of Directors on 12 February 2024. The interim financial information has not been audited or subject to limited audit review.

NOTE 2 Basis of preparation and accounting policies

The interim financial statement for the Avinor group for the fourth quarter of 2023, ended 31 December 2023, has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU 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 consists of the estimated payable tax on taxable income and changes in deferred tax. Tax expense related to items recorded through other comprehensive income is presented on separate lines in the statement of other comprehensive income.

Deferred tax assets are calculated based on items where there is a difference between tax and accounting values, as well as the expected tax rate to be used when the tax position is realized.

The group has tax loss carry forwards both at the end of 2022 and 2023, and therefore no estimated payable tax recorded in the balance sheet.

NOTE 3 Segment information

Amount in MNOK

For management purpose the group is organized as air navigation services and the airport operations. To better the evaluation of the airport operations, the airports in Oslo, Bergen, Stavanger, Trondheim and the rest in addition to property development and hotels are presented separately. Property developments and hotels consists of rental income from office buildings and hotels.

TWELVE MONTHS ENDED DECEMBER 2023:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	PROPERTY DEV. AND HOTELS
Traffic income	1 987,9	564,9	404,5	332,2	798,9	0,0
Other income 1)	3 366,7	578,8	631,7	339,3	599,8	158,0
Inter-segment income	4,4	0,6	8,3	3,5	92,5	24,0
Total income	5 359,0	1 144,3	1 044,4	675,0	1 491,2	182,0
Employee benefits expenses	534,8	118,4	98,1	95,2	732,7	0,0
Other operating expenses	1 196,7	266,8	189,3	160,9	962,0	13,0
Inter-segment expenses	395,2	134,1	110,1	85,0	823,3	0,7
Total expenses	2 126,7	519,3	397,5	341,1	2 517,9	13,7
EBITDA	3 232,3	625,0	646,9	333,9	-1 026,7	168,3
Depreciation, amortisation and impairment charges	942,8	270,6	130,7	116,0	508,1	43,1
Operating profit/-loss	2 289,4	354,4	516,2	217,9	-1 534,9	125,1
Assets*	17 264,6	4 882,6	1 959,6	1 531,6	7 048,7	924,2

TWELVE MONTHS ENDED DECEMBER 2023 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	OTHERS	ELIMINATION	TOTAL
Traffic income	4 088,4	1 312,4	0,0		5 400,8
Other income	5 674,3	187,9	250,8		6 112,9
Inter-segment income	133,2	713,4	1 258,3	-2 104,9	0,0
Total income	9 895,8	2 213,7	1 509,1	-2 104,9	11 513,7
Employee benefits expenses	1 579,2	1 439,6	977,7		3 996,5
Other operating expenses	2 788,8	228,4	940,5		3 957,7
Inter-segment expenses	1 548,3	483,6	73,0	-2 104,9	0,0
Total expenses	5 916,3	2 151,7	1 991,2	-2 104,9	7 954,3
EBITDA	3 979,5	62,0	-482,1		3 559,4
Depreciation, amortisation and impairment charges	2 011,4	43,1	202,5		2 256,9
Operating profit/-loss	1 968,2	19,0	-684,7		1 302,5
Assets*	33 611,3	412,4	1 052,4		35 076,1

* Inclusive other intangible assets, exclusive assets under construction.

1) Other income for Stavanger airport, included in the segment airport operations, includes for the period ended 31 December 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.

TWELVE MONTHS ENDED DECEMBER 2022:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	PROPERTY DEV. AND HOTELS
Traffic income	1 785,8	531,8	378,2	315,2	751,8	0,0
Other income	2 992,0	503,4	409,5	295,8	796,0	131,5
Inter-segment income	5,0	0,5	8,2	3,5	76,1	22,6
Total income	4 782,8	1 035,7	795,9	614,4	1 623,9	154,1
Employee benefits expenses	470,5	109,3	93,5	90,6	701,9	0,0
Other operating expenses	1 190,3	268,3	139,0	148,8	1 085,8	8,2
Inter-segment expenses	373,5	136,8	115,4	89,7	752,9	1,5
Total expenses	2 034,3	514,3	347,9	329,0	2 540,6	9,7
EBITDA	2 748,5	521,3	448,0	285,4	-916,7	144,4
Depreciation, amortisation and impairment charges	961,5	286,0	134,1	116,4	461,0	41,1
Operating profit/-loss	1 787,1	235,4	313,9	169,0	-1 377,7	103,3
Assets*	17 487,2	5 036,5	1 638,8	1 601,0	6 790,5	966,9

TWELVE MONTHS ENDED DECEMBER 2022 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	OTHERS	ELIMINATION	TOTAL
Traffic income	3 762,8	1 185,0	0,0		4 947,8
Other income	5 128,2	181,4	161,0		5 470,7
Inter-segment income	115,8	755,3	887,1	-1 758,2	0,0
Total income	9 006,8	2 121,7	1 048,1	-1 758,2	10 418,5
Employee benefits expenses	1 465,8	1 474,9	740,4		3 681,1
Other operating expenses	2 840,3	259,3	569,4		3 668,9
Inter-segment expenses	1 469,8	192,8	95,7	-1 758,2	0,0
Total expenses	5 775,8	1 927,0	1 405,4	-1 758,2	7 350,0
EBITDA	3 231,0	194,7	-357,2		3 068,5
Depreciation, amortisation and impairment charges	2 000,1	127,7	130,9		2 258,7
Operating profit/-loss	1 230,9	67,0	-488,2		809,8
Assets*	33 520,9	355,7	1 029,0		34 905,6

* 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.

SPESIFICATION	FOURTH QUARTER		TWELVE MONTHS ENDED DECEMBER	
	2023	2022	2023	2022
Traffic income				
Takeoff charges	267,7	261,6	1 106,8	1 023,0
Terminal charges	292,6	275,0	1 217,8	1 066,9
En route charges	316,5	302,7	1 312,4	1 185,0
Security charges	306,4	300,6	1 273,0	1 169,0
Terminal navigation charges	119,2	131,3	490,9	503,8
Total traffic income	1 302,5	1 271,2	5 400,8	4 947,8
Other operating income				
Revenue from contracts with customers:				
Duty free	0,0	22,0	0,0	68,3
Parking	0,1	0,1	0,1	0,2
Other	267,9	387,3	1 133,9	998,6
Total revenue from contracts with customers	268,0	409,3	1 134,1	1 067,1
Rental income:				
Duty free	578,3	551,1	2 342,8	2 068,8
Parking	237,6	225,7	1 029,4	854,4
Other	410,3	397,5	1 606,6	1 480,4
Total rental income	1 226,2	1 174,2	4 978,8	4 403,6
Total other operating income	1 494,2	1 583,6	6 112,9	5 470,7
Total income from contracts with customers	1 570,5	1 680,5	6 534,9	6 014,9
Total rental income	1 226,2	1 174,2	4 978,8	4 403,6
Total operating income	2 796,7	2 854,8	11 513,7	10 418,5

NOTE 5 Property, plant and equipment and other intangible assets

Amount in MNOK

	OTHER INTANGIBLE ASSETS	PROPERTY, PLANT AND EQUIPMENT	ASSETS UNDER CONSTRUCTION	RIGHT OF USE ASSETS	TOTAL
At 31 December 2022					
Opening net book amount	453,8	32 414,6	5 386,7	568,4	38 823,5
Additions	0,0	0,0	2 956,4	0,6	2 957,0
Reclassification *	138,1	4 107,4	-4 245,4	0,0	0,0
Disposals	0,0	-7,9	0,0	-6,2	-14,1
Depreciation charge	-60,2	-2 140,2	0,0	-58,3	-2 258,7
Closing net book amount	531,7	34 373,9	4 097,7	504,6	39 507,9
Classified as intangible	531,7	0,0	704,8	0,0	1 236,5
At 31 December 2023					
Opening net book amount	531,7	34 373,9	4 097,7	504,6	39 507,9
Additions	0,0	0,0	2 979,8	57,4	3 037,2
Reclassification *	146,6	2 237,2	-2 383,8	0,0	0,0
Disposals	-0,4	-15,2	0,0	-175,1	-190,6
Depreciation charge	-70,2	-2 127,5	0,0	-59,2	-2 256,9
Closing net book amount	607,7	34 468,4	4 693,7	327,6	40 097,5
Classified as intangible	607,7	0,0	1 113,6	0,0	1 721,3

* Completed assets under construction are reclassified to the relevant asset categories.

NOTE 6 Impairment of assets

Amounts in MNOK

Avinor has substantial investments in infrastructure, buildings and other real estate which is required to own, operate and develop airport operations and air navigation services. Avinor has defined two cash generating units: airport operations and air navigation services. For airport operations the financing model for Avinor is based on cross financing between profitable and unprofitable airports, in addition to commercial revenues being factored in when setting the airport charges (single till principle). Based on this, the group's total airport operations is considered one cash generating unit.

Indications of impairments are assessed at each reporting period for individual assets and cash generating units, and impairment tests are performed if there are any indicators identified. The value in use for assets is calculated by discounting estimated future cash flows to present value based on a weighted average capital cost (WACC). WACC reflects the current market assessments of time value of money and risks specific for the asset or cash generating unit that the asset belongs to.

For the cash generating unit airport operations, pressure on restructuring for aviation and the risk of permanent changes in travel habits because of increased focus on climate, environment and sustainability indicates a risk of permanent changes in travel habits. This might lead to fewer travellers and thus reduced income for the group's airport operations. The geopolitical and economic development in the world further increases the uncertainties in the prognoses for future traffic and income. The risk of a lasting reduction in travellers and income is considered an impairment indicator for the airport operations.

The cash generating unit air navigation services is not to the same extent sensitive to changes in traffic patterns. This is because the regulation of the en route charges is designed in a way that gives Avinor, over time, coverage of actual costs and a required return rate of return, given that certain performance measures are fulfilled. At 31 December 2023 it is assessed that there are no indications of impairment for air navigation services.

KEY ASSESSMENTS AND ESTIMATES FOR AIRPORT OPERATIONS

As a result of identified impairment indicators for airport operations, an impairment test has been carried out at 31 December 2023 for this cash generating unit. The impairment test takes into account updated forecasts for traffic development, which forms the basis for expected airport charges and commercial income, expenses and level of investments. It is assumed that the owner will secure Avinor a total financing level that defends accounted asset values. The Minister of Transportation has in a letter to Avinor on 16 November 2023 acknowledged the financial situation that Avinor is in, and that they will consider measures to ensure the group sustainable financial framework conditions. The government has announced a strategic, financial, and governance review of Avinor. It is expected that the outcome of this review will be available by the end of April 2024.

The airport operation is in entirety operated in Norway. To estimate the value in use, the present value of future cash flow is estimated in NOK and discounted based on a weighted average discount rate relevant for the airport operations. In the impairment test the period 2024 to 2028 is used as the forecast period. From the terminal year 2029 it is assumed that revenues and expenses growths with a constant rate. The value in use is calculated as the total of the discounted cash flows in the forecast period and the terminal value.

Most of the value in use for airport operations is related to the terminal value. Assessments affecting the terminal value is therefore considered the most important assumptions used in the impairment test. These key assumptions are described below, and represent the managements best assessment of probable outcome:

AIRPORT OPERATIONS	
Key assumptions	
Number of passengers terminal year 2029 (millions)	54,9
Result improvement terminal year 2029 (NOK billion) *	2,0
Growth in terminal value	2,0 %
Post-tax rate of return requirement	5,5 %

* Improvement in result in 2029 beyond estimated result with consumer price index adjustment of the airport charges for 2023. The improvement in results are nessecarry to give a reasonable return on invested capital. The improvement in results is assumed realized through increased levels of charges, changes in framework conditions or other measures to improve results might reduce the need for increased fees.

KEY ASSUMPTIONS FOR AIRPORT OPERATIONS.

Number of passengers terminal year 2029

The number of passengers of 54.9 million in 2029 is estimated based on Avinors traffic forecasts in the forecast period and a projected growth of 2 per cent from the terminal year. Estimated traffic development for 2024 is based on Avinors own analysis, for the years 2025-2028 yearly traffic growth is based on forecasts prepared by The Institute of Transport Economics. Expected increased CO2-costs (affecting both fees and quota prices) are included in the forecasts from The Institute of Transport Economics. The forecast by Avinor for 2024 is based on the registered route program, the latest developments in traffic numbers and an assessment of how the macroeconomic conditions is expected to influence the traffic numbers in 2024. For the years 2025-2028 the traffic growth from the latest forecasts by The Institute of Transport Economics is used, but the internal traffic forecast from Avinor for 2024 is used as a starting point for the yearly growth for these years.

Result improvement terminal year 2029

Based on the forecast at 31 December 2023, Avinor has calculated a need for a result improvement, including increased airport charges, of around NOK 2.0 billion in the terminal year beyond what the revenues would have been with consumer price index adjustment of the 2023-airport charges. For the years 2024-2028 the corresponding accumulated effect of result improvement in the cash flow forecasts are in the order of NOK 6.8 billion, spread over the various years.

The necessary result improvement can be realized through a combination of measures such as real increase in airport charges, improved commercial framework conditions, payment for services that Avinor delivers to other government players and improvement in operating efficiency for Avinor. Of these measures, increased airport charges are most important. Airport charges should be regulated according to "single till principle" (commercial revenues are factored in when setting the airport charges). This implies that Avinor, over time, should achieve a result margin corresponding to the owners required rate of return, and that the airport charges are set according to that.

The required result improvement indicates a substantial increase in airport charges compared to present levels. Avinor has therefore been in dialogue with the state since third quarter 2023 regarding possible adaptations in the framework conditions that can somewhat reduce the need for increased airport charges. Based on this dialogue Avinor assumes that the necessary increase in airport charges will be implemented to ensure that Avinor is self-financed. In addition, further adaptations in the framework conditions to improve the cash flows for Avinor is expected, ensuring that the total burden of fees for the airlines are not too high. The letter from the Ministry of Transport dated 16 November 2023 supports that these assumptions used in the impairment test are reasonable.

Growth in terminal value

Cash flow from in the terminal value is extrapolated with an eternal growth of 2 per cent based on expectations in future travel activity and inflation targets. Investments in the terminal year is set giving a yearly increase in invested capital of approximately 2 per cent.

Post-tax rate of return requirement

The post-tax required rate of return used at 31 December 2023 is 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.

CONCLUSION REGARDING IMPAIRMENT TEST AIRPORT OPERATIONS

The results of the impairment test performed at 31 December 2023 show that the value in use exceeds the book value of assets by NOK 1.8 billion. The conclusion for the group is therefore that no impairment of assets for the cash generating unit airport operations shall be recognised at 31 December 2023.

SENSITIVITY ANALYSIS FOR IMPAIRMENT TEST OF AIRPORT OPERATIONS

The impairment test is sensitive for changes in the key assumptions. Should managements best estimates not be met, it could lead to significant impairment losses. The values will be significantly negatively affected if the result improvement, including airport charges, is not regulated as assumed. A result improvement of 50 per cent of the assumed levels in the forecast period and terminal value would have given a negative change of the value in use of approximately NOK 19.7 billion and an impairment loss of approximately NOK 17.9 billion. With no result improvement, the negative change in value in use for airport operations would have been NOK 39.5 billion and an impairment loss of approximately NOK 37.7 billion.

In addition to the above-mentioned sensitivity for levels of result improvement, other sensitivity analysis has been performed for key assumptions that the management have assessed as reasonably possible downside scenarios. The analyses have been prepared to illustrate the uncertainty in the management's assessments.

The table shows the change in value in use and the result improvement necessary in the terminal year, beyond the need already included in the key assessment, necessary in order to defend the accounted values in the different scenarios. Changes in framework conditions or other result improving measures, in example payment for services that Avinor delivers to other government players or reduced service levels for society-imposed tasks, can reduce the need for increased airport charges. In the scenarios with reduced growth in the terminal value, the level of investment is not changed compared to the level used in the impairment test.

Further, for illustration, the calculated impairment is shown if Avinor only realizes 50 per cent of the needed level of result improvement, beyond NOK 2.0 billion (including airport charges) in the terminal year.

Amounts in MNOK		Value	Change in value	Needed reult improvement	Impairment if 50 per cent of needed result improvement
Change number of passengers terminal year	Passengers terminal year (millions)				
0 %	54,9	40 078	0	0	0
- 5 %	52,1	30 295	-9 783	457	3 998
- 10 %	49,4	20 512	-19 566	1 016	8 890
Change growth in terminal value	Growth in terminal				
0,0 %	2,0 %	40 078	0	0	0
- 0,5 %	1,5 %	35 199	-4 880	202	1 546
- 1,0 %	1,0 %	31 403	-8 675	506	3 444
Change in post-tax required rate of return requirement	Rate of retrun requirement				
0,0 %	5,5 %	40 078	0	0	0
- 0,5 %	6,0 %	34 706	-5 373	239	1 793
- 1,0 %	6,5 %	30 538	-9 541	594	3 877

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 2023.

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

ASSUMPTIONS USED TO CALCULATE THE GROUP'S PENSION LIABILITIES	31 DECEMBER	
	2023	2022
Discount rate and future return on plan assets	3,30 %	3,20 %
Future salary increases	3,50 %	3,50 %
Future pension increases	2,80 %	2,60 %
Future increases in the social security base rate (G)	3,25 %	3,25 %

PENSION OBLIGATION	31 DECEMBER	
	2023	2022
Net pension obligation at 1. January	5 313,9	6 895,1
Pension cost	347,3	370,0
Payment of pensions and premiums (incl. soc. sec. cost)	-870,9	-452,6
Actuarial gains/losses	417,4	-1 498,6
Net pension obligation at the end of the period	5 207,7	5 313,9

In addition to the pension cost in the table above there is a cost of NOK 174.8 million as at 31 December 2023 related to employees that have transitioned to a defined contribution pension scheme (NOK 153.2 million at 31 December 2022) and NOK 28.7 million related to the private AFP scheme (early retirement) (NOK 30.9 million at 31 December 2022).

NOTE 8 Borrowings and lease liabilities*Amount in MNOK*

	31 DECEMBER	
	2023	2022
Long term borrowings and lease liabilities	22 181,2	21 224,7
Short term borrowings and lease liabilities	2 374,6	1 034,3
Total	24 555,8	22 259,0
Movement in borrowings and lease liabilities		
Opening net book amount	22 259,0	22 977,3
Repayment of borrowings	-966,4	-891,5
Reduction of lease liabilities	-54,1	-47,5
Proceeds from short term borrowings (commercial papers)	1 499,9	0,0
Net changes in borrowings	479,4	-939,0
Other changes in lease liabilities	-122,6	-6,1
Changes in value ¹⁾	1 940,0	226,8
Closing net book amount	24 555,8	22 259,0

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

LIQUIDITY RESERVES

	31 DECEMBER	
	2023	2022
Cash and cash equivalents	1 423,3	1 188,6
Unused bank overdraft	300,0	300,0
Unused credit facility	4 000,0	4 000,0
Total	5 723,3	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 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, cash equivalents and bank overdrafts is approximately equal to the fair value due to the short maturity of these instruments. Similarly, the carrying amount of trade payables is approximately equal to fair value as they are entered into under "normal" conditions. This also applies to accounts receivables except for customer relationships where there are significant overdue, unpaid outstanding and where outstanding receivables are valued at fair value. The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit risk. The fair value of commercial papers equals principal amount.

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

FAIR VALUE ESTIMATION

	31 DECEMBER 2023		31 DECEMBER 2022	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	305,5	298,7	749,8	730,0
Bonds	19 040,2	17 902,6	17 095,1	15 607,0
Bank borrowings	3 351,9	3 345,3	3 879,0	3 884,0
Commercial papers	1 499,9	1 501,7	0,0	0,0
Lease liabilities	358,3	358,3	535,0	535,0
Total	24 555,8	23 406,6	22 259,0	20 756,1

DERIVATIVE FINANCIAL INSTRUMENTS

	31 DECEMBER 2023	
	2023	2022
Assets		
Interest rate swaps	2 624,8	1 377,9
Forward foreign exchange contracts	23,1	1,2
Forward energy contracts	0,0	140,8
Total assets	2 647,9	1 519,9
Liabilities		
Interest rate swaps	734,5	1 585,8
Forward foreign exchange contracts	0,1	3,4
Forward energy contracts	25,4	0,0
Total liabilities	760,0	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 31 December 2023:

AT 31 DECEMBER 2023	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss		23,1		23,1
Derivatives used for hedging		2 624,8		2 624,8
Total assets	0,0	2 647,9	0,0	2 647,9
Liabilities				
Derivatives at fair value through profit or loss		3 123,9		3 123,9
Derivatives used for hedging		734,5		734,5
Total liabilities	0,0	3 858,4	0,0	3 858,4

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

AT 31 DECEMBER 2022	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Derivatives at fair value through profit or loss		142,0		142,0
Derivatives used for hedging		1 377,9		1 377,9
Total assets	0,0	1 519,9	0,0	1 519,9
Liabilities				
Derivatives at fair value through profit or loss		3 423,2		3 423,2
Derivatives used for hedging		1 585,8		1 585,8
Total liabilities	0,0	5 009,0	0,0	5 009,0

NOTE 10 Trade and other receivables & other current liabilities

	31 DECEMBER	
	2023	2022
Trade and other receivables		
Trade receivables	1 278,1	1 045,8
Accrued income	68,3	114,7
Prepaid expenses	108,2	132,6
Receivables grants new airports (note 11)	110,7	229,4
Other short-term receivables	75,5	101,8
Total trade and other receivables	1 640,8	1 624,3

	31 DECEMBER	
	2023	2022
Other current liabilities		
Wages and social security (incl. holiday allowance)	419,9	374,8
Accrued operating and investment costs	901,8	513,3
Accrued interest costs	319,7	293,4
Advance from customers	193,8	178,2
Liabilities grants new airports (note 11)	0,0	64,0
Other short-term liability	43,7	45,1
Total other current liabilities	1 878,8	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. The project has a maximum cost target ("kostnadsramme") and a management cost target ("styringsmål") of NOK 7.5 billion (2023 value) and NOK 6.3 billion (2023 value), respectively, excluding purchase of land and financing costs. The adopted maximum cost means that Avinor will contribute NOK 2.8 million (2023 value), while the rest is financed by the state and Bodø municipality. The state contribution is used in the first phase of the project. The project is then financed by Avinor and finally Bodø municipality.

With the exception of preparatory work, it has been a condition for the construction of the new airport that the financing is approved by EFTA's monitoring body (ESA) and that there is a license decision from the Ministry of Transport. The license from the Ministry of Transport was granted in October 2023 and approval from EFTA was granted in December 2023. This means that the construction work can be started as planned.

Avinor is the builder ("byggherre") and shares the risk equally with the state for any exceeding of the management cost target up to the maximum cost target. Avinor has all the risk of any exceeding of the maximum cost target. The maximum cost target 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 areas connected to the existing airport were taken over by Avinor in December 2023, while the areas for the new airport were taken over in January 2024.

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 in the beginning of July 2023, which begins phase 1 of the collaboration. The contract for "Terminal construction" 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

For the period Q1 2019 to Q4 2023, and before considering state grants/contributions, gross project expenses for the new airport in Bodø amount to NOK 409.9 million, of which NOK 259.2 million is recognized in the balance sheet as assets under construction and NOK 150.7 million is recognized as project costs. Accumulated recognized contributions as of 31 December 2023 amount to NOK 409.9 million, of which NOK 259.2 million is recognized as a reduction of assets under construction and NOK 150.7 million has been recognized as other operating income.

In the National Budget for 2023, NOK 419 million was allocated to cover accrued project expenses in the period 2019 – 2023, of which NOK 390 million has been paid to Avinor in 2023 and the remaining NOK 29 million of the allocation has been transferred to 2024. In addition, NOK 666 million was allocated in the National Budget for 2023 for the purchase of the areas connected to the existing airport, of which NOK 643 million has been paid to Avinor in 2023 and the remaining NOK 23 million of the allocation has been transferred to 2024.

As of 31 December 2023, a short-term receivable of NOK 19.9 million has been recognized in the balance sheet which applies to government contributions for incurred project expenses in addition to contributions received.

Further state contributions will be paid out on a monthly basis in line with Avinor's liquidity needs until the entire state contribution has been used. Grants/contributions from the state are accounted for in accordance with IAS 20 ("Accounting for Government Grants and Disclosure of Government Assistance").

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 ("kostnadsramme") and management cost target ("styringsmål") of NOK 4.7 billion (2023 value) and 4.4 billion (2023 value) respectively after increased state contributions 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 contribution of NOK 0.6 million from Rana municipality and the local business community. In connection with the financing of increased runway length, a local contribution of NOK 66 million has also been agreed which will be subject to index regulation.

EFTA's monitoring body, ESA, approved the financing plan for the project in June 2022.

Avinor is the builder ("byggherre") 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

As of 31 December 2023, and before considering local and state grants/contributions, the gross project expenditure for the new airport Mo i Rana amounts to NOK 833.6 million, of which NOK 782.2 million is recognized in the balance sheet as assets under construction and NOK 51.4 million are expensed as project costs. Accumulated contribution recognised on 31 December 2023 amount to NOK 833.6 million, of which NOK 782.2 million is recognized as a reduction of assets under construction and 51.4 NOK million is recognised as other operating income.

The contribution from local business of NOK 150 million was received in July 2022. The state contribution of NOK 104 million, based on allocations in the National Budgets for 2021 and 2022, was paid out in December 2022. The allocations applied to planning costs up to and including 2022. Parts of the municipal contribution of NOK 450 million were paid in July 2023 in connection with the start of construction for the turnkey contract with AF Gruppen Norge AS. The municipal subsidy of NOK 66 million in connection with the co-financing of increased runway length will be paid out later in the project period.

In the National Budget for 2023, NOK 84 million was allocated to cover accrued project expenses in 2023, of which NOK 42 million has been paid to Avinor in 2023 and the remaining NOK 42 million of the allocation has been transferred to 2024.

As of 31 December 2023, a short-term receivable of NOK 87.6 million has been recognized in the balance sheet which applies to state contribution for incurred project expenses in addition to contributions received.

Further state contributions will be paid out on a monthly basis in line with Avinor's liquidity needs until the entire state contribution has been used. Contributions from the state are accounted for in accordance with IAS 20 ("Accounting for Government Grants and Disclosure of Government Assistance").

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 18 December 2023 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 2024 the equity ratio is adjusted from 40 to 35 per cent.

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 is calculated at present value to reflect that the clean-up work will be carried out in the future.

AMOUNTS IN MNOK	31 DECEMBER	
	2023	2022
Provision at 1 January	1 006,9	944,7
Change in accrual due to new information	13,5	84,6
Effect present value calculation	-56,1	44,9
Performed clean up	-121,4	-67,3
Provision at the end of the period	842,9	1 006,9

New act on public occupational scheme

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 31 December 2023. Regulation related to a new AFP scheme and special retirement pension are not included in the new law.

From 2025 it is decided that early retirement scheme (AFP) in public sector will be changed to a lifelong supplement scheme that comes in addition to the national pension scheme. This will apply to both public and private retirement schemes.

The government and the parties in public sector have reached an agreement regarding new rules for employees with special age limits. The entire rules for calculation and financing of the new early retirement schemes and retirement schemes for employees with special age limits are not complete. Therefore, the full accounting consequences of the new law cannot be calculated until the final regulation have been adopted. No decision has been made yet on how Avinor will address the new regulations for employees who are not formally affiliated with the public pension scheme.

NOTE 13 Events after the reporting period

Acquisition of land for the new Bodø airport

In January 2024, Avinor took over the land area where the new Bodø Airport will be built. Avinor has also received support equivalent to the purchase price. The acquisition of the land has therefore not resulted in a significant increase in capitalized fixed assets or cash outlays for the group.

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	SOURCE	31 DECEMBER	
		2023	2022
Long term interest-bearing debt			
State loan	Statement of financial position	0,0	305,5
Other non-current loans	Statement of financial position	21 865,0	20 447,0
Lease liabilities	Statement of financial position	316,2	472,2
Total long term interest-bearing debt		22 181,2	21 224,7
Short term interest-bearing debt			
Commercial papers	Statement of financial position	1 499,9	0,0
First annual installment on long-term liabilities	Statement of financial position	832,6	971,5
Lease liabilities	Statement of financial position	42,1	62,8
Total short term interest-bearing debt		2 374,6	1 034,3
Interest-bearing debt		24 555,8	22 259,0

NET INTEREST-BEARING DEBT

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

CALCULATION AND RECONCILIATION OF NET INTEREST-BEARING DEBT	SOURCE	31 DECEMBER	
		2023	2022
Interest-bearing debt	APM	24 555,8	22 259,0
Interest swaps - liabilities	Note 9	734,5	1 585,8
Interest swaps - assets	Note 9	-2 624,8	-1 377,9
Cash and cash equivalents	Statement of financial position	-1 423,3	-1 188,6
Net interest-bearing debt		21 242,2	21 278,3

EQUITY COVENANTS LOAN AGREEMENTS

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

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

CALCULATION AND RECONCILIATION OF EQUITY RATIO LOAN AGREEMENTS	SOURCE	31 DECEMBER	
		2023	2022
Equity	Statement of financial position	13 461,4	13 357,9
Net interest-bearing debt	APM	21 242,2	21 278,3
Total equity and interest-bearing debt		34 703,6	34 636,2
Equity ration loan agreements *		38,8 %	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 as the equity ratio according to the company's articles of association.

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

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

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

CALCULATION AND RECONCILIATION OF EQUITY RATIO ACCORDING TO THE COMPANY'S ARTICLES OF ASSOCIATION	SOURCE	31 DECEMBER	
		2023	2022
Net interest-bearing debt	APM	21 242,2	21 278,3
Lease liabilities, long term	Statement of financial position	-316,2	-472,2
Lease liabilities, short term	Statement of financial position	-42,1	-62,8
Net interest-bearing debt - exclusive lease liabilities		20 883,9	20 743,3
Equity	Statement of financial position	13 461,4	13 357,9
Total equity and net interest-bearing debt - exclusive lease liabilities	Statement of financial position	34 345,3	34 101,2
Equity ratio (according to article 5 of the company's Articles of Association) *		39,2 %	39,2 %

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

EQUITY RATIO

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

CALCULATION AND RECONCILIATION OF EQUITY RATIO	SOURCE	31 DECEMBER	
		2023	2022
Equity	Statement of financial position	13 461,4	13 357,9
Total equity and liabilities	Statement of financial position	47 814,5	45 935,4
Equity ratio		28,2 %	29,1 %

CASH FLOW BEFORE CHANGES IN DEBT

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

CALCULATION AND RECONCILIATION OF CASH FLOW BEFORE CHANGES IN DEBT	SOURCE	31 DECEMBER	
		2023	2022
Net cash flow from operating activities	Statement of cash flows	3 353,8	2 845,8
Net cash flow from investing activities	Statement of cash flows	-2 800,4	-2 745,5
Interest paid	Statement of cash flows	-788,9	-630,2
Cash flow before changes in debt		-235,5	-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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