INTERIM FINANCIAL REPORT

# 2nd quarter 2022

# Content



# About Avinor

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

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

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

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

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

Avinor's head office is located in Oslo.

# Avinor Group – Main Figures

*Amounts in MNOK*

| | SECOND QUARTER | | SIX MONTHS ENDED JUNE | | YEAR |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| Traffic income | 717,3 | 272,6 | 1 193,6 | 507,8 | 1 544,2 |
| Security (cost based) | 330,6 | 84,3 | 519,9 | 142,9 | 565,1 |
| Sales- and rental income - duty free | 589,0 | 47,9 | 866,0 | 93,9 | 606,5 |
| Sales- and rental income - parking | 237,3 | 73,3 | 381,8 | 122,0 | 436,4 |
| Sales- and rental income - other | 497,9 | 245,2 | 825,0 | 443,3 | 1 155,8 |
| Inter-group income | 24,3 | 22,3 | 46,3 | 44,9 | 87,6 |
| Total income airport operations | 2 396,4 | 745,6 | 3 832,7 | 1 354,7 | 4 395,6 |
| En route charges | 297,7 | 158,3 | 552,7 | 296,1 | 813,6 |
| Inter-group income approach and control tower services | 206,6 | 147,1 | 378,0 | 282,0 | 588,2 |
| Other income | 48,2 | 44,6 | 88,7 | 84,4 | 173,8 |
| Total income air navigation services | 552,4 | 350,0 | 1 019,4 | 662,5 | 1 575,6 |
| Other group income | 325,4 | 1 676,8 | 580,9 | 2 940,9 | 4 717,0 |
| Elimination of inter-group income | -437,9 | -348,8 | -836,2 | -676,7 | -1 374,0 |
| Total group income | 2 836,4 | 2 423,6 | 4 596,8 | 4 281,4 | 9 314,1 |
| Operating expenses airport operations | -1 494,8 | -1 135,4 | -2 824,5 | -2 284,3 | -4 730,9 |
| Operating expenses air navigation services | -621,9 | -451,9 | -1 105,2 | -907,6 | -1 823,6 |
| Other operating expenses | -230,3 | -266,4 | -468,0 | -455,6 | -1 108,3 |
| Elimination of inter-group expenses | 437,9 | 348,8 | 836,2 | 676,7 | 1 374,0 |
| Total group expenses | -1 909,0 | -1 505,0 | -3 561,5 | -2 970,8 | -6 288,8 |
| EBITDA airport operations | 901,6 | -389,8 | 1 008,2 | -929,6 | -335,3 |
| EBITDA air navigation services | -69,4 | -101,9 | -85,8 | -245,1 | -248,1 |
| EBITDA others | 95,2 | 1 410,4 | 112,9 | 2 485,3 | 3 608,7 |
| EBITDA group | 927,3 | 918,6 | 1 035,3 | 1 310,6 | 3 025,3 |
| Depreciation, amortisation and impairment charges | -556,5 | -554,6 | -1 097,1 | -1 099,3 | -2 196,6 |
| Operating profit/-loss | 370,8 | 364,1 | -61,8 | 211,3 | 828,7 |
| Net finance income/-costs | -122,4 | -126,1 | -247,1 | -301,9 | -560,6 |
| Profit/(loss) before income tax | 248,4 | 238,0 | -308,9 | -90,6 | 268,2 |
| Income tax expense | 58,2 | 66,8 | -64,7 | -5,4 | 60,1 |
| Profit/-loss after tax | 190,2 | 171,1 | -244,2 | -85,2 | 208,1 |
| EBITDA-margin airport operations | 37,6 % | -52,3 % | 26,3 % | -68,6 % | -7,6 % |
| EBITDA-margin air navigation services | -12,6 % | -29,1 % | -8,4 % | -37,0 % | -15,7 % |
| EBITDA-margin others | 32,7 % | 37,9 % | 22,5 % | 30,6 % | 32,5 % |
| Investments airport operations | 371,8 | 467,9 | 745,2 | 800,5 | 1 803,2 |
| Investments air navigation services | 133,2 | 121,1 | 237,7 | 197,0 | 426,6 |
| Investments others | 213,1 | 135,5 | 268,1 | 228,7 | 343,7 |
| Total investments | 718,1 | 724,5 | 1 251,0 | 1 226,2 | 2 573,5 |
| Distributed dividends | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Cash flow before borrowings/repayments | -32,7 | -312,7 | -879,5 | -532,2 | 67,3 |
| Interest - bearing debts (exclusive lease liabilities) | | | 21 823,6 | 22 311,7 | 21 858,4 |
| Total assets | | | 45 803,2 | 45 658,0 | 46 376,7 |
| Net debt to equity ratio (b) | | | 39,8 % | 40,2 % | 39,4 % |
| Number of passengers (in 1000) | 12 532 | 3 411 | 19 949 | 5 899 | 22 440 |
| Number of aircraft departures (in 1000) | 165 | 94 | 292 | 181 | 463 |
| Number of service units (in 1000) | 531 | 278 | 967 | 517 | 1 445 |
| Punctuality (a) | | | 82 % | 94 % | 88 % |
| Regularity (a) | | | 99 % | 99 % | 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 three times higher in the first half of 2022 compared to the first half of 2021. The number of aircraft movements for the same period increased by 62 per cent. The positive traffic development that startet at the end of first quarter has continued through the second quarter. Summer season leads to increased traffic and Avinor has scaled up the operations at the airports to adapt operations to the increased traffic volumes. The challenges with limited capacity through European air space, lack of ground personnel and strikes in the aviation industry also affect Avinor – the punctuality has therefore been lower than internal targets for the first half of 2022.

The effects of the aircraft technician strike 18 – 28 June 2022 resulted in a loss of traffic in the second quarter of approximately 80,000 passengers. The pilots in SAS were on strike in the period 4 - 17 July 2022 with an assumed loss of traffic at the level of 411,000 passengers, which will have an effect for the group in the third quarter.

Consequences of changed travel habits, increased uncertainty due to the war in Ukraine, high price growth, long delivery time for Norwegian passports, strikes and capacity challenges within the airline industry contributes to the fact that the traffic levels are still not back at pre pandemic levels. For the first half of 2022 the passenger volumes are 76 percent of the levels for the first half of 2019.

Except for reduced overflight traffic through the Norwegian air space, the outbreak of war in Ukraine has not yet had major operational consequences. Avinor continues reinforced measures to monitor the situation.

In June the financing model for the new airport in Mo i Rana was approved by ESA (EFTA Surveillance Authority). The airport will be financed by the state, municipality and local business. At the beginning of July, the first contracts for preparatory construction work were signed and the contribution from local business of NOK 150 million was transferred to Avinor. Work on the new airport is expected to start in autumn 2022.

Given the positive signals in the revised national budged with increased contribution from the state and sharing of the risk of cost overruns, the board of Avinor has decided to move forward with the project for a new Airport in Bodø. However, there are still several conditions that needs to be clarified before a final investment decision can be taken. The most important conditions still not clarified: binding agreement regarding financing with Bodø municipality and purchasing agreement with Forsvarsbygg for the relevant areas. It is a clear condition that the total project cost for Avinor must be within a financially sound framewok given the company’s financial solidity and future prospects.

In May, Avinor Flysikring AS entered into an agreement with Indra regarding the delivery of a future system for air traffic management. The plan is for the new system to be operational during the second quarter of 2025.

The Ministry of Transport and Communications and The Ministry of Defence has requested Avinor to consider taking over the air operator responsibility for Andøya airport when the Armed Forces plans to discontinue using the base for maritime surveillance planes in 2023.

Avinor is still in a challenging financial situation, with a loss after tax of NOK 244 million for the first half of 2022 and an equity ratio of 29.6 per cent. Equity ratio according to paragraph 5 of the articles of association is 39.8 per cent. Cash flow before changes in borrowings was minus NOK 880 million for the first half 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.

## Q2 2022

KEY FINANCIAL FIGURES, SECOND QUARTER

| MNOK | 2022 | 2021 | CHANGE |
|---|---|---|---|
| Operating income | 2 836,4 | 2 423,6 | 17,0 % |
| EBITDA | 927,4 | 918,7 | 0,9 % |
| EBIT | 370,9 | 364,2 | 1,8 % |
| Profit/-loss after tax | 190,2 | 171,2 | 11,1 % |
| Investments | 718,1 | 724,5 | - 0,9 % |

In the second quarter of 2022, the group had operation income of NOK 2,836 million, an increase of 17 per cent compared to the corresponding period in 2021. Traffic income increased with NOK 830 million while commercial income increased with NOK 1,032 million.

Operating expenses, including depreciation and amortization, amounted to NOK 2,466 million for the second quarter compared to NOK 2,060 million in the corresponding quarter of 2021. In the second quarter of 2022, the group has expensed NOK 220 million related to estimated pension effects of the social security settlement for 2022 as well as NOK 125 million in estimated increased obligations for cleaning up old fire training fields. See note 7 and 11 for further information.

## 1 JANUARY TO 30 JUNE 2022

KEY FINANCIAL FIGURES, 01.01. - 30.06.

| MNOK | 2022 | 2021 | CHANGE |
|---|---|---|---|
| Operating income | 4 596,8 | 4 281,4 | 7,4 % |
| EBITDA | 1 035,3 | 1 310,7 | -21,0 % |
| EBIT | -61,8 | 211,3 | |
| Profit/-loss after tax | -244,2 | -85,2 | |
| Investments | 1 251,0 | 1 226,2 | 2,0 % |

The group had a loss after tax of NOK 244 million in the first half of 2022, compared to a loss of NOK 85 million in the first half of 2021. The result for the first half of 2021 included Government grants of NOK 2,500 million before taxes.

The Group's balance sheet was reduced by NOK 0.6 billion during the six first months of 2022, ending at NOK 45.8 billion at 30 June 2022. The equity ratio at 30 June 2022 was 29.6 per cent, compared to 26.9 per cent at the end of 2021.

## Operating income

Operating income in the first half of 2022 amounted to NOK 4,597 million, an increase of 7.4 per cent compared to the first half of 2021. Excluding Government grants of NOK 2,500 million in the first half of 2021, operating income increased by NOK 2,815 million.

OPERATING INCOME PER SEGMENT, 01.01. - 30.06.

| MNOK | 2022 | 2021 | CHANGE |
|---|---|---|---|
| Airport operations | 3 832,7 | 1 354,7 | 182,9 % |
| Air navigation services | 1 019,4 | 662,5 | 53,9 % |
| Property development and hotels | 70,4 | 55,1 | 27,7 % |
| Others (excluding Government Grants) | 510,5 | 385,8 | 32,3 % |
| Government grants | 0,0 | 2 500,0 | -100,0 % |
| Elimination | -836,2 | -676,7 | -23,6 % |
| Avinor Group | 4 596,8 | 4 281,4 | 7,4 % |

Revenues for airport operations ended at NOK 3,833 million, compared to NOK 1,355 million for the first half of 2021, while operating income for air navigation services ended at NOK 1,019 million in the first half of 2022 compared to NOK 663 million in the corresponding period of 2021.

Avinor received NOK 2,500 million as a taxable government grant from the state in the first half of 2021. No government grant was received in the first half of 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 in the first half of 2021.

## Operating expenses, depreciation and amortization, and other items

Total operating expenses for the first half of 2022 amounted to NOK 4,659 million, an increase of 14.5 per cent compared to NOK 4,070 million in the first half 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 compared to the corresponding period in 2021. In addition, the group has expensed a total of NOK 345 million related to estimated pension effects of the social security settlement for 2022 and increased obligations for clean-up of external environment in the first half of 2022.

Total depreciation, amortisation, and write-downs for the first half of 2022 amounted to NOK 1,097 million, the same level as the corresponding period in 2021.

## EBITDA and EBIT

EBITDA for the six first months totalled NOK 1,035 million with an EBITDA margin of 22.5 per cent. In the first half of 2021 EBITDA was NOK 1,311 million with an EBITDA-margin of 30.6 per cent.

EBIT for the first half of 2022 was negative with NOK 62 million compared to NOK 211 million for the first half 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 half of 2022 amounted NOK 1,251 million, which is an increase of NOK 24.8 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 - 30.06.

| MNOK | 2022 | 2021 | CHANGE |
|---|---|---|---|
| Airport operations | 745,2 | 800,5 | -55,3 |
| Air navigation services | 237,7 | 197,0 | 40,8 |
| Property development and hotels | 2,8 | 116,7 | -113,9 |
| Joint items, group | 213,6 | 79,7 | 133,8 |
| Consolidated items | 51,7 | 32,3 | 19,5 |
| Avinor Group | 1 251,0 | 1 226,2 | 24,8 |

## Cash flow, financing, and commitments

In the first half of 2022, the Group's cash flow before changes in borrowings was NOK – 880 million. With a net decrease in borrowings of NOK 469 million, the Group's cash reserves decreased by NOK 1,349 million through the first six months of 2022.

Interest-bearing liabilities as at the end of the second quarter of 2022 amounted to NOK 22.6 billion, of which NOK 1 billion were current interest-bearing liabilities.

Net finance expenses for the first half of 2022 ended at NOK 247 million, a reduction of NOK 55 million compared to finance expenses for the corresponding period in 2021. At 30 June 2022 the group had interesting bearing liabilities which were NOK 920 million lower compared to 30 June 2021. The reduction in interest bearing liabilities is the main explanation of the reduction in finance expenses.

The Group's total assets at 30 June 2022 amounted to NOK 45.8 billion. Equity was at NOK 13.6 billion, which gives an equity ratio of 29.6 per cent. Equity as a percentage of the sum of equity and net interest-bearing liabilities (cf. paragraph 5 of the articles of association) amounted to 39.8 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 six months of 2022, the Group's book equity increased with NOK 1,079 million. Loss after tax contributed negatively with NOK 244 million, estimate deviations on pension liabilities increased the equity by NOK 1,627 million, while changes in value of financial hedging instruments accounted for a negative effect of NOK 303 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 second quarter of 2022, the Group's cash reserves amounted to NOK 5.6 billion, distributed between NOK 1.3 billion in bank deposits and NOK 4.3 billion in unutilised drawing rights.

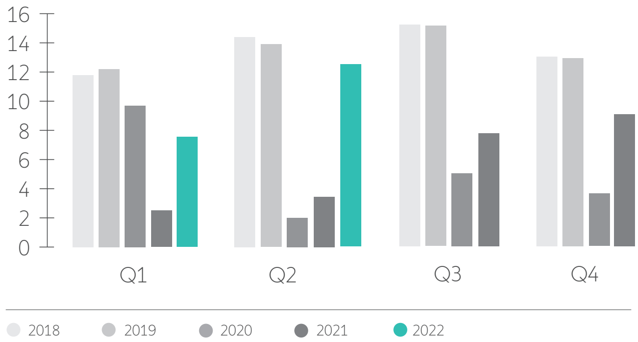
### Traffic development and service targets

A total of 19.9 million passengers travelled through Avinor's airports in the first half of 2022. This is an increase of 238 per cent compared to the first half of 2021. The increase is mainly due to travel restrictions in the first half of 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 half of 2022 increased by 150 per cent compared to the first half of 2021, while international traffic increased by 1201 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. - 30.06.

| PASSENGERS (1000) | 2022 | 2021 | CHANGE |
|---|---|---|---|
| Gardermoen | 9 780 | 1 912 | 411,6 % |
| Flesland | 2 656 | 997 | 166,4 % |
| Sola | 1 592 | 535 | 197,7 % |
| Værnes | 1 715 | 545 | 214,6 % |
| Others | 4 207 | 1 911 | 120,2 % |
| Avinor group | 19 949 | 5 899 | 238,2 % |

The number of commercial air transport movements in the first half of 2022 increased by 62 per cent compared to the corresponding period of 2021. Domestic aircraft movements increased by 40 per cent, while international aircraft movements increased by 365 per cent.

Over the past 12 months, average punctuality was recorded at 82 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 0.0 in Avinor Flysikring AS, while the H2 value ( frequency of injuries) was 6.5 in Avinor AS and 0.0 in Avinor Flysikring AS.

Group-wide absence due to illness over the last 12 months amounted to 5.3 per cent.

The campaign "Bother – shout out!", which uses several new instruments in injury prevention is continued. The campaign yielded good results.

Organizational adjustments have continued in the second quarter, with high level of involvement and participation from employees.

## 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 effects of the coronavirus pandemic, including 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.

*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 the national budget for 2022 the financing of a new airport in Bodø, to provide more space for urban development, is mentioned. The new airport will not be financially profitable for Avinor.

In the proposed revised national budget for 2022, the government proposes that the state takes a larger share of the development cost. Avinor's contribution is reduced by NOK 390 million. In addition to the state's contribution, Avinor and the state share the risk of cost overruns between them.

It remains to clarify the consequences of environmental clean-up, adjustments for the Armed Forces, and enter into contracts between the State, Bodø Municipality and Avinor related to the financing.

*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.

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 10 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 coronavirus pandemic has had a major negative effect on the entire aviation industry with a demanding financial challenge for all players. The primary focus at Avinor has been to ensure continuity and continuous operations during this period. Operations have been adapted to a reduced traffic volume. There is still great uncertainty regarding the future levels of traffic. The war in Ukraine increases the uncertainties in the forecasts for travel activity an income for overflights through the Norwegian air space. The groups 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.

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 need to strengthen equity and liquidity will be central to Avinor's action plans going forward.

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, 29 August 2022
Board of Directors of Avinor AS

# CONDENSED INCOME STATEMENT

*Amounts in MNOK*

| | NOTE | SECOND QUARTER 2022 | SECOND QUARTER 2021 | SIX MONTHS ENDED JUNE 2022 | SIX MONTHS ENDED JUNE 2021 | YEAR 2021 |
|---|---|---|---|---|---|---|
| Operating income: | | | | | | |
| Traffic income | | 1 345,6 | 515,2 | 2 266,3 | 946,8 | 2 922,9 |
| Government grants | | 0,0 | 1 450,0 | 0,0 | 2 500,0 | 3 800,0 |
| Other operating income | | 1 490,8 | 458,4 | 2 330,5 | 834,6 | 2 591,3 |
| Total operating income | 4 | 2 836,4 | 2 423,6 | 4 596,8 | 4 281,4 | 9 314,1 |
| Operating expenses: | | | | | | |
| Raw materials and consumables used | | 46,9 | 37,6 | 78,1 | 60,8 | 204,8 |
| Employee benefits expenses | 7 | 1 191,2 | 890,6 | 2 119,0 | 1 808,0 | 3 562,7 |
| Other operating expenses | 10 | 670,9 | 576,7 | 1 364,4 | 1 102,0 | 2 521,3 |
| Total operating expenses | | 1 909,0 | 1 504,9 | 3 561,5 | 2 970,7 | 6 288,8 |
| EBITDA | | 927,4 | 918,7 | 1 035,3 | 1 310,7 | 3 025,3 |
| Depreciation, amortisation and impairment charges | 5 | 556,5 | 554,6 | 1 097,1 | 1 099,3 | 2 196,6 |
| Operating profit/-loss | | 370,9 | 364,2 | -61,8 | 211,3 | 828,7 |
| Finance income | | 27,6 | 3,3 | 41,3 | 12,5 | 29,7 |
| Finance expenses | | 150,1 | 129,3 | 288,4 | 314,4 | 590,3 |
| Net finance income/-expenses | | -122,4 | -126,1 | -247,1 | -301,9 | -560,6 |
| Profit/-loss before income tax | | 248,4 | 238,1 | -308,9 | -90,5 | 268,2 |
| Income tax expense | 2 | 58,2 | 66,8 | -64,7 | -5,4 | 60,1 |
| Profit/-loss after tax | | 190,2 | 171,2 | -244,2 | -85,2 | 208,1 |

# CONDENSED STATEMENT OF COMPREHENSIVE INCOME

*Amounts in MNOK*

| | SECOND QUARTER | | SIX MONTHS ENDED JUNE | | YEAR |
|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| Profit/-loss for the period | 190,2 | 171,2 | -244,2 | -85,2 | 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 | 2 086,2 | -528,2 | 2 085,6 | 180,3 | -1 245,1 |
| Tax effect | -458,5 | 116,1 | -459,1 | -39,5 | 274,0 |
| Items that may be subsequently reclassified to profit or loss: | | | | | |
| Cash flow hedges | -280,4 | -55,6 | -388,3 | 43,8 | 60,6 |
| Tax effect | 61,7 | 12,3 | 85,4 | -9,6 | -13,3 |
| Other comprehensive income, net of tax | 1 409,0 | -455,4 | 1 323,6 | 175,0 | -923,9 |
| Total comprehensive income | 1 599,2 | -284,1 | 1 079,4 | 89,9 | -715,8 |
| Attributable to: | | | | | |
| Owner of parent | 1 599,2 | -284,1 | 1 079,4 | 89,9 | -715,8 |

# CONDENSED BALANCE SHEET

*Amounts in MNOK*

| | NOTE | 30 JUNE 2022 | 30 JUNE 2021 | YEAR 2021 |
|---|---|---|---|---|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets: | | | | |
| Deferred tax assets | | 1 888,3 | 1 965,9 | 2 197,0 |
| Other intangible assets | 5 | 544,8 | 473,2 | 453,9 |
| Intangible assets under construction | 5 | 693,4 | 645,9 | 724,0 |
| Total intangible assets | | 3 126,5 | 3 085,1 | 3 374,9 |
| Property, plant and equipment: | | | | |
| Property, plant and equipment | 5 | 34 223,5 | 32 730,2 | 32 414,6 |
| Assets under construction | 5 | 2 972,6 | 4 196,1 | 4 662,7 |
| Right of use assets | 5 | 533,0 | 404,7 | 568,4 |
| Total property, plant and equipment | | 37 729,1 | 37 330,9 | 37 645,7 |
| Financial assets: | | | | |
| Derivative financial instruments | 9 | 1 629,0 | 1 496,7 | 1 381,3 |
| Other financial assets | | 195,0 | 169,7 | 184,7 |
| Total financial assets | | 1 824,0 | 1 666,5 | 1 566,1 |
| Total non-current assets | | 42 679,6 | 42 082,5 | 42 586,6 |
| Current assets | | | | |
| Inventories | | 51,3 | 33,0 | 32,9 |
| Trade and other receivables | | 1 496,9 | 993,5 | 1 043,9 |
| Derivative financial instruments | 9 | 267,1 | 21,9 | 56,0 |
| Cash and cash equivalents | 8 | 1 308,4 | 2 527,2 | 2 657,4 |
| Total current assets | | 3 123,7 | 3 575,6 | 3 790,1 |
| Total assets | | 45 803,2 | 45 658,0 | 46 376,7 |

# CONDENSED BALANCE SHEET

*Amounts in MNOK*

| | | 30 JUNE | | YEAR |
|---|---|---|---|---|
| | NOTE | 2022 | 2021 | 2021 |
| EQUITY AND LIABILITIES | | | | |
| **Equity** | | | | |
| Share capital | | 5 400,1 | 5 400,1 | 5 400,1 |
| Other equity | | 8 150,6 | 7 876,9 | 7 071,1 |
| Total equity | | 13 550,7 | 13 277,0 | 12 471,2 |
| **Liabilities** | | | | |
| **Provisions:** | | | | |
| Retirement benefit obligations | 7,10 | 5 132,8 | 5 462,2 | 6 895,1 |
| Other provisions | 10 | 1 060,8 | 965,3 | 945,8 |
| Total provisions | | 6 193,6 | 6 427,5 | 7 840,9 |
| **Non-current liabilities** | | | | |
| State loan | 8,9 | 527,7 | 972,0 | 749,8 |
| Other non-current loans | 8,9 | 20 592,9 | 21 242,1 | 20 747,3 |
| Derivative financial instruments | 9 | 1 400,3 | 702,9 | 851,1 |
| Lease liabilities | 8,9 | 496,9 | 370,5 | 525,3 |
| Total non-current liabilities | | 23 017,6 | 23 287,5 | 22 873,6 |
| **Current liabilities** | | | | |
| Trade payables | | 301,8 | 214,0 | 500,4 |
| Public duties payable | | 393,0 | 167,3 | 296,9 |
| Derivative financial instruments | 9 | 9,8 | 3,7 | 12,5 |
| First annual installment on long-term liabilities | 8,9 | 931,5 | 891,5 | 891,5 |
| Lease liabilities | 8,9 | 61,4 | 55,4 | 63,4 |
| Other current liabilities | | 1 343,9 | 1 334,2 | 1 426,3 |
| Total current liabilities | | 3 041,3 | 2 666,0 | 3 191,0 |
| Total liabilities | | 32 252,6 | 32 381,0 | 33 905,4 |
| Total equity and liabilities | | 45 803,2 | 45 658,0 | 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 | | 175,0 | -85,2 | **89,9** |
| Balance at 30 June 2021 | 5 400,1 | -2 079,9 | 9 956,7 | **13 277,0** |
| | | | | |
| Balance at 1 January 2022 | 5 400,1 | -3 178,8 | 10 249,9 | **12 471,2** |
| Total comprehensive income | | 1 323,6 | -244,2 | **1 079,4** |
| Balance at 30 June 2022 | 5 400,1 | -1 855,2 | 10 005,7 | **13 550,7** |

# CONDENSED STATEMENT OF CASH FLOWS

*Amount in MNOK*

| | NOTE | SIX MONTHS ENDED JUNE 2022 | SIX MONTHS ENDED JUNE 2021 | YEAR 2021 |
|---|---|---|---|---|
| **Cash flow from operating activities** | | | | |
| Profit/(loss) before income tax | | -308,9 | -90,5 | 268,2 |
| Depreciation, amortisation and impairment charges | | 1 097,1 | 1 099,3 | 2 196,6 |
| (Profit)/loss on disposals of non-current assets | | -1,2 | 7,6 | 6,2 |
| Changes in value and other losses/(gains) | | -215,5 | -46,4 | -88,7 |
| Net finance (income)/costs | | 247,1 | 301,9 | 560,5 |
| Change in inventories, trade receivables and trade payables | | -586,5 | -217,5 | -111,9 |
| Difference between post employment benefit expense and amount paid/received | 7 | 323,9 | 21,6 | 27,6 |
| Change in other working capital items | | 195,8 | 64,0 | 356,6 |
| Interest received | | 9,5 | 10,2 | 26,1 |
| Income tax paid | | 0,0 | 0,0 | 14,7 |
| Net cash flow from operating activities | | 761,3 | 1 150,1 | 3 255,9 |
| **Cash flow from investing activities** | | | | |
| Investments in property, plant and equipment (PPE) | | -1 220,0 | -1 224,7 | -2 543,1 |
| Proceeds from sale of PPE, incl assets under construction | | 4,6 | 15,9 | 21,8 |
| Change in other investments | | -0,5 | 26,3 | 21,3 |
| Net cash flow from investing activities | | -1 215,9 | -1 182,5 | -2 500,0 |
| **Cash flow from financing activities** | | | | |
| Repayment of borrowings | 8 | -469,4 | -2 958,5 | -3 427,8 |
| Interest paid | | -424,9 | -499,8 | -688,6 |
| Net cash flow from financing activities | | -894,3 | -3 458,4 | -4 116,4 |
| Net increase/-decrease in cash, cash equivalents and bank overdrafts | | -1 348,9 | -3 490,8 | -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 | 1 308,4 | 2 527,2 | 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 second quarter of 2022 were approved by the Board of Directors on 29 August 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 second quarter of 2022, ended 30 June 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*

SIX MONTHS ENDED JUNE 2022:

| | OSLO AIRPORT | BERGEN AIRPORT | STAVANGER AIRPORT | TRONDHEIM AIRPORT | OTHER AIRPORTS | TOTAL AIRPORT OPERATIONS |
|---|---|---|---|---|---|---|
| Traffic income | 793,3 | 243,1 | 174,2 | 145,0 | 358,0 | 1 713,6 |
| Government grants | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Other income | 1 268,4 | 212,3 | 193,9 | 128,4 | 269,9 | 2 072,9 |
| Inter-segment income | 2,4 | 0,3 | 4,1 | 1,7 | 37,7 | 46,3 |
| Total income | 2 064,1 | 455,6 | 372,2 | 275,1 | 665,6 | 3 832,7 |
| Employee benefits expenses | 261,7 | 65,7 | 54,3 | 55,8 | 410,2 | 847,7 |
| Other operating expenses | 540,8 | 108,5 | 45,5 | 56,6 | 506,0 | 1 257,3 |
| Inter-segment expenses | 185,1 | 67,2 | 57,2 | 45,0 | 365,1 | 719,5 |
| Total expenses | 987,6 | 241,3 | 157,0 | 157,4 | 1 281,2 | 2 824,5 |
| EBITDA | 1 076,6 | 214,3 | 215,2 | 117,7 | -615,6 | 1 008,2 |
| Depreciation, amortisation and impairment charges | 452,9 | 151,8 | 68,3 | 58,2 | 223,6 | 954,7 |
| Operating profit/-loss | 623,7 | 62,5 | 147,0 | 59,5 | -839,2 | 53,4 |
| Assets* | 17 691,3 | 5 079,0 | 1 665,4 | 1 608,2 | 6 138,8 | 32 182,7 |

SIX MONTHS ENDED JUNE 2022 CONTINUED:

| | TOTAL AIRPORT OPERATIONS | AIR NAVIGATION SERVICES | PROPERTY DEV. AND HOTELS | OTHERS | ELIMINATION | TOTAL |
|---|---|---|---|---|---|---|
| Traffic income | 1 713,6 | 552,7 | 0,0 | 0,0 | | 2 266,3 |
| Government grants | 0,0 | 0,0 | 0,0 | 0,0 | | 0,0 |
| Other income | 2 072,9 | 88,7 | 59,6 | 109,3 | | 2 330,5 |
| Inter-segment income | 46,3 | 378,0 | 10,7 | 401,2 | -836,2 | 0,0 |
| Total income | 3 832,7 | 1 019,4 | 70,4 | 510,5 | -836,2 | 4 596,8 |
| Employee benefits expenses | 847,7 | 888,0 | 0,0 | 383,3 | | 2 119,0 |
| Other operating expenses | 1 257,3 | 151,2 | 3,1 | 31,0 | | 1 442,5 |
| Inter-segment expenses | 719,5 | 66,1 | 0,3 | 50,3 | -836,2 | 0,0 |
| Total expenses | 2 824,5 | 1 105,2 | 3,4 | 464,6 | -836,2 | 3 561,5 |
| EBITDA | 1 008,2 | -85,8 | 67,0 | 45,9 | | 1 035,3 |
| Depreciation, amortisation and impairment charges | 954,7 | 72,9 | 19,7 | 49,8 | | 1 097,1 |
| Operating profit/-loss | 53,4 | -158,7 | 47,3 | -3,9 | | -61,8 |
| Assets* | 32 182,7 | 1 266,2 | 979,6 | 339,8 | | 34 768,4 |

* Inclusive other intangible assets, exclusive assets under construction.

SIX MONTHS ENDED JUNE 2021:

| | OSLO AIRPORT | BERGEN AIRPORT | STAVANGER AIRPORT | TRONDHEIM AIRPORT | OTHER AIRPORTS | TOTAL AIRPORT OPERATIONS |
|---|---|---|---|---|---|---|
| Traffic income | 209,7 | 111,9 | 81,7 | 53,9 | 193,6 | 650,7 |
| Government grants | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Other income | 362,9 | 58,3 | 51,1 | 44,1 | 142,9 | 659,2 |
| Inter-segment income | 2,5 | 0,3 | 3,9 | 1,7 | 36,5 | 44,9 |
| Total income | 575,0 | 170,4 | 136,6 | 99,7 | 373,0 | 1 354,7 |
| Employee benefits expenses | 229,2 | 57,6 | 50,6 | 46,9 | 388,4 | 772,7 |
| Other operating expenses | 316,5 | 75,1 | 53,8 | 45,3 | 423,9 | 914,7 |
| Inter-segment expenses | 170,7 | 57,7 | 47,4 | 37,0 | 284,2 | 597,0 |
| Total expenses | 716,5 | 190,4 | 151,8 | 129,2 | 1 096,5 | 2 284,3 |
| EBITDA | -141,4 | -20,0 | -15,2 | -29,5 | -723,5 | -929,6 |
| Depreciation, amortisation and impairment charges | 479,6 | 150,4 | 60,2 | 54,3 | 216,6 | 961,1 |
| Operating profit/-loss | -621,0 | -170,4 | -75,4 | -83,8 | -940,0 | -1 890,6 |
| Assets* | 16 533,8 | 5 274,7 | 1 687,3 | 1 656,0 | 6 129,3 | 31 281,1 |

SIX MONTHS ENDED JUNE 2021 CONTINUED:

| | TOTAL AIRPORT OPERATIONS | AIR NAVIGATION SERVICES | PROPERTY DEV. AND HOTELS | OTHERS | ELIMINATION | TOTAL |
|---|---|---|---|---|---|---|
| Traffic income | 650,7 | 296,1 | 0,0 | 0,0 | | 946,8 |
| Government grants | 0,0 | 0,0 | 0,0 | 2 500,0 | | 2 500,0 |
| Other income | 659,2 | 84,4 | 44,6 | 46,5 | | 834,6 |
| Inter-segment income | 44,9 | 282,0 | 10,5 | 339,3 | -676,7 | 0,0 |
| Total income | 1 354,7 | 662,5 | 55,1 | 2 885,8 | -676,7 | 4 281,4 |
| Employee benefits expenses | 772,7 | 687,8 | 0,0 | 347,6 | | 1 808,0 |
| Other operating expenses | 914,7 | 166,9 | 3,7 | 77,6 | | 1 162,8 |
| Inter-segment expenses | 597,0 | 53,0 | 0,7 | 26,2 | -676,7 | 0,0 |
| Total expenses | 2 284,3 | 907,6 | 4,3 | 451,3 | -676,7 | 2 970,9 |
| EBITDA | -929,6 | -245,1 | 50,8 | 2 434,5 | | 1 310,5 |
| Depreciation, amortisation and impairment charges | 961,1 | 68,0 | 16,6 | 53,5 | | 1 099,3 |
| Operating profit/-loss | -1 890,6 | -313,1 | 34,2 | 2 380,9 | | 211,3 |
| Assets* | 31 281,1 | 828,0 | 708,4 | 386,0 | | 33 203,4 |

* Inclusive other intangible assets, exclusive assets under construction.

## NOTE 4 Operating income

*Amounts in MNOK*

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

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

### Government 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.

| | SECOND QUARTER | | SIX MONTHS ENDED JUNE | | YEAR |
|---|---|---|---|---|---|
| SPECIFICATION | 2022 | 2021 | 2022 | 2021 | 2021 |
| Traffic income | | | | | |
| Takeoff charges | 278,0 | 133,9 | 481,4 | 257,8 | 692,8 |
| Terminal charges | 302,6 | 79,5 | 479,0 | 136,2 | 525,1 |
| En route charges | 297,7 | 158,3 | 552,7 | 296,1 | 813,6 |
| Security charges | 330,6 | 84,3 | 519,9 | 142,9 | 565,1 |
| Terminal navigation charges | 136,7 | 59,2 | 233,3 | 113,7 | 326,4 |
| Total traffic income | 1 345,6 | 515,2 | 2 266,3 | 946,8 | 2 922,9 |
| | | | | | |
| Government grants | 0,0 | 1 450,0 | 0,0 | 2 500,0 | 3 800,0 |
| | | | | | |
| Other operating income | | | | | |
| Revenue from contracts with customers: | | | | | |
| Duty free | 14,8 | 0,6 | 23,8 | 1,2 | 12,1 |
| Parking | 0,0 | 0,0 | 0,1 | 0,1 | 0,2 |
| Other | 293,1 | 192,3 | 456,5 | 325,5 | 709,6 |
| Total revenue from contracts with customers | 307,9 | 193,0 | 480,3 | 326,8 | 721,9 |
| | | | | | |
| Rental income: | | | | | |
| Duty free | 574,2 | 47,3 | 842,2 | 92,7 | 594,4 |
| Parking | 237,3 | 73,3 | 381,8 | 121,9 | 436,2 |
| Other | 371,3 | 144,9 | 626,2 | 293,2 | 838,8 |
| Total rental income | 1 182,8 | 265,4 | 1 850,2 | 507,8 | 1 869,3 |
| | | | | | |
| Total other operating income | 1 490,8 | 458,4 | 2 330,5 | 834,6 | 2 591,3 |
| | | | | | |
| Total income from contracts with customers | 1 653,6 | 708,2 | 2 746,6 | 1 273,6 | 3 644,8 |
| Total rental income | 1 182,8 | 265,4 | 1 850,2 | 507,8 | 1 869,3 |
| Government grants | 0,0 | 1 450,0 | 0,0 | 2 500,0 | 3 800,0 |
| Total operating income | 2 836,4 | 2 423,6 | 4 596,8 | 4 281,4 | 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 June 2021 | | | | | |
| Opening net book amount | 407,5 | 33 320,8 | 4 171,7 | 431,5 | **38 331,5** |
| Additions | 91,1 | 464,8 | 1 226,2 | 0,0 | **1 782,1** |
| Reclassification | 0,0 | 0,0 | -555,9 | 0,0 | **-555,9** |
| Disposals | 0,0 | -8,3 | 0,0 | 0,0 | **-8,3** |
| Depreciation charge | -25,4 | -1 047,1 | 0,0 | -26,8 | **-1 099,3** |
| Closing net book amount | 473,2 | 32 730,2 | 4 842,0 | 404,7 | **38 450,0** |
| | | | | | |
| At 30 June 2022 | | | | | |
| Opening net book amount | 453,8 | 32 414,6 | 5 386,7 | 568,4 | **38 823,5** |
| Additions | 119,6 | 2 852,1 | 1 251,0 | 0,0 | **4 222,7** |
| Reclassification | 0,0 | 0,0 | -2 971,7 | 0,0 | **-2 971,7** |
| Disposals | 0,0 | -4,0 | 0,0 | -6,2 | **-10,2** |
| Depreciation charge | -28,6 | -1 039,2 | 0,0 | -29,2 | **-1 097,1** |
| Closing net book amount | 544,8 | 34 223,5 | 3 666,0 | 533,0 | **38 967,3** |

NOK 693.4 million of assets under construction is classified as intangible as at 30 June 2022 (NOK 645.9 million as at 30 June 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 second 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 June 2022 are described below, and represent the most updated assessment of probable outcome:

| KEY ASSUMPTIONS | AIRPORT OPERATIONS | AIR NAVIGATION SERVICES |
|---|---|---|
| Key assumptions | | |
| Operating margin 2022 | 11,0 % | -6,4 % |
| Operating margin 2027 | 22,9 % | 7,2 % |
| Revenues in 2022 in % of 2019 * | 79,2 % | 100,7 % |
| Revenues in 2027 in % of 2019 * | 99,7 % | 121,7 % |
| Operating expenses 2022 in % of 2019 * | 76,0 % | 103,7 % |
| Operating expenses in 2027 in % of 2019 * | 89,1 % | 96,5 % |
| Eternal growth in terminal value | 2,0 % | 2,0 % |
| Post-tax rate of return requirement | 5,3 % | 4,9 % |

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

Cash flows in the first year in the measurement period is based on the management's best estimate. Cash flows for years 2 - 6 are calculated based on management approved forecasts, which are based on current regulations and updated forecasts for air traffic volume, related commercial revenues and cost level. In the estimate for charges, an expectation of regulation of the charges in accordance with consumer price index through the entire measurement period is assumed. 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 the overall system (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. Aviaton charges are based on current regulations. Aviation fees are assumed regulated based on level of costs. Cash flow from year 6 onwards is extrapolated with an eternal growth of 2.0 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 second 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 4,100 million for airport operations and NOK 400 million for air navigation services. Consequently, no impairment loss has been recognized at the end of the of the second quarter of 2022.

### Impairment tests - sensitivity analyses

At the time of approval of the second 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 % | 38 900 | 0 | 1 650 | 200 |
| Operating margin: - 2,0 % | 36 600 | 350 | 1 100 | 750 |
| Income: - 1,0 % | 38 850 | 0 | 1 550 | 300 |
| Income: -2,0 % | 36 600 | 350 | 900 | 950 |
| Terminal growth: -0,5 % | 35 450 | 1 500 | 1 750 | 100 |
| Terminal growth: -1,0 % | 31 200 | 5 750 | 1 400 | 450 |
| Post-tax rate of return: +0,5 % | 35 150 | 1 800 | 1 700 | 150 |
| Post-tax rate of return: +1,0 % | 30 700 | 6 250 | 1 300 | 550 |

## NOTE 6 Capital structure and equity

*Amount in MNOK*

| | 30 JUNE 2022 | 30 JUNE 2021 | YEAR 2021 |
|---|---|---|---|
| Interest bearing debt (see note 8) | **22 610,3** | 23 531,4 | 22 977,3 |
| Interest swaps liabilities (see note 9) | **1 400,2** | 702,9 | 851,1 |
| Interest rate swaps assets (see note 9) | **-1 628,6** | -1 496,7 | -1 381,3 |
| Lease liabilities | **-558,3** | -425,8 | -588,7 |
| Cash and cash equivalents | **-1 308,4** | -2 527,2 | -2 657,4 |
| Net interest bearing debt - exclusive lease liabilities | **20 515,3** | 19 784,6 | 19 201,0 |
| Equity | **13 550,7** | 13 277,0 | 12 471,2 |
| Total equity and net interest bearing debt - exclusive lease liabilities | **34 065,9** | 33 061,5 | 31 672,2 |
| Net debt to equity ratio* | **39,8 %** | 40,2 % | 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 10 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 second 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 31 December 2021. Due to significant changes in the market's expectations for levels of interest, inflation and salaries for the period after 31 December 2021, the group has used internal and updated assumptions when calculating the pension obligations as at 30 June 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 JUNE 2022 | 30 JUNE 2021 | YEAR 2021 |
|---|---|---|---|
| Discount rate | **3,50 %** | 1,90 % | 1,90 % |
| Future salary increases | **3,50 %** | 2,25 % | 2,75 % |
| Future pension increases | **2,50 %** | 1,25 % | 1,75 % |
| Future increases in the social security base rate (G) | **3,25 %** | 2,00 % | 2,50 % |

PENSION OBLIGATION

| | 30 JUNE 2022 | 30 JUNE 2021 | YEAR 2021 |
|---|---|---|---|
| Net pension obligation at 1 January | 6 895,1 | 5 621,0 | 5 621,0 |
| Pension cost (exclusive employee contribution) | 201,1 | 155,8 | 393,5 |
| Estimated effect social security settlement 2022 | 214,6 | 0,0 | 0,0 |
| Employer/employee contribution | -91,8 | -134,3 | -364,6 |
| Actuarial gains/losses | -2 086,2 | -180,3 | 1 245,1 |
| Net pension obligation at the end of the period | 5 132,8 | 5 462,2 | 6 895,1 |

The estimated effect social security settlement 2022 relates to the social security settlement for 2022 which was approved in May 2022. The group has obtained actuarial calculations of the expected effect of the increase in pension obligations as a result of the social security settlement being carried out with a higher regulation than assumed when calculating the group's pension obligations at year end 2021. The effect of this is recognized in the income statement in the second quarter of 2022 as employee benefits expenses.

In addition to the pension cost in the table above there is a cost of NOK 78.3 million as at 30 June 2022 related to employees that have transitioned to a defined contribution pension scheme (NOK 70.3 million as at 30 June 2021) and NOK 13.2 million related to the private AFP scheme (early retirement) (NOK 8.2 as at 30 June 2021).

## NOTE 8 Borrowings and lease liabilities

*Amount in MNOK*

| | 30 JUNE 2022 | 30 JUNE 2021 | YEAR 2021 |
|---|---|---|---|
| Long term borrowings and lease liabilities | 21 617,4 | 22 584,6 | 22 022,5 |
| Short term borrowings and lease liabilities | 992,9 | 946,8 | 954,8 |
| Total | 22 610,3 | 23 531,4 | 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 | -23,7 | -22,8 | -46,2 |
| Net changes in borrowings with cash flow effect | -469,4 | -2 958,5 | -3 427,7 |
| Other changes in lease liabilities | -6,7 | 0,0 | 186,3 |
| Change in value [1)] | 109,1 | -1 109,0 | -1 380,1 |
| Closing net book amount | 22 610,3 | 23 531,4 | 22 977,3 |

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

LIQUIDITY RESERVES

| | 30 JUNE 2022 | 30 JUNE 2021 | YEAR 2021 |
|---|---|---|---|
| Cash and cash equivalents | 1 308,4 | 2 527,2 | 2 657,4 |
| Unused bank overdraft | 300,0 | 600,0 | 300,0 |
| Unused credit facility | 4 000,0 | 4 000,0 | 4 000,0 |
| Total | 5 608,4 | 7 127,2 | 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 second quarter of 2022.

# NOTE 9 Financial instruments

*Amounts in MNOK*

## Fair value estimation

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

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

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

| | 30 JUNE 2022 | | 30 JUNE 2021 | |
|---|---|---|---|---|
| | CARRYING AMOUNT | FAIR VALUE | CARRYING AMOUNT | FAIR VALUE |
| Interest-bearing debt | | | | |
| State loan | 972,0 | 944,8 | 1 416,4 | 1 437,9 |
| Bonds | 16 977,4 | 16 074,2 | 17 139,5 | 18 262,8 |
| Bank borrowings | 4 102,6 | 4 108,5 | 4 549,7 | 4 815,3 |
| Lease liabilities | 558,3 | 558,3 | 425,8 | 425,8 |
| Total | 22 610,3 | 21 685,7 | 23 531,4 | 24 941,9 |

## DERIVATIVE FINANCIAL INSTRUMENTS

| | 30 JUNE | | YEAR |
|---|---|---|---|
| | 2022 | 2021 | 2021 |
| **Assets** | | | |
| Interest rate swaps | **1 628,6** | 1 496,7 | 1 381,3 |
| Forward foreign exchange contracts | **2,7** | 0,3 | 2,8 |
| Forward energy contracs | **264,7** | 21,6 | 53,2 |
| Total assets | **1 896,0** | 1 518,6 | 1 437,4 |
| **Liabilities** | | | |
| Interest rate swaps | **1 400,2** | 702,9 | 851,1 |
| Forward foreign exchange contracts | **9,8** | 3,7 | 12,5 |
| Forward energy contracs | **0,0** | 0,0 | 0,0 |
| Total liabilities | **1 410,0** | 706,6 | 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 June 2022:

| AT 30 JUNE 2022 | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | 264,7 | 2,7 | | 267,4 |
| Derivatives used for hedging | | 1 628,6 | | 1 628,6 |
| Total assets | 264,7 | 1 631,3 | 0,0 | 1 896,0 |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | 3 510,3 | | 3 510,3 |
| Derivatives used for hedging | | 1 400,2 | | 1 400,2 |
| Total liabilities | 0,0 | 4 910,6 | 0,0 | 4 910,6 |

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

| AT 30 JUNE 2021 | LEVEL 1 | LEVEL 2 | LEVEL 3 | TOTAL |
|---|---|---|---|---|
| **Assets** | | | | |
| Financial assets at fair value through profit or loss | 21,6 | 0,3 | | 21,9 |
| Derivatives used for hedging | | 1 496,7 | | 1 496,7 |
| Total assets | 21,6 | 1 497,0 | 0,0 | 1 518,6 |
| **Liabilities** | | | | |
| Financial liabilities at fair value through profit or loss | | 4 762,7 | | 4 762,7 |
| Derivatives used for hedging | | 702,9 | | 702,9 |
| Total liabilities | 0,0 | 5 465,7 | 0,0 | 5 465,7 |

## NOTE 10 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. During the second quarter, a renewed assessment has been carried out for three airports. The accrual for these tree airports were increased by NOK 124.5 million. This is recognized in the income statement as other operating expenses in the second quarter of 2022.

Total provision related to external environment clean-up costs as of 30 June 2022 amounts to NOK 1,057.7 million.

The provision related to external environment clean-up will be updated in future accounting periods when more information is available.

### New act on public occupational scheme

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 30 June 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 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.

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.

Avinor is in dialogue with the insurance company regarding the insurance settlement, but 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.

## NOTE 11 Events after the reporting period

### SAS, strike and bankruptcy protection

On 4 July 2022, around 900 SAS pilots went on strike. The strike ended after 15 days.

On 5 July 2022, SAS and some of its subsidiaries applied for bankruptcy protection in the USA with the aim of carrying out a financial restructuring of the SAS group.

In accordance with the decision in the preliminary bankruptcy protection in the USA, SAS can pay accrued aviation taxes that have accrued up to 5 July. Essentially all of Avinor's claims on SAS as at 30 June 2022 have therefore been settled.

The strike and bankruptcy protection have not affected the Avinor group's result or financial position for the first half of 2022. Cancellation of SAS flights in July as a result of the strike has affected the Avinor group's turnover and result for July.

# Responsibility statement from the Board of Directors and the CEO

We confirm, to the best of our knowledge, that the interim financial report for the period 1 January to 30 June 2022 has been prepared in accordance with IAS 34 Interim Reporting and that the information in the report fairly reflects the Group's assets, liabilities, financial position and result.

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

Oslo, 29 August 2022
The Board of Dicrectors of Avinor AS

Anne Carine Tanum
*Chair of the board*

Ola H. Strand
*Vice Chair*

Rolf G. Roverud

Inger Lise Strøm

Linda Bernander Silseth

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
*CEO*

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